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The Amendment Conundrum Of Inter Partes Review

The Patent Trial and Appeal Board (PTAB) has repeatedly characterized inter partes review as an adjudicatory proceeding distinct from prosecution, and more like a form of litigation as it is a post-patent-issuance contested proceeding between the patent's owner and an interested third party. It supports these characterizations by reference to the legislative history of provisions of the Leahy-Smith America Invents Act (AIA) that define inter partes review.

At the same time, the PTAB has vigorously asserted its ability to use prosecution-like standards to cancel patent claims during inter partes review more easily than in litigation, while imposing onerous burdens on patent owners defending an inter partes review through its rules. Examples of these prosecution-like standards include the PTAB's rule specifying that claims in an unexpired patent be reviewed under their "broadest reasonable construction" to determine whether prior art applies, and the PTAB's lesser "preponderance of the evidence" standard to declare claims unpatentable, in contrast to the higher "clear and convincing evidence" standard required during litigation to declare the same claims invalid. Examples of the onerous burdens include procedural rules that

impose a draconian page limit on, and shift the burden of proof to, the patent owner in circumstances where claim amendments are sought, as explained below.

Accordingly, patent owners and prospective patent applicants are suffering under a system administered to cancel patent claims without any meaningful opportunity to salvage any rights in a more narrow, yet still patentable invention, despite the legislative mandate that patent owners be afforded that opportunity. With some hope, that suffering may soon end as a result of public input the PTAB solicited in late June regarding all aspects of these proceedings. Regardless, as discussed below, patent applicants can take precautions now to better withstand inter partes review later.

During inter partes review, a patent owner may seek to substitute claims more narrowly defining the invention to avoid the application of the prior art on which the PTAB instituted the proceeding and, hopefully, to continue to exclude the competition from practicing that invention. These claims are sought by way of a motion to amend claims. In that motion, the patent owner must present the amended claim, identify in the application underlying the patent's written

description support for the amendment, show how the amendment responds to the instituted ground(s) of review, and explain why the amendment does not broaden the invention originally claimed. In addition to these regulatory requirements, the PTAB imposes upon the patent owner the burdens of convincingly answering these questions:

- What is the basic knowledge and skill set possessed by a hypothetical person having ordinary skill in the art?
- Why is the substitute claim patentable over not just the prior art underlying the instituted review grounds, but all pertinent prior art known to the patent owner?
- How would the person having ordinary skill in the art have considered the new features recited in the substitute claim in view of what that person knew of the art and how would that person construe the claim?

The requirements are not necessarily unreasonable except that they all must be satisfied under impractical type-face and page-count constraints.

Further, in certain cases, the patent owner also may be burdened with explaining the patent eligibility of the more narrowly-claimed subject matter, even though eligibility is not a basis for canceling the original patent claims in inter partes review. Still further, when presenting more than one substitute claim, the PTAB requires the patent owner to establish patentability of each substitute claim vis-à-vis the other substitute claim(s), thus presuming each claim is prior art to the other. As many expected, these requirements have made it almost impossible to amend claims, and the PTAB has granted only one motion to amend so far. But, that granted motion was unopposed and the review did not proceed through an oral hearing, so it is at best a far outlier, and there remains very little hope that others will succeed.

Requiring a movant to demonstrate its entitlement to the relief sought in the motion is reasonable. By the motion, the patent owner is seeking to substitute (amended) claims on the contingency that the original claims are proven unpatentable in the review proceeding. But, the patent owner's motion is not seeking judgment on the patentability of those claims. As narrow claims, if supported by the patent's specification and free of the instituted grounds, the substitute claims ought to be presumptively patentable. The petitioner challenging the patent claims must bear the burden of proving unpatentability as specified in the inter partes review statute (35 U.S.C. § 316(e)), just as it would have been required to do in litigation, and in patent interference and reexamination practice. Between the parties, placing this burden of proving patentability on the patent owner in a contingent motion makes too little sense, especially in view of the other constraints mentioned above.

