

Kill Rate of the Patent Death Squad, and the Elusory Right to Amend in Post-Grant Reviews - Part I of II

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I. INTRODUCTION

The Patent Review Processing System (PRPS) went live September 16, 2012.² Since then, approximately one thousand petitions for AIA Sec. 6 post-grant reviews have been filed in PRPS. PRPS shows a growing number of final decisions on patentability resulting from those petitions. These decisions present a bleak outlook for any patentee facing a post grant-review proceeding; a patentee in such a proceeding is facing what has been deemed a Patent Death Squad.³ In those Inter Partes Reviews (IPRs) for which PRPS shows that a final decision on patentability has been entered, the challenged claims are overwhelmingly being canceled.⁴ The right to amend a patent to narrow the scope of protection in a response to challenges to patentability was a fundament of the United States Patent and Trademark Office's (PTO's) rationale for applying the broadest reasonable interpretation (BRI) to claims in post-grant reviews. However, that right is elusive. The combination of application of the BRI coupled with the elusory right to amend is a death sentence for most claims involved in IPRs. This article looks briefly at the statistics, identifies the requirements for grant of a motion to amend the patent in an IPR, and explains why the right to amend is elusory.

II. STATISTICS FROM IPR FINAL DECISIONS ON PATENTABILITY AND MOTION TO AMEND STATISTICS

As of February 23, 2014, PRPS shows ten IPRs having final decisions on patentability. In nine of those ten proceedings, trial was instituted for all claims for which review was requested, and all claims were canceled. In the remaining one proceeding, trial was instituted for some claims, and all the tried claims were canceled.⁵

It is no great surprise that the claims for which review was instituted were canceled. After all, the threshold for institution of an IPR is “reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” 35 USC 314(a). Moreover, the rules of the Board further limit institution to only those claims associated with a ground of unpatentability for which the threshold is met. 37 CFR 42.108(c). Finally, the Board’s practice is to review petitions and decide whether to institute trial on a claim-by-claim basis. Hence, Board institution on a claim normally means that the petitioner has carried at least the burden of showing “reasonable likelihood,” and that is only a small quantum below the burden (preponderance of the evidence) resulting at the end of the trial in claim cancellation. 35 USC 316(e).

However, what is surprising is the complete failure of patentees to salvage any rights via amending their patents.⁶ Of the ten proceedings noted above, eight included motions to amend claims to avoid unpatentability, but every single one of those motions failed. Why they failed, and what it would have taken for any of them to have succeeded, are informative.

III. BOARD RULES ON AMENDMENT OF A PATENT

Under Board rules, amendment of the patent is via motion, and a moving party has the burden of proof to establish that it is entitled to the requested relief. 37 CFR 42.121 and 42.20. The regulatory requirements are laid out in rule 42.121. Rule 41.121(a) authorizes only one motion to amend; requires the patentee confer with the Board before filing the motion; and limits the date of filing of the motion to not later than the date of the patent owner's response. Rule 41.121(a) also notes that a motion to amend "may" be denied if it enlarges the scope of the claims of the patent, introduces new matter;⁷ does not respond to a ground of unpatentability involved in the IPR; or substitutes more than one claim for a challenged claim. Rule 42.121(b) requires the motion to amend to include the listing of the substitute claims showing the changes relative to the challenged claims, and to set forth, for each substitute claim, support in the original disclosure of the patent and support in any earlier filed disclosure for which benefit of the filing date is sought. Significantly, the rules limit the length of a motion to amend to fifteen pages. Rule 42.24(a)(v).

IV. BOARD CASE LAW

The Board's decisions on motions to amend provide additional guidance on substantive and procedural requirements, compliance with which is required for grant of a motion to amend. The take way from the case law is that it is very difficult to stuff all of those requirements into the fifteen-page limit for a motion to amend, while still meeting the applicable burdens. Therefore, it is, by rule, very difficult to obtain grant of a motion to amend. Hereinbelow, I list case law guidance on the more procedural requirements first, followed by guidance on the more substantive requirements.

