

New AIA Plan May Be A Tough Path To Patent Amendments

By Ryan Davis

Law360 (October 29, 2018, 10:09 PM EDT) -- The U.S. Patent and Trademark Office's proposal to change the system of seeking patent amendments in America Invents Act reviews could give patentees better odds of success, but it is based on an accelerated time frame that may prove daunting for parties and the office, attorneys say.

USPTO Director Andrei Iancu announced the proposal on Thursday, saying that when a patent owner's original claims are found invalid, they should have a chance to obtain amended claims. While there is currently an amendment mechanism in place, actually getting claims amended happens so rarely now that patent owners view putting in the effort to be "largely futile," he said.

The "robust new amendment process," about which the office is seeking comments until Dec. 14, is aimed at making the ability to amend claims "feasible and meaningful," Iancu said.

Under the plan, the Patent Trial and Appeal Board would issue a preliminary ruling on whether proposed amended claims are viable prior to the final decision in the review, and patent owners could revise their motion in response. That additional feedback should aid patentees, attorneys say, although meeting the deadlines the office has proposed will be a challenge.

"This gives a real opportunity for amendment," said Shane Brunner of Michael Best & Friedrich LLP. "Before, it was very difficult because it was an all-or-nothing decision at the end. With two shots at an amendment, it's really going to make amendments more likely."

However, the proposal calls for amendment motions by patent owners, responses from challengers and decisions by the board to be completed within a matter of weeks. That will create more work for everyone involved and put them under intense pressure.

"Whether this is actually viable is a big question," Michael Specht of Sterne Kessler Goldstein & Fox PLLC said. "It seems like it adds a lot of steps to the process. From the perspective of patent owners and petitioners, that will add a significant amount of cost if it's used. Patent owners may not want to go this route."

Currently, patent owners propose amendments after an AIA review is instituted, the petitioner files a response, and the PTAB rules on whether to allow the amendment in its final written decision at the end of the case, in addition to ruling on whether the original claims are invalid.

The proposed new system would effectively give patent owners two bites at the apple when seeking amendments. They would have six weeks after a review is instituted to move to amend if they wish, and the petitioner would have six weeks to respond. One month after that, the PTAB will issue a nonbinding opinion on the validity of the proposed amended claims.

If the board says the original motion will likely fail, the patent owner would get one month to file a revised motion to amend that responds to the issues raised in the preliminary decision. If the board says the amendment will likely be allowed, the petitioner would be able to file a reply.

In either case, the opposing party would then be able to file a response before the board issues a final ruling on the amendment and the original validity challenge. The sheer number of new filings "definitely presents some challenges for patent owners and petitioners to get all the papers on file," Daniel Zeilberger of Paul Hastings LLP said.

"It appears to be a very tight timeline," Ashley Moore of McKool Smith PC said. "But in all briefing and all litigation, people will find a way to make it work, even if it's more compressed than we might like."

Specht noted that all the new filings will be in addition to the main review of the validity of the original claims, and that the AIA mandates the whole proceeding will still have to be completed within 12 months of the review being instituted.

Parties and the board could struggle "to cram everything in the window," he said. That will be "a huge burden" on litigants, he said, and "from the perspective of the PTAB judges, it's like having two trials for the price of one."

"Parties will figure out a way to do it, but it's a lot of extra steps and extra briefs," Specht said. "It's almost as if the motion to amend becomes more significant than the original trial, in terms of the back and forth."

The additional crush of work could serve as a disincentive for patent owners to seek amended claims. But amendments could also remain rare because they would continue to have the potential to trip up patentees in infringement litigation, which occurs in parallel with 85 percent of AIA reviews.

That's because if a patent is amended during litigation, accused infringers have what is known as intervening rights, meaning patentees are limited to seeking damages only from the time of the amendment going forward, and not from past infringement of the original claims.

"If you change the claims, it's like going back to square one. ... A lot of patent owners are not going to want to do that," Specht said. He added that as a result, "I don't think amendments will ever be a major part of PTAB trials."

Moore said putting their damages potential at risk by amending claims could be a concern for some patent owners, "but if the patent is found invalid, you have nothing. You have to weigh your options."

Zeilberger said attorneys will be keeping a close eye on the new process to see if it actually encourages patent owners to seek amendments more often.

"That's the million-dollar question. It's hard to predict," he said. "If we don't see patent owners more

frequently pursuing motions to amend, it probably indicates that they were avoiding motions to amend not because they were difficult, but because of other issues like intervening rights and damages.”

The practical impact of the proposal may become apparent sooner than many expected when Iancu announced the plan on Thursday. The following day, the USPTO issued a Federal Register notice explaining that "shortly after" the Dec. 14 deadline for public comments on the proposal, the office will launch a pilot program implementing the revised procedure in every newly instituted trial involving a motion to amend.

The pilot program will likely last for a year, and the new system will be the only way to amend claims because the current rules will no longer be available, the office said. The seemingly quick transition to the new rules took some attorneys by surprise, including Specht, who said, "I'm not sure I'd be quite that aggressive if I was the patent office."

"When I first read the word 'pilot program,' it seemed like it would be limited in scope," Zeilberger said. "But it looks like when it goes into effect, it will apply across the board for cases that have not been implemented yet."

Moore said it makes sense to get on with the new system, since "no one knows what will happen until the process is put in place. We might as well put it in place and if necessary, make changes."

Iancu has made a number of changes to AIA reviews since taking office that are aimed at helping patent owners, including changing the claim construction standard for the proceedings. The proposed amendment rules continue in that pro-patentee direction, Brunner said.

"This is another in a line of changes to make things a little easier for patent owners," he said.

--Editing by Emily Kokoll and Aaron Pelc.