

IPR Motions To Amend: Rays Of Hope Despite Gloomy Statistics

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The America Invents Act permits patent owners to move to amend claims of a patent subject to inter partes review.[1] However, attempts to amend claims have been largely unsuccessful to date, and some of the hurdles patent owners face are not set forth in the rules. We first review statistics and relevant case law to survey the development of motion to amend practice, including the recent April 22, 2016, Shinn Fu[2] decision, the first decision to grant a motion to amend after guidance provided by a few notable Patent Trial and Appeal Board and Federal Circuit decisions. We conclude with recommendations and practice tips for a successful motion to amend.

Motion to Amend Statistics and Practice

Motions to amend can be grouped into two buckets: (1) motions seeking cancellation of claims, and (2) motions seeking substitution of pending claims with amended claims. Regarding the first category, the board has granted all 32 filed motions that sought cancellation of claims. The second category, however, has faced nearly the opposite result — of the 146 motions to amend, the board has granted only six, including the following four decisions: International Flavors,[3] two for related Riverbed Technology IPRs,[4] and Shinn Fu. These four decisions are discussed below chronologically with pertinent case law.

Recently, the U.S. Patent and Trademark Office released amendments to the rules of practice for trials before the Patent Trials and Appeal Board that took effect on May 2, 2016.[5] The 2016 amendments do not make any changes to the rules for motions to amend, but in response to comments, the amendments indicated that the patent office would “further consider ways to promote uniformity in the requirements for a motion to amend, such as by designating opinions precedential, issuing a standing order setting forth what requirements govern a proceeding for motions to amend, or other means.”[6]

Thus, for now, the patent office has left patent owners to sift through board and Federal Circuit decisions to understand the state of motion to amend practice. The 2016 amendments address two important decisions that have contributed to the development of motion to amend practice: (1) Idle Free Systems[7] and (2) MasterImage 3D.[8]

In the 2013 Idle Free decision, the board explained that the patent owner — not the petitioner — bears the burden to show a “patentable distinction over the prior art of record and also prior art known to the patent owner.”[9] The 2016 amendments explain that the ultimate burden of persuasion always remains with the patent owner.[10] However, the burden of production shifts to the petitioner once the patent owner sets forth a prima facie case of patentability of narrower



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claims.[11] In response, the petitioner may explain why the patent owner did not make a prima facie case, or may attempt to rebut that prima facie case by addressing the patent owner's evidence and arguments and/or by identifying and applying additional prior art.[12] The patent owner can address these arguments and any new references in its reply.[13]

Between the *Idle Free* and *MasterImage 3D* decisions, the board granted the *International Flavors and Riverbed Technology* motions to amend. The May 20, 2014, decision in *International Flavors* was notable as the first in which the board permitted amendment of claims in an IPR. The motion was unopposed, but the board still confirmed that (1) the proposed substitute claims were narrower than the original claims, (2) the motion set forth support for the amendments in the specification, and (3) *International Flavors* demonstrated that the claims were patentable over the prior art in general.

On Dec. 30, 2014, the board granted in part two motions to amend in two related IPRs filed by petitioner *Riverbed Technology*. The facts of the *Riverbed Technology* decisions are somewhat atypical, given that the patent owner did not submit a declaration in support of the claim amendments and used dependent claims as the basis for the amendments. Additionally, in its opposition, the petitioner did not challenge written description support, or identify a reference that taught certain limitations of the claims.

In the 2015 *MasterImage 3D* decision, the board provided clarification by expounding on what the phrases "prior art of record" and "prior art known to the patent owner" mean from the *Idle Free* decision.[14] To demonstrate patentability over the "prior art of record," the patent owner needs to distinguish over (1) material art in the prosecution history of the patent, (2) material art in the current proceeding, and (3) any material art of record in any other proceeding before the board.[15] To demonstrate patentability over "prior art known to the patent owner," the patent owner must distinguish over any art "provided in light of a patent owner's duty of candor, and any other prior art or arguments supplied by the petitioner." [16]

While not addressed in the 2016 amendments, after *Idle Free* and *Master Image 3D* the Federal Circuit decided the *Nike* appeal in 2016, requiring the board to reconsider its denial of the patent owner's motion to amend.[17] On whether the patent owner satisfied its duty of candor when demonstrating patentability, the Federal Circuit held that the patent owner's simple statement that the claims were patentable over the prior art known to it but not of record satisfied the patent owner's duty even though it did not substantively discuss any of those references. The patent office conceded on appeal that given the clarification in *MasterImage 3D* — issued after the board's decision in the IPR — the board's decision finding that the patent owner's statement was insufficient for failing to address any specific references that were known to it but not of record was too aggressive.

