

A Niche Within a Niche: The PTAB's Evolving Motion to Amend Practice

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Summary

On March 15, 2019, the United States Patent and Trademark Office (USPTO) introduced a new Motion to Amend (MTA) Pilot Program.¹ The Pilot Program gave patent owners an option to (1) receive Preliminary Guidance on the merits of their MTA from the Patent Trial and Appeal Board (PTAB) and (2) submit a revised MTA addressing any issues raised in the Preliminary Guidance. This article explores whether and how the Pilot Program has affected MTA outcomes. Overall, after the introduction of the Pilot Program, MTA grant outcomes appeared to drastically improve for patent owners, especially for Electronics, Mechanical, and Business Method technology groups. Upon closer examination, however, the Pilot Program appears to be solidifying the MTA grant trends that first started in 2017-2018, likely in response to the Federal Circuit's 2017 decision in *Aqua Products, Inc. v. Matal*.²

The filing of an MTA, including those invoking the Pilot Program (since 2019), essentially creates a separate proceeding within an America Invents Act (AIA) proceeding. A niche within an already specialized PTAB practice, the MTA practice is highly nuanced and proceeds on a compressed schedule—particularly when invoking the Pilot Program. MTAs can be a powerful tool for patent owners to obtain claims that are “blessed” by the PTAB, which some consider to be “gold-plated” claims. To balance this advantage for patent owners, petitioners have nearly a full arsenal of invalidity tools

at their disposal (Sections 101, 102, 103, and 112) to combat an MTA, some of which would not have been otherwise available in the proceeding.³ Needless to say, the nuances of MTA practice can catch inexperienced or unaware practitioners off-guard, potentially adding substantial cost and altering the risk/reward analysis. Practitioners thus should fully understand MTA practice and trends, as well as the various strategies for submitting or opposing an MTA when developing their positions. This article discusses overall MTA statistics, as well as statistics related to MTAs invoking the Pilot Program. And, in view of these statistics, this article provides practice tips for both patent owners and petitioners dealing with MTAs.

The Statistics: Recent Motion to Amend Decisions

A. Overall MTA Success Rates

To analyze the impact of the Pilot Program, we examined relative success rates⁴ for (1) all MTAs (2013-2021), (2) MTAs in the time period prior to the Pilot Program but after the *Aqua Products* decision (2017-2018), and (3) MTAs after the Pilot Program (2019-2021). While the overall number of MTAs increased after the Pilot Program, the Program does not appear to have much impact on the overall success rate compared to the 2017-2018 success rate. These trends are depicted in FIG. 1 (Motions to Amend Decisions – Numbers) and FIG. 2 (Motions to Amend Decisions – Percentage).⁵

