

October 16, 2017

Federal Circuit Clarifies Petitioner in AIA Reviews has Burden to Prove Unpatentability for Amended Claims

On October 4, 2017, the Federal Circuit provided some relief to patent owners by holding that petitioners seeking to cancel patent claims through inter partes review proceedings (“IPRs”) under the Leahy-Smith America Invents Act (“AIA”) bear the burden of showing invalidity when the patent owner attempts to amend its patent claims. Specifically, in *Aqua Products, Inc. v. Matal* (Case No. 2015-1177, Oct. 4, 2017), the court considered whether 35 U.S.C. § 316(e) of the AIA places the burden of proving a proposition of unpatentability with regard to claim amendments authorized by 35 U.S.C. § 316(d) onto the petitioner in an IPR and whether the Patent Trial and Appeal Board’s (“Board”) practices accord with that application. After an extensive review of the statutory scheme and legislative history, the court concluded “that § 316(e) unambiguously requires the petitioner to prove all propositions of unpatentability, including for amended claims.” Patent owners, who have been under the deluge of AIA IPR reviews over the past four years, breathed a collective sigh of relief. The decision comes only seven weeks ahead of oral arguments scheduled at the U.S. Supreme Court in *Oil States Energy Services, LLC v. Greene’s Energy Group, LLC*, where the Court will consider the constitutionality of the entire AIA process.

Because a majority of the judges participating in *Aqua* believe the statute is ambiguous on this point, the court concluded in the alternative that “there is no interpretation of the statute by the Director of the Patent and Trademark Office (“PTO”) to which [the] court must defer under *Chevron, U.S.A. Inc. v. Natural Resources Defense Council, Inc.*, 467 U.S. 837 (1984).” As a result, the court’s interpretation of the AIA places the burden of persuasion with regard to the patentability of amended claims on the petitioner in IPRs.

Finally, the court concluded that when the Board assesses the patentability of amended claims under § 318(a), the Board is required to consider the entirety of the record before it and must justify any conclusions of unpatentability based on that record.

The question now becomes whether this “narrow judgment” will lead to patent owners focusing more on amending their claims during IPRs in the hopes of salvaging an enforceable patent and whether more claim amendments survive IPRs. According to the PTO’s Trial Practice Guide, giving patent owners the opportunity to amend during an IPR allows patent owners the opportunity to resolve ambiguities and overbreadth, “producing clear and defensible patents at the lowest cost point in the system.” However, despite repeated recognition of the importance of a patent owner’s right to amend during IPR proceedings, the PTO’s statistics, as of April 30, 2016, show that the Board consistently rejects motions to amend. In *Aqua*, the court noted *Aqua* and amici believe the Board’s consistent rejection of motions to amend stemmed from “the Board’s placement of the burden of proving the patentability of amended claims on the patent owner, its requirement that the patent owner satisfy that burden on the face of a 25-page motion to amend—without regard to the remainder of the record—and its requirement that the patent owner prove patentability, not just in response to the grounds of unpatentability asserted by the petitioner, but on all possible grounds and in light of all prior art known to the patent owner.”

As always, IPRs will remain complex and multifaceted, particularly with such an important clarification regarding the burden of proof for the patentability of amended claims. The *Aqua* opinion will require parties in IPR proceedings to reconsider what appears to be an opportunity for patent owners to amend their claims with

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potentially more success before the Board. And, in this time period before *Oil States*, it remains to be seen whether the AIA process continues to be unforgiving ground for patent owners.

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This document is intended to provide you with general information regarding the Federal Circuit's decision in Aqua Products, Inc. v. Matal. The contents of this document are not intended to provide specific legal advice. If you have any questions about the contents of this document or if you need legal advice as to an issue, please contact your regular Brownstein Hyatt Farber Schreck, LLP attorney. This communication may be considered advertising in some jurisdictions.