The board has now granted the first post-*MasterImage 3D* motion to amend in the April 22, 2016, *Shinn Fu* decision. At the outset, the board confirmed that the proposed substitute claim was narrower than the original claim.[18] The board also confirmed written description support for the substitute claim.[19]

Regarding patentability, the board explained that while the patent owner need not prove patentability "over every piece of art known to a skilled artisan, a patent owner is required to explain why the claims are patentable over the prior art." [20] In addition, the board explained that the patent owner's duty of candor and good faith requires the patent owner "address not

only prior art of record but also any relevant prior art known to it,” citing to Nike.[21]

The board clarified that the patent owner need not expressly address every reference cited during prosecution; rather, the patent owner meets its duty of candor and good faith “by grouping prior art references together according to their particular teachings without having to make a presentation on each and every reference giving rise to that same teaching.”[22] The board rejected the petitioner’s argument that the patent owner failed to address a reference, reasoning that the patent owner argued patentability over substantially similar prior art, so the board “do[es] not fault [the patent owner] for discussing only a representative few in its Motion to Amend.”[23]

What Makes for a Successful Motion to Amend?

Practitioners can glean some best practices from the board and Federal Circuit decisions. The most common reason that motions to amend are denied is the patent owner’s failure to meet its burden to establish patentability over the prior art. This is consistent with the fact that it is the patent owner’s burden to demonstrate patentability of substitute claims, not the petitioner’s burden to demonstrate unpatentability of those claims.

Patent owners should pay careful attention to proposed claim amendments to ensure patentability over the prior art. While this seems obvious, in practice practitioners may need to consider other factors when making such amendments. For example, for cases with concurrent litigation, there can be a tension between such amendments and preserving infringement positions.

Regarding what evidence should be set forth in motions to amend, per *MasterImage 3D* and *Shinn Fu*, a patent owner should present arguments over the prior art at issue in the IPR proceeding. Additionally, patent owners should distinguish the proposed claims from other art cited during prosecution. *Shinn Fu* explains that to meet this burden, patent owners can group prior art according to their particular teachings without having to individually present on each reference. Lastly, patent owners should submit arguments over any other material art, such as art identified through concurrent litigation. If there is no such art, per the *Nike* decision patent owners should include an express statement that the patent owner knows of no other material art.

The second most common reason that motions to amend are denied is the patent owner’s failure to adequately identify written description support for the proposed substitute claims. Therefore, it is important that a patent owner’s motion to amend clearly provides written description support for the proposed amendments. This should be a relatively straightforward task, but nonetheless an important one; patent owners cannot avoid the principle that claim amendments must be supported by the specification.

Petitioners can attack motions to amend for lacking written description support and/or for failing to prove patentability. Additionally, petitioners have the opportunity to identify new art. Thus, when faced with a motion to amend, petitioners should be ready to search for new prior art to directly address the patent owner’s amendments.

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[1] 37 C.F.R. § 42.121.

[2] *Shinn Fu Company of America v. The Tire Hanger Corp.*, IPR2015-00208, Final Written Decision (Apr. 22, 2016) (Paper 24).

[3] *International Flavors & Fragrances Inc., v. U.S. Department of Agriculture*, IPR2013-00124 (May 20, 2014).

[4] *Riverbed Technology v. Silver Peak Systems, Inc.*, IPRs 2013-00402 (Dec. 30, 2014) and 2013-00403 (Dec. 30, 2014).

[5] 81 Fed. Reg. 18750 (Apr. 1, 2016).

[6] *Id.* at 18753; 80 Fed. Reg. 50719, 50722-3 (“[T]he Office will continue to make improvements and clarifications via the rule-making process, by updating the Office Patent Trial Practice Guide, and by designating opinions as precedential or informative, as warranted.”).

[7] *Idle Free Systems, Inc. v. Bergstrom, Inc.*, IPR2012–00027 (June 11, 2013) (Paper 26).

[8] *MasterImage 3D, Inc. v. RealD Inc.*, IPR2015–00040, slip op. at 1–3 (July 15, 2015) (Paper 42).

[9] *Idle Free* at 7.

[10] 81 Fed. Reg. at 18754.

[11] *Id.*

[12] *Id.*

[13] *Id.*

[14] *MasterImage 3D* at 1-3.

[15] *Id.* at 2; 81 Fed. Reg. 18754.

[16] 81 Fed. Reg. 18754; *MasterImage 3D* at 3.

[17] *Nike, Inc. v. Adidas AG*, 812 F.3d 1326 (Fed. Cir. 2016).

[18] *Shinn Fu* at 15-16.

[19] *Id.* at 18.

[20] *Id.* at 19 (citing *Microsoft Corp v. Proxyconn, Inc.*, 789 F.3d 1292 (Fed. Cir. 2015) (citation omitted)).

[21] *Id.* at 19.

[22] *Id.* at 19-20.

[23] *Id.* at 20.