The allocation of this burden is an important distinction from litigation (and all other Patent Office

proceedings) that the PTAB's characterizations ignore. Even in ex parte prosecution, the patent applicant is not burdened with establishing patentability in the manner imposed during inter partes review – instead, the Patent Office is burdened with demonstrating unpatentability before denying the applicant a patent. The prior art statute says that a person “shall be entitled to a patent unless” the invention is not novel or is obvious. Absent such a finding during ex parte prosecution and assuming compliance with the non-prior art statutory requirements, the Patent Office issues the application as a patent. And because these same statutory requirements apply in inter partes review, the Patent Office similarly could issue a certificate confirming patentability of narrower claims presented in an inter partes review where the petitioner has not established unpatentability by a preponderance of evidence. That process not only is consistent with the inter partes review statute, but it also maintains the integrity of the examination system through which the patent initially issued, and is consistent with the efficient administration of the Patent Office and the PTAB's ability to complete inter partes review in a timely manner.

For patent owners with no pending continuation applications, there is little they can do with existing patents, other than to seek reissue to attempt to prosecute to issuance narrow claims free of the constraints noted above. But, that may not always be possible or even practical. Patents issued before enactment of the AIA and the availability of inter partes review simply were not prepared with the potential that they could be so easily canceled without a meaningful opportunity to salvage narrower, patentable inventions. Moreover, the PTAB has issued orders requiring that it be notified of any related reissue or reexamination, suggesting that the PTAB may insert itself into the ex parte prosecution process. This creates uncertainty, not contemplated by

the rules, that patent owners may be unable to prosecute such applications to the same full and unfettered extent as they could have been prosecuted in the absence of the inter partes review proceeding. Entire businesses built on such patents may be vulnerable to unexpected competition if the PTAB does not modify its administration of amendment practice in inter partes review (and related AIA post-issuance PTAB proceedings). That modification may be on the horizon if the PTAB acts on the public commentary it invited in late June.

While the fate of existing patents may remain in some doubt, the fate of patents that may issue from applications being prepared today can be made more certain with careful planning. There would be no need to amend claims if the desired features or intermediate scope were already present in existing dependent claims of the patents. Such dependent claims are far easier to obtain in ex parte prosecution than in inter partes review, as noted above. Thus, patent applicants today who present a multitude of dependent claims may make inter partes review all the more challenging to the competition and may relieve themselves (as later patent owners) of the unprecedented burdens discussed above.

Patent applicants also may set the stage for future defense of these dependent claims, by carefully considering why the dependent claims may be argued to be patentable. Ideally, the data and arguments supporting patentability are also described in the application to preemptively rebut any challenge to the contrary after the patent issues. As another example, patent applicants may consider the benefits of describing in greater detail their inventions as it may help with the presentation of additional claims or claim amendments during prosecution or post-patent-issuance proceedings in the Patent Office. Further, patent applicants may consider it beneficial to provide

express definitions for claim terms that, in turn, could make more difficult the competitors' later attempts to advocate for an unreasonably broad construction during inter partes review. Still further, patent applicants may consider and describe in the application various theories of patentability, and supporting data, to make a later challenge all the more difficult.

Taking precautions, such as those described above, requires more attention and resources than are likely currently devoted to most patent applications. Each client and industry has its own preferences on the resources it will expend in preparing a patent application. But, the prospect

of inter partes review places the value of all patents in flux and, accordingly, there are good reasons to reconsider those preferences. The present day obstacles to successfully amending claims in inter partes review, and thereby salvaging an invention and commercially relevant patent, may be partially overcome if these and other efforts are made at the application-preparation stage. Ultimately, protecting a portfolio of patents against inter partes review will require investment of additional resources up front. But, that up-front investment may well pay off with an inter-partes-review-resistant patent and portfolio, not to mention the continued livelihood of your business.

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