V. GUIDANCE ON PROCEDURAL REQUIREMENTS

Failing to confer with the Board about the "specific amendments contemplated" before filing the motion to amend may result in the motion being dismissed,⁸ although conferring does not require the patentee "to identify a fully developed claim set."⁹

A motion to amend must identify the claim being replaced by its corresponding substitute claim, and failure to make an express, one-to-one association of an original claim and its substitute claim, risks denial of the motion.¹⁰ Moreover, the correspondence must be based upon the claim recitations, not merely a numbering of the replacement claims.¹¹ Failure to clearly identify all changes relative to the claim being replaced also risks denial of the motion.¹²

Showing support for substitute claims based upon the specification of the issued patent instead of the originally filed application will very likely result in denial of the motion.¹³ Mere citation to supporting disclosure, without a corresponding explanation of support, is generally insufficient.¹⁴

The substitute claims must be written in the body of the motion, not in an appendix, thereby eating up valuable motion space.¹⁵

A motion to amend and a contingent motion to amend (contingent upon denial of the non contingent motion) are not allowed.¹⁶ Allowing additional motions to amend that are contingent upon denial of the non contingent motion would be an end-run around the motion's page limit. Hence, all your claims, contingent or otherwise, must be crammed into the one motion to amend.

While the more procedural requirements are significant, it is the substantive requirements that provide the most significant impediments to grant of a motion to amend, particularly the requirements specified in case law to show the substitute claim is patentable.

VI. GUIDANCE ON SUBSTANTIVE REQUIREMENTS

Respecting broadening, the statute merely precludes broadening the claims of the patent as a whole. However, the Board rules require a substitute claim to respond to a ground of unpatentability. The Board's interpretation of this rule indicates that it precludes a substitute claim from broadening the claim it is replacing in any respect.¹⁷ Since the burden is on the movant, the Board resolves doubts about whether a claim is broader in any respect against the patentee.¹⁸

The Board requires showings of patentability to carry the burden of persuasion for a motion to amend. In Idle Free Systems, Inc. v. Bergstrom, Inc., IPR2012-00027, paper 26 (PTAB 6/11/2013) (Decision by APJ Lee, for an expanded panel consisting of Lead APJ Tierney, and APJs Lee, Boalick, Chang, Giannetti, and Fitzpatrick), the Board dismissed Bergstrom's original motion to amend and allowed Bergstrom the opportunity to file a renewed motion to amend. This decision provides guidance on what is required for grant of a motion to amend. This decision was later published on the "Representative Orders, Decisions, and Notices" page of the Board's portion of the PTO's website, and has been cited by other panels as providing "further guidance" on motions to amend.¹⁹ Amongst other important requirements for a motion to amend, in IPR2012-00027, paper 26, the Board advises that:

For each proposed substitute claim, we expect a patent owner: (1) in all circumstances, to make a showing of patentable distinction over the prior art; (2) in certain circumstances, to make a showing of patentable distinction over all other proposed substitute claims for the same challenged claim; and (3) in certain circumstances, to make a showing of patentable distinction over a substitute claim for another challenged claim.²⁰

Of particular relevance is item (1), the requirement to show patentable distinction. The decision expands upon this requirement, as follows:

A patent owner should identify specifically the feature or features added to each substitute claim, as compared to the challenged claim it replaces, and come forward with technical facts and reasoning about those feature(s), including construction of new claim terms, sufficient to persuade the Board that the proposed substitute claim is patentable over the prior art of record, and over prior art not of record but known to the patent owner. 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. Some representation should be made 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 to the patent owner renders obvious the proposed substitute claims.

A showing of patentable distinction can rely on declaration testimony of a technical expert about the significance and usefulness of the feature(s) added by the proposed substitute claim, from the perspective of one with ordinary skill in the art, and also on the level of ordinary skill, in terms of ordinary creativity and the basic skill set. A mere conclusory statement by counsel, in the motion to amend, to the effect that one or more added features are not described in any prior art, and would not have been suggested or rendered obvious by prior art, is on its face inadequate.²¹

VII. WHY BERGSTROM'S MOTION FAILED AND WHAT WE CAN LEARN FROM THAT FAILURE

Bergstrom ultimately failed to amend its patent, despite the Board's guidance, and despite the fact that *Bergstrom overcame the prior art cited in the proceeding*. Why Bergstrom failed, and what we can learn from that failure, is the subject of part II of this article.

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1. I can be reached via telephone at 1-703-415-0012 or via the firm website: Neifeld.com My thanks to Robert Hahl and Bruce Margulies for editorial comments.
 2. PRPS provides for electronic filing and review of documents filed in post-grant review proceedings. The PTO makes information about PRPS available at: <http://www.uspto.gov/ip/boards/bpai/prps.jsp>.
 3. The phrase, "Patent Death Squad," is based upon a remark made by the chief judge of the Court of Appeals for the Federal Circuit at the 2013 annual conference of the AIPLA, when discussing post-grant review proceedings. AIPLA officials at the same meeting later applied the term to the members of AIPLA's committee on "USPTO Inter Partes Patent Proceedings."
 4. The facts, statistics, and law discussed in this paper relate specifically to IPRs. However, the conclusion herein for IPRs are applicable to Covered Business Method Reviews (CBMs) and Post Grant Reviews (PGRs), due to similarity in regulations and substantive law.
 5. These ten IPRs are: IPR2012-00005; IPR2012-00018; IPR2012-00019; IPR2012-00020; IPR2012-00023; IPR2012-00027; IPR2013-00010; joined IPR2012-00026 and IPR2013-00109; IPR2013-00278; and IPR2013-00392. The one IPR for which trial was instituted for only some claims is IPR2012-00001. Of the 136 claims challenged via petition in those proceedings, trial was instituted on 119 claims, not instituted on 17 claims, and 118 of the 119 claims for which trial was instituted were canceled at the conclusion of the trials. However, of the 17 claims of the patent for which trial was not instituted in IPR2012-00001, another IPR was filed, IPR2013-00373, and in that IPR trial was instituted for 15 of the remaining 17 claims. See Garmin International, Inc. and Garmin USA, Inc. v. Cuozzo Speed Technologies LLC, IPR2013-00373, paper 12 (PTAB 12/8/2013)(Opinion by APJ Lee, for a panel consisting of APJs Lee, Tierney, and Cocks). However, in response to a joint motion to terminate, the Board terminated IPR2013-00373 without rendering a final decision on patentability. IPR2013-00373, paper 19 (PTAB 2/12/2014).
 6. The statute authorizes amendments of the patent by proposing substitute claims for challenged claims, not amendments to challenged claims. 35 USC 316(d).
 7. Enlarging the scope of "the claims of the patent" or introducing new matter would violate 35

USC 316(d)(3).

8. Idle Free Systems, Inc. v. Bergstrom, Inc., IPR2012-00027, paper 26 (PTAB 6/11/2013) (Decision by APJ Lee, for an expanded panel consisting of Lead APJ Tierney, and APJs Lee, Boalick, Chang, Giannetti, and Fitzpatrick)(motion dismissed for failing to confer)(listed by the PTAB website as a representative decision).

9. Nichia Corporation v. Emcore Corporation, IPR2012-00005, paper 27 (PTAB 6/3/2013) (Opinion by APJ Chang, for a panel consisting of Lead APJ Tierney, and APJs Turner and Chang).

10. Nichia Corporation v. Emcore Corporation, IPR2012-00005, paper 68 (PTAB 2/11/2014) (Opinion by APJ Chang, for a panel consisting of APJs Turner, Siu, and Chang)(“In other words, the motion fails to identify the challenged claim that a specific proposed substitute claim is intended to replace. Without such indication, the Board does not have adequate information to determine the reasonableness of the number of substitute claims for each original claim.”).

11. ZTE Corporation and ZTE (USA) Inc. v. Contentguard Holdings Inc., IPR2013-00136, paper 33 (PTAB 11/7/2013)(Opinion by APJ Lee, for an expanded panel consisting of APJs Lee, Medley, Chang, Kim, and Zecher) (“If a proposed substitute claim includes all the features of an original patent claim, then it counts as a substitute claim for that original patent claim, regardless of the actual designation of substitution contained in the motion.”).

12. Nichia Corporation v. Emcore Corporation, IPR2012-00005, paper 68 (PTAB 2/11/2014) (Opinion by APJ Chang, for a panel consisting of APJs Turner, Siu, and Chang)(“Without proper identification of all of the changes, Emcore’s motion to amend claims fails to comply with 37 C.F.R. § 42.121(b)”)

13. Nichia Corporation v. Emcore Corporation, IPR2012-00005, paper 68 (PTAB 2/11/2014) (Opinion by APJ Chang, for a panel consisting of APJs Turner, Siu, and Chang) (“Here, Emcore fails to provide any citation to the original disclosure of the application, Application No. 09/971,965 (“the ’965 application”) that issued as the ’215 patent. ... For the foregoing reasons, Emcore’s motion to amend fails to set forth the written description support for each proposed substitute claim, in violation of 37 C.F.R. § 42.121(b)(1).”).

14. Nichia Corporation v. Emcore Corporation, IPR2012-00005, paper 27 (PTAB 6/3/2013)(Opinion by APJ Chang, for a panel consisting of Lead APJ Tierney, and APJs Turner and Chang)(“ ...a mere citation to the original disclosure without any 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 may be similarly inadequate.”).

15. Synopsys, Inc. v. Mentor Graphics Corporation, IPR2012-00042, paper 30 (PTAB 6/28/2013) (Opinion by APJ Medley, for a panel consisting of APJs Blankenship, Medley, and Bisk)(“Mentor Graphics filed the claim listing as an Appendix A. ... [which] circumvented the motion page limit. The Motion to Amend is dismissed ... ”).

16. Synopsys, Inc. v. Mentor Graphics Corporation, IPR2012-00042, paper 27 (PTAB 6/21/2013) (Opinion by APJ Medley, for a panel consisting of APJs Medley, Blankenship, and Bisk)(A patent owner is authorized to file one motion to amend. 37 C.F.R. § 42.121(a). Alternate contingent motions to amend are not contemplated by that rule.”).

17. Xilinx, Inc. v. Intellectual Ventures I LLC, IPR2013-00029, paper 21 (PTAB 6/25/2013) (Opinion by APJ Medley, for a panel consisting of APJs Medley, Easthom, and Arbes)(“a patent owner may not broaden a challenged claim in any respect, for example by eliminating any

feature” unless “justified by special circumstances”).

18. *Cf. Microsoft Corporation v. Proxyconn, Inc.*, IPR2012-00026, paper 16 (PTAB 2/19/2014) (Opinion by APJ Weatherly, for a panel consisting of APJs Medley, Giannetti, and Weatherly):

The question presented by the parties’ arguments is whether it is possible to search for each received digital digest without searching for data having the same digital digest. Microsoft does not identify an example of how one might search for data with the same digest without using the digest. However, Proxyconn does not provide evidence that it is not possible to search for each received digest without searching for data having the same digest. Without such evidence, we can only evaluate the scope of the claim based on the plain meaning of the terms. On that basis, we conclude that it would be possible to search for each received digital digest without searching for data having the same digital digest. Therefore, it is possible to practice the method recited in claim 40 without practicing the method recited in claim 22. For this reason, we conclude that claim 40 is impermissibly broader than claim 22. The same flaw exists in claim 41, which depends from claim 40. Therefore, we deny Proxyconn’s Motion to Amend as it relates to claims 40 and 41.

19. *Cf. Synopsys, Inc. v. Mentor Graphics Corporation*, IPR2012-00042, paper 27 (PTAB 6/21/2013)(Opinion by APJ Medley, for a panel consisting of APJs Medley, Blankenship, and Bisk).

20. *Idle Free Systems, Inc. v. Bergstrom, Inc.*, IPR2012-00027, paper 26 (PTAB 6/11/2013), at page 6.

21. *Id.* at pages 7-8.