Figure 1: Motions to Amend Decisions – Numbers

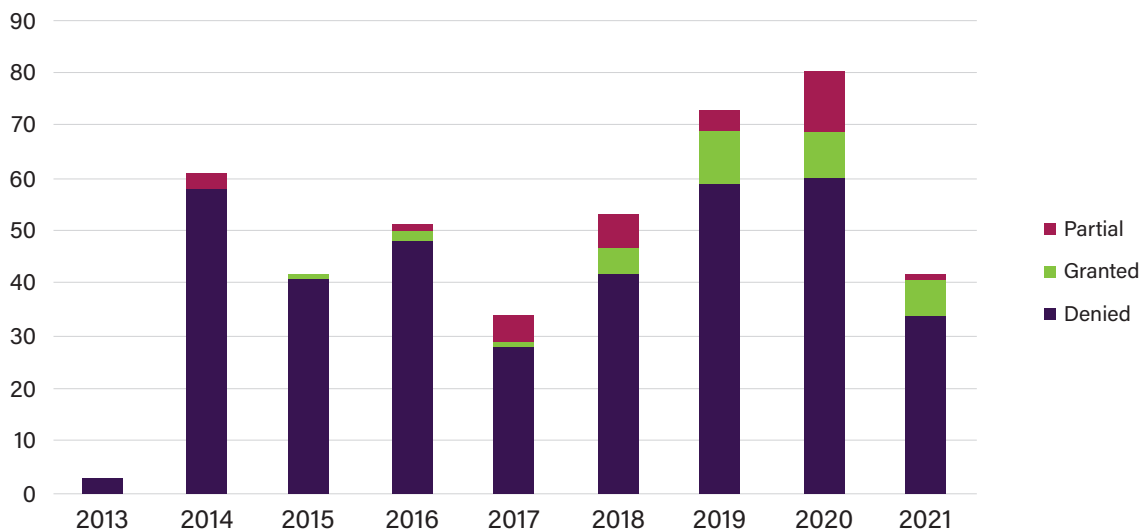


Figure 2: Motions to Amend Decisions - Percentage

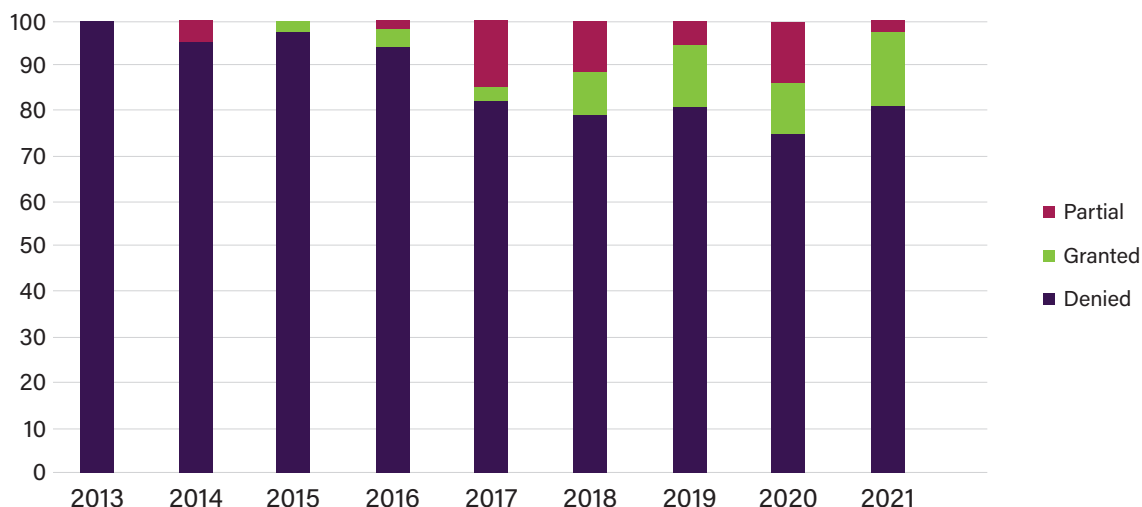


FIG. 1 shows that the number of MTAs decided increased from 53 in 2018 (before the Pilot Program) to 73 in 2019 and 80 in 2020 (after the Pilot Program). This significant increase in the number of MTAs decided in 2019 and 2020 may be a result of the PTAB's signaling a renewed interest in evaluating amended claims in AIA reviews via the Pilot Program. In 2021, however, the number of MTAs decided decreased to 42.

FIG. 2 depicts the same data as FIG. 1 but as normalized percentages. FIG. 2 shows that in 2019-2021, even after the Pilot Program became available, the overall MTA success rate was about 21.5%⁶ (19.2% in 2019, 25% in 2020, and 19% in 2021) compared to the overall pre-Pilot Program MTA success rate of 19.5% in 2017-2018 (17.6% in 2017 and 20.8% in 2018). Because these results appear to show that availability of the Pilot Program did not significantly improve patent owners' success rate, we needed to dig deeper to understand whether and how the Pilot Program affected MTA practice. As we suspected, the story becomes more interesting when the success rates are assessed based on technology.

Historically, MTAs have fared worse in Bio/Chem proceedings compared to other technology groups, but this trend seems to have reversed after the PTAB introduced the Pilot Program. In 2013-2018, the PTAB decided 40 Bio/Chem MTAs but granted only three (7.5% success rate). Looking closer at 2017-2018, the PTAB decided 15 Bio/Chem MTAs but granted only one (6.7% success rate). However, the success rate for Bio/Chem MTAs increased to 12% in 2019-2021 when the PTAB decided 25 MTAs and granted three.⁷ Thus, this data indicates that the recent Pilot Program may have helped improve the MTA success rate for Bio/Chem patent owners.

For Electronics proceedings, in 2013-2018, the PTAB decided 141 MTAs and granted 14 (9.9% success rate). Looking closer at 2017-2018, the PTAB decided 49 MTAs and granted 11 (22.4% success rate). The success rate for

Electronics MTAs remained similar in 2019-2021 when the PTAB decided 104 MTAs and granted 23 (22.1% success rate).⁸ Thus, the Pilot Program does not seem to have much impact on Electronics proceedings. Instead, in these proceedings, a more impactful change appears to have occurred in 2017-2018 when the MTA success rate increased dramatically, and the Pilot Program seems to have continued the trend.

