

The Impact of the PTAB's Motion to Amend Pilot Program



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Motions to amend have been part of America Invents Act trials since their inception. The U.S. Patent and Trademark Office solicited public input on the motion to amend process, which was followed by a study by the Patent Trial and Appeal Board. The study led to changes implemented in a Pilot Program that began in March 2019.

Has the Pilot Program made any difference for parties requesting or opposing claim amendments during America Invents Act trials? In this article, we draw upon original research and data analysis to examine the impact of the Pilot Program on motion to amend practice and its implications for practitioners.

The Impact of the PTAB's Motion to Amend Pilot Program

In March 2019, the U.S. Patent and Trademark Office (USPTO) published notice of a new pilot program concerning motion to amend (MTA) practice in trial proceedings under the America Invents Act (AIA) before the Patent Trial and Appeal Board (PTAB). Notice of Pilot Program, 84 Fed. Reg. 9497 (Mar. 15, 2019) (the Pilot Program). The Pilot Program changed MTA practice in fundamental ways. The effects of those changes have remained a mystery—until now. We have analyzed MTAs filed since the Pilot Program took effect. In this article, we share our observations on the impact of the program and provide related MTA tips for practitioners.

MTAs: A Brief Background

MTAs have been part of AIA trials since their inception. During an *inter partes* review (IPR), for example, a patent owner can submit an MTA instead of, or in addition to, its post-institution response. A contingent MTA is filed instead of a patent owner's post-institution response, which results in cancelling the original claims. A noncontingent MTA is filed in addition to a patent owner's post-institution response and allows the patent owner to continue to argue in parallel that the original claims are patentable. The deadline for filing an MTA is the same as the deadline for a patent owner's post-institution response.

Historically, patent owners