

Nike, Inc. v. Adidas AG, 955 F.3d 45 (Fed. Cir. 2020) and *Uniloc 2017 LLC v. Hulu, LLC*, 966 F.3d 1295 (Fed. Cir. 2020)

BY KRISTINA CAGGIANO KELLY

The patent claim survival rate before the Patent Trial and Appeal Board continues to strongly favor petitioners. Accordingly, motions to amend the challenged claims have been growing among patent owners in *inter partes* reviews (IPRs). While the Board is still confined to the petition and its rationales in reviewing the patentability of challenged claims, it is not so constrained in reviewing proposed amendments.

In *Nike, Inc. v. Adidas AG*, 955 F.3d 45 (Fed. Cir. 2020), the Federal Circuit confirmed that the Board may raise unpatentability grounds *sua sponte* when reviewing a motion to amend a claim in an IPR. Specifically, the court affirmed the Board's rejection of substitute claims based on prior art that, while in the record, was not cited by the petitioner. *Id.* The court thus confirmed that Board judges evaluating substitute claims act more like examiners in the first instance, crafting their own rejections in view of the entirety of the record.

In *Uniloc 2017 LLC v. Hulu, LLC*, 966 F.3d 1295 (Fed. Cir. 2020), the court confirmed that the Board's review of motions to amend was not limited to rejections based on 35 U.S.C. §§ 102 and 103—the statutory confines of an IPR challenge. See 35 U.S.C. § 311(b). Rather, the Board may deny motions to amend the claims based on subject matter ineligibility under 35 U.S.C. § 101 or for failing to comply with the requirements of 35 U.S.C. § 112.

The patent at issue in *Uniloc* was directed to a method for adjusting the number of devices allowed to use a digital product under license. Hulu successfully challenged the patent before the Board, who found the independent claims unpatentable over the prior art. Uniloc filed a motion asking the Board to enter substitute claims. Uniloc argued that its proposed amendments overcame the prior art and did not enlarge the scope of the claims or present new matter. However, the Board held that the substitute claims were patent ineligible under § 101.

Substitute claims have never been examined before and should not escape an evaluation on all grounds of patentability simply because of the forum in which they were proposed.

The Federal Circuit majority found that the statute authorizes the Board to determine the “patentability” of substitute claims without limitation. Substitute claims have never been examined before and should not escape an evaluation on all grounds of patentability simply because of the forum in which they were proposed. The court contrasted the IPR provisions for evaluating claim amendments from, for example, reexamination proceedings, which expressly prohibit the Patent and Trademark Office from considering substantial new questions of patentability beyond newly discovered prior art.

Judge O'Malley dissented, pointing out that IPR proceedings are designed to be limited reviews. Issued patent claims are already presumed to satisfy all statutory provisions, save for the prior art issues open to challenge. Reexamining substitute claims on §§ 101 and 112 grounds—where amendments do not broaden the scope of the claims or introduce new matter—amounts to a reexamination of the issued claims on grounds not permitted by the statutory scheme.

Nike and *Uniloc* provide essential guidance on how to navigate motions to amend. These cases, however, reduce the chances of success for such motions and increase the burden on patent owners hoping to survive post-grant proceedings with any claims intact.