Similarly, the trend that started in 2017 for Mechanical/Business Method proceedings continued after the Pilot Program. In 2013-2018, the PTAB decided 62 Mechanical/Business Method MTAs and granted seven (11.3% success rate). In 2017-2018, the PTAB decided 23 Mechanical/Business Method MTAs and granted 5 (21.7% success rate). In 2019-2021, the PTAB decided 66 Mechanical/Business Method MTAs and granted 16 (24.2% success rate).⁹ Again, the most impactful change appears to have occurred in 2017-2018, with a slight increase in MTA success rate after the introduction of the Pilot Program.

Thus, Bio/Chem patent owners appear to have benefitted the most from the Pilot Program while the Electronics and Mechanical/Business Method technology spaces largely continued the 2017-2018 trends after the Pilot Program. Overall, the one-two punch of *Aqua Products* and the Pilot Program appears to have increased the success rate of MTAs across all technology groups.

B. MTA Success Rates after Receiving Preliminary Guidance in the Pilot Program

Since its introduction in 2019, patent owners have invoked the Pilot Program and received Preliminary Guidance in 129 proceedings. Of those proceedings, the PTAB has issued final written decisions (FWD) addressing the merits of an MTA in 67 proceedings and has granted 18 MTAs (seven fully and 11 partially).¹⁰ Thus, in 2019-2021, the proceedings receiving Preliminary Guidance and reaching FWD had an overall MTA success rate of 26.9%,

which is better than the overall success rate of 21.5% for all MTAs (with or without Preliminary Guidance) decided in 2019-2021. This indicates that patent owners have benefited from the PTAB's Preliminary Guidance decisions under the Pilot Program.

The benefits of Preliminary Guidance however have not been evenly distributed across the technology groups. Although the Pilot Program seems to have improved the success rate of Bio/Chem MTAs, these MTAs fared no better after receiving Preliminary Guidance: none of the successful 18 MTAs that received Preliminary Guidance were in Bio/Chem technology group. Instead, 13 MTAs were in Electronics while 5 MTAs were in the Mechanical/Business Methods technology groups.

Beyond these statistics, studying the Preliminary Guidance trends based on the issues raised is useful for both patent owners and petitioners in developing best practices. To start, in an MTA, a patent owner must satisfy its burden of showing that the proposed substitute claims meet the statutory and regulatory requirements of 35 U.S.C. § 316(d) and 37 C.F.R. § 42.121.¹¹ But 55% of Preliminary Guidance decisions (71 out of 129) found that the patent owners failed to show a reasonable likelihood of meeting the statutory and regulatory requirements. Thus, when submitting an MTA, patent owners should pay careful attention to ensure that all statutory and regulatory requirements are met.

Additionally, 90.7% of Preliminary Guidance decisions (117 out of 129) found that petitioners demonstrated a reasonable likelihood that the proposed substitute claims were fully or partially unpatentable. This included the cases where patent owners failed to meet statutory and regulatory requirements and the claims were unpatentable in view of prior art and other statutory grounds. Thus, petitioners continue to successfully demonstrate unpatentability at this stage despite the originally perceived benefit of the Preliminary Guidance in the Pilot Program for the patent owners.

Upon receiving the Preliminary Guidance, a patent owner may file a revised MTA to address the issues that the PTAB identified in the Guidance. For example, the revised MTA may address failures to meet statutory or regulatory requirements or unpatentability grounds raised by petitioners. Patent owners filed revised MTAs in 70.5% of proceedings (91 out of the 129).¹² Out of these 91 proceedings, 56 had FWDs on the merits.¹³ Of these 56 proceedings, 11 revised MTAs were fully or partially granted (19.6%). Thus, patent owners receiving negative Preliminary Guidance and submitting a revised MTA still had an overall success rate of about one in five (19.6%).

