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PTAB Update: New Motion to Amend Procedures Proposed

The new procedures could be in place before the end of 2018 with far-reaching effects for both patent owners and petitioners.

Key Points:

- The new procedures allow a patent owner to file a motion to amend six weeks after institution and the petitioner to respond six weeks thereafter. One month later, the PTAB will provide a non-binding preliminary decision.
- The patent owner may revise its motion to amend if the PTAB indicates that the motion is not likely to prevail.
- The deadline for comments on the new procedures is December 14, 2018. The USPTO “anticipates that it will implement” the new procedures “shortly after the comment deadline.”
- The new procedures will apply to all proceedings instituted after the effective date.

Overview

On October 29, 2018, the United States Patent and Trademark Office (USPTO) published a Request for Comments regarding a “pilot” program that revamps motion to amend procedures for *Inter Partes* Review, Post-Grant Review, and Covered Business Method Review proceedings (collectively, PTAB proceedings) before the Patent Trial and Appeal Board (PTAB).

The USPTO stated in its Request that it “anticipates that it will implement the pilot program shortly after the comment deadline” on December 14, 2018. Though characterized as pilot program, the proposed procedures are *not* optional. The program is a pilot only in that it will expire after “at least one year” if not extended.

The new procedures provide for a preliminary non-binding decision on a patent owner’s proposed amendments after a first round of briefing. If the PTAB finds that the motion is likely to succeed, the petitioner files a reply and the patent owner files a surreply. The PTAB will then decide the motion to amend in its final written decision.

But if the PTAB’s preliminary decision indicates that the motion to amend is unlikely to succeed, the patent owner may revise its motion to amend, after which follows a full round of briefing (opposition, reply, and surreply). Instead of revising its motion, the patent owner may elect to reply to the petitioner’s

opposition and the PTAB's preliminary decision, after which the petitioner may file a surreply. In either case, the PTAB will decide the motion to amend in its final written decision.

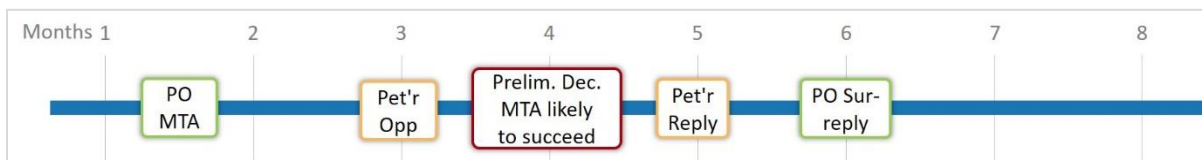
Background

The USPTO is seeking to "enhance the effectiveness and fairness" of its motion to amend procedure after reviewing five years of data and comments solicited in 2014 and 2015, as well as the Federal Circuit's *en banc* decision in *Aqua Products* in 2017.¹

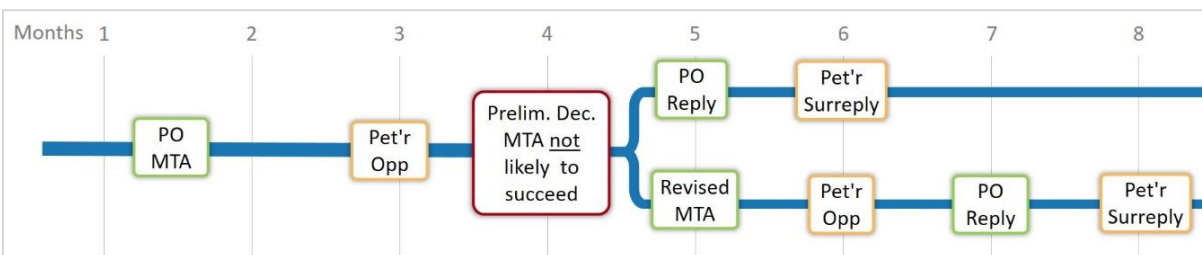
According to the USPTO, less than 10% of all PTAB trials to date included a motion to amend. Only 4% of the motions decided so far have been fully successful, another 6% were granted in part, and 90% were denied in full. In *Aqua Products*, the Federal Circuit rejected the PTAB's practice of requiring the patent owner to demonstrate the patentability of its amended claims. In response, the PTAB issued an "informative" decision requiring a petitioner to demonstrate unpatentability of amended claims and updated the practice guide to give the petitioner a surreply to support its opposition to the amendment. While recent data indicate that the number of motions to amend might be increasing, the USPTO is exploring whether a preliminary decision by the PTAB "might prove helpful in a [PTAB] trial amendment process."

The New Motion to Amend Procedures

Under the new procedures, the PTAB will issue a preliminary non-binding decision on a motion to amend after a first round of briefing. The schedule diverges after that depending on how the PTAB views the merits of the motion. If the PTAB finds that the motion is likely to succeed, the petitioner submits a reply to the PTAB's decision and the patent owner submits a surreply:



But if the PTAB finds that the motion is unlikely to be granted, the patent owner may either reply to the decision or revise its motion to amend and begin another round of briefing:

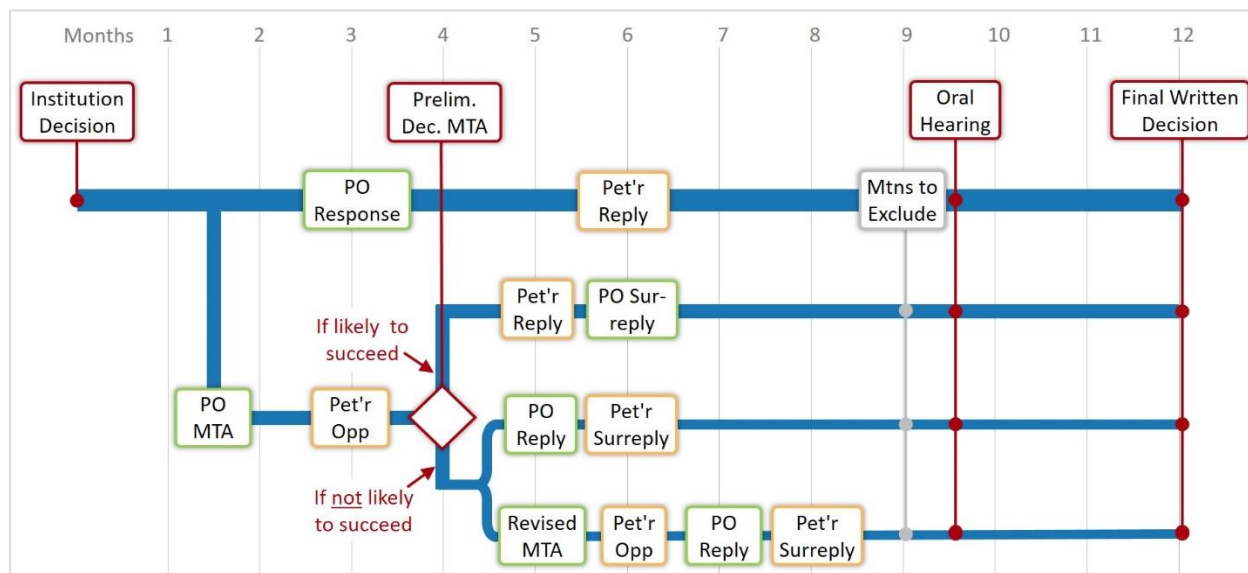


The new motion to amend process will require significantly more briefing in a compressed schedule. The parties no longer have three months to file and three months to oppose the motion to amend. Instead, the patent owner has six weeks to file a motion to amend, and the petitioner has six weeks to find any needed prior art and formulate its opposition. After the preliminary decision, the patent owner has just one month to decide whether to revise its motion to amend, and the petitioner has just one month to oppose the revised claim amendments.

The timeline below illustrates how the new motion to amend briefing fits into the principal briefing schedule. Under the old procedure, the patent owner filed its motion to amend after institution at the same time it filed its patent owner response to the petition. The petitioner's opposition to the amendment was due at the same time as the petitioner's reply in support of its petition.

In contrast, the patent owner now moves to amend before it files its principal response to the petition, and the petitioner opposes that amendment before seeing the patent owner's arguments against the art in the petition. The new procedure also allows cross-examining the opposing expert only after the preliminary decision. As a result, a patent owner's preliminary motion to amend and the petitioner's preliminary opposition will not benefit from any admissions the parties might obtain.

Combined Timeline



Although the PTAB is seeking comments on whether the parties may jointly seek to opt out of the new procedures, the currently proposed pilot program will apply to *all* PTAB proceedings instituted after the effective date, which could be before the end of 2018.

Other Topics for Comments

The USPTO is seeking input on several topics in addition to the details of above-described process, including comments regarding the ultimate burden of persuasion for a motion to amend. In *Aqua Products*, the Federal Circuit held that the USPTO had not adopted a rule requiring the patent owner to demonstrate the patentability of its amended claims. Absent such a rule that might be entitled deference, the USPTO could not place that burden on the patent owner. The USPTO is now asking the public to weigh in on whether it should engage in rulemaking to allocate the burden of persuasion, as suggested by *Aqua Products*.

The USPTO is also seeking comments regarding its ability to find amended claims unpatentable for reasons other than those set forth by the petitioner. As discussed, the petitioner currently bears the burden of demonstrating the unpatentability of any amended claims. If the petitioner is no longer participating in the proceeding, the new procedures allow the PTAB to ask a patent examiner to develop an advisory report addressing the proposed amendments. The examiner's report may include an assessment of prior art found by the examiner and the examiner's consideration of the prior art already of

record. The USPTO is therefore asking for the public's input on the type and extent of assistance a patent examiner might provide and in defining the situations when the PTAB should be allowed to find amended claims unpatentable for reasons other than those set forth by the petitioner.

Conclusion

Once effective, the USPTO's new motion to amend procedures will likely have far-reaching effects on practice before the PTAB. Current and potential patent litigants, whether patent owners or petitioners, should carefully review the USPTO's Request for Comments and consider providing comments by the December 14, 2018 deadline.

Potential parties and parties to a PTAB proceeding filed in the past four months should also review the proposal with their counsel to assess the strategic impact of these sweeping changes.

Latham & Watkins will promptly provide further analysis once the new motion to amend procedures become effective.

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Endnotes

¹ *Aqua Products, Inc. v. Matal*, 872 F.3d 1290 (Fed. Cir.2017) (*en banc*). See Latham & Watkins' *Client Alert* "Aqua Products Levels the Playing Field at the PTAB," available at <https://www.lw.com/thoughtLeadership/LW-Aqua-Products-Levels-the-Playing-Field-at-the-PTAB>.