Although patent owners have about the same probability of success with a revised MTA as the overall MTA success rate (21.5% in 2019-2021 for all MTAs), the overall likelihood of success increased when they succeed at the Preliminary Guidance stage. In the most obvious case, the best result for a patent owner is when (1) it demonstrates the likelihood to meet the

statutory and regulatory guidelines and (2) the petitioner does not demonstrate a likelihood of unpatentability at the Preliminary Guidance stage. Three proceedings fit this criteria and all three (100%) resulted in fully granted MTAs at FWD.¹⁴ In contrast, if the Preliminary Guidance indicates that the patent owner has not met its burden of meeting the MTA requirements, the patent owner's success rate plummets to 20% at FWD.¹⁵ This is regardless of whether a petitioner has demonstrated a likelihood of unpatentability at the Preliminary Guidance stage and whether a revised MTA was filed.

Thus, the PTAB's Preliminary Guidance is an important factor for predicting the ultimate success of an MTA at FWD. For patent owners, receiving an indication at the Preliminary Guidance stage that there is a reasonable likelihood that the MTA has met the statutory and regulatory requirements and the petitioner has not demonstrated unpatentability of the proposed substitute claims results in the greatest chance of success. For petitioners, identifying that the patent owner has not met its burden for an MTA or demonstrating unpatentability at least under one of Sections 101, 102, 103, and 112 significantly reduces the patent owner's chances of success even if a revised MTA is filed.

Tips for Patent Owners

In view of these statistics, patent owners should recognize that MTAs are obtainable, with an overall success rate of 21.5%. This success rate increases to 26.9% when patent owners obtain Preliminary Guidance from the PTAB. Measured by success rate alone, patent owners are thus better off requesting Preliminary Guidance. Other factors, such as budget, remaining patent term, and overall strength of the invalidity contentions may also guide a patent owner's MTA strategy.

To maximize success, patent owners should ensure that the MTA satisfies the statutory and regulatory requirements under 35 U.S.C. § 316(d) and 37 C.F.R. § 42.121. As discussed above, the data shows that patent owners have faced difficulties meeting these requirements, with 55% of Preliminary Guidance decisions indicating that the patent owner failed to meet the requirements. Additionally, when filing an MTA, patent owners should ensure that the substitute claims can survive petitioners' potential unpatentability challenges under Sections 101, 102, 103, and 112. Patent owners should anticipate these issues upfront when submitting the substitute claims in a MTA and not wait to address them later in a revised MTA. For example, when crafting substitute claims, patent owners should ensure that the claims are not indefinite and are enabled under Section 112, and meet subject matter eligibility under Section 101.

With respect to the patentability challenges under Sections 102 and 103, patent owners should ensure that the substitute claims would overcome, at least, the art already cited in the proceeding, including the art not

asserted in a ground in the petition. This may include the art cited during prosecution, in the technology background in an expert declaration submitted in the proceeding, or the art cited in a parallel district court litigation. Patent owners should also remember that petitioners can introduce new art in their oppositions, and therefore, patent owners should attempt to anticipate the type of art that may be used and craft claims that would not be rendered unpatentable by the newly introduced art. Understanding the prior art landscape is thus an important consideration when deciding whether to file an MTA.

On the question of whether to pursue an MTA contingent on finding any of the existing claims unpatentable, patent owners have succeeded in both contingent and non-contingent MTAs. For example, out of the seven MTAs that received Preliminary Guidance and were fully granted at FWD in 2019-2021, three were contingent and four were non-contingent.¹⁶ A contingent MTA, however, is likely a better choice in situations where the patent owner prefers the original claims. A contingent MTA may also be appropriate when the patent owner is not restricted by the costs of filing the patent owner's response to the petition in addition to a separate contingent MTA.

On the question of whether a revised MTA is worth pursuing after receiving a negative Preliminary Guidance, patent owners should consider filing a revised MTA. Out of the seven MTA proceedings that received Preliminary Guidance and were fully granted at FWD in 2019-2021, four included revised MTAs.¹⁷ These revised MTAs corrected the deficiencies in meeting the statutory and regulatory requirements of an MTA and addressed art-based unpatentability challenges and indefiniteness and written description issues. Thus, patent owners have succeeded even after receiving a negative Preliminary Guidance and should consider filing a revised MTA.

Tips for Petitioners

Even with *Aqua Products* and the Pilot Program, the overall MTA denial rate is still 75-80%, indicating that petitioners typically have the upper hand in MTA outcomes. But petitioners should not take this advantage for granted.

As much as possible, petitioners should prepare for a potential MTA when preparing the petition. For example, petitioners should try to identify art relevant to all the embodiments described in the specification of the challenged patent in addition to art relevant to the challenged claims. Finding such art when preparing the petition and including this art in a technology background, for example, may be helpful later on when

preparing an opposition to the patent owner's MTA in a compressed MTA practice schedule. Because patent owners are not allowed to introduce new matter, if all of the embodiments described in the specification are already addressed in the art identified at the petition stage, petitioners should be able to efficiently generate new prior art grounds using those references.

To maximize success, petitioners may also consider presenting all relevant challenges in their opposition to the MTA and not wait for the patent owner to file a revised MTA after the Preliminary Guidance. This includes attacking the patent owner's failure to meet its statutory and regulatory burdens, as well as raising unpatentability challenges under Sections 101, 102, 103, and 112. Petitioners should also consider unpatentability challenges based on new art.

In 66.7% of the proceedings (four of six) where the petitioner failed to demonstrate a reasonable likelihood of unpatentability at the Preliminary Guidance stage, the PTAB granted the MTA in the FWD.¹⁸ To avoid this scenario and reduce the MTA success rate, petitioners should tailor their oppositions to specifically address the substitute claims and arguments presented by patent owners in the MTAs. When making art-based arguments, the oppositions should explain in detail how the proposed substitute claims are taught by the art and/or why a person of ordinary skill in the art would have been motivated to combine or modify the art with a reasonable expectation of successfully arriving at the substitute claims. Petitioners should not simply rely on the arguments presented in the petition, as the PTAB has ruled against petitioners that failed to fully explain any new positions in their oppositions.¹⁹

Should the patent owner elect to submit a revised MTA, the petitioner should oppose it with the same thoroughness as its opposition to the MTA. As a reminder, of the 56 proceedings with revised MTAs reaching FWD on the merits, only 11 revised MTAs were fully or partially granted (19.6%). Petitioners should therefore recognize that the odds are still in their favor even if patent owners submit a revised MTA.

In conclusion, the combination of *Aqua Products* and the MTA Pilot Program has given patent owners many tools when pursuing a MTA. The MTA statistics reflect that the Pilot Program has continued a trend of an improved overall MTA success rate that started with *Aqua Products* in 2017. While the statistics are helpful, the petitioners and patent owners should keep in mind that MTA success is very fact specific and they should continue to tailor their arguments and proposed amendments to the facts in the proceeding.

1. The PTAB has extended the MTA Pilot Program to September 16, 2022.
2. *Aqua Products, Inc. v. Matal*, 872 F.3d 1290 (Fed. Cir. 2017) (holding that the PTAB cannot place the burden of establishing patentability of the substitute claims on the patent owner in IPR proceedings).
3. See *Uniloc 2017 LLC v. Hulu, LLC*, 966 F.3d 1295 (Fed. Cir. 2020) (holding that the PTAB may consider challenges under 35 U.S.C. § 101 to proposed substitute claims in an IPR).
4. Both partially and fully granted MTAs were considered as successes when determining the success rates.
5. FIG. 1 and FIG. 2 represent Final Written Decisions (FWDs) resolving MTAs on the merits.
6. The overall success rate is calculated based on the raw numbers for the total MTAs and fully or partially granted MTA for 2019-2021 and not as average of the success rate for 2019, 2020, and 2021.
7. Overall, out of 65 total Bio/Chem MTAs decided in 2013-2021, six have been granted—a success rate of 9.2%.
8. Out of 245 total Electronics MTAs decided since the introduction of AIA proceedings, 37 have been fully or partially granted—a success rate of 15.1%.
9. Out of 128 total Mechanical/Business Method MTAs decided since the introduction of AIA proceedings, 23 have been fully or partially granted—a success rate of 18.0%.
10. In 2019-2021, the PTAB issued 195 FWDs addressing MTAs. Out of these, the patent owners requested and received Preliminary Guidance in 128 cases, but in many cases the PTAB did not address the merits of the MTA in the FWD. See, e.g., *Chemco Systems, L.P. v. RDP Techs., Inc.*, Case IPR2019-01563, Paper 38, 34-35 (PTAB Mar. 1, 2021) (dismissing contingent MTA because challenged claims were not unpatentable). Only 67 out of the 129 cases receiving Preliminary Guidance have reached a FWD on the merits.
11. The patent owner must show the following to meet the MTA requirements: (1) the amendment proposes a reasonable number of substitute claims; (2) the amendment does not seek to enlarge the scope of the claims of the patent or introduce new subject matter; (3) the amendment responds to a ground of unpatentability involved in the trial; and (4) the original disclosure sets forth written description support for each proposed claim.
12. Of the 117 proceedings where petitioners demonstrated the likelihood that the proposed claims were fully or partially unpatentable at the Preliminary Guidance stage, 88 proceedings had revised MTAs (75%).
13. After receiving the Preliminary Guidance or after a revised MTA, some proceedings were terminated and did not reach a FWD. See, e.g., *Volkswagen Group of America, Inc. v. Michigan Motor Techs. LLC*, Case IPR2020-00226, Paper 32 (Mar. 19, 2021) (Joint Motion to Terminate filed after Patent Owner filed a Revised Motion to Amend).
14. *Smartmatic USA Corp. v. Election Systems & Software, LLC*, Case IPR2019-00527, Paper 32 (PTAB Aug. 5, 2020); *Snap Inc. v. BlackBerry Ltd.*, Case IPR2019-00715, Paper 37 (PTAB Sept. 1, 2020); and *Satco Products, Inc. v. Seoul Semiconductor Co.*, Case IPR2020-00410, Paper 47 (PTAB July 21, 2021).
15. Out of the 35 proceedings reaching FWD after a Preliminary Guidance decision indicating that the patent owner had not shown a reasonable likelihood to meet the statutory and regulatory guidelines, only 7 MTAs were fully or partially granted at FWD: 20%.
16. Contingent MTAs were filed in *Smartmatic USA Corp. v. Election Systems & Software, LLC*, Case IPR2019-00527, Paper 32 (PTAB Aug. 5, 2020); *Metall Zug AG v. Carl Zeiss Meditec AG*, Case IPR2020-00300, Paper 34 (PTAB June 17, 2021); *Satco Products, Inc. v. Seoul Semiconductor Co.*, Case IPR2020-00410, Paper 47 (PTAB July 21, 2021); Non-Contingent MTAs were *Snap Inc. v. BlackBerry Ltd.*, Case IPR2019-00715, Paper 37 (PTAB Sept. 1, 2020); *SZ DJI Technology Co., Ltd. v. Autel Robotics USA LLC*, Case IPR2019-00846, Paper 33 (PTAB Sept. 21, 2020); *AFD Petroleum (Texas) Inc. et al v. Frac Shack Inc.*, Case IPR2019-00995, *NXP USA, Inc. v. Impinj, Inc.*, Case IPR2020-00514, Paper 37 (PTAB Aug. 11, 2021).
17. *SZ DJI Technology Co., Ltd. v. Autel Robotics USA LLC*, Case IPR2019-00846, Paper 17 (May 15, 2020); *AFD Petroleum (Texas) Inc. et al v. Frac Shack Inc.*, IPR2019-00995, Paper 16 (May 13, 2020); *Metall Zug AG v. Carl Zeiss Meditec AG*, Case IPR2020-00300, Paper 22 (Jan. 22, 2021); and *NXP USA, Inc. v. Impinj, Inc.*, Case IPR2020-00514, Paper 23 (Mar. 16, 2021).
18. Granted MTAs in *Smartmatic USA Corp. v. Election Systems & Software, LLC*, Case IPR2019-00527, Paper 32 (PTAB Aug. 5, 2020); *Snap Inc. v. BlackBerry Ltd.*, Case IPR2019-00715, Paper 37 (PTAB Sept. 1, 2020); *AFD Petroleum (Texas) Inc. et al v. Frac Shack Inc.*, Case IPR2019-00995, Paper 32 (PTAB Oct. 15, 2020); and *Satco Products, Inc. v. Seoul Semiconductor Co.*, Case IPR2020-00410, Paper 47 (PTAB July 21, 2021). Denied MTAs in *Free Stream Media Corp. v. Gracenote, Inc.*, Case IPR2020-00219, Paper 36 (PTAB June 15, 2021) and *Red Diamond, Inc. v. Southern Visions, LLP*, Case PGR2019-00045, Paper 38 (PTAB Oct. 13, 2020).
19. See, e.g., *Snap Inc. v. BlackBerry Ltd.*, Case IPR2019-00715, Paper 37, 106-07 (PTAB Sept. 1, 2020) (rejecting the petitioner's motivation to combine arguments for not showing "why a person of ordinary skill in the art would have made the asserted combination," stating that the "[p]etitioner provides no explanation of the modification other than [a] conclusory and vague assertion . . . Accordingly, we are not persuaded that Petitioner has carried its burden. . ."); see generally *id.*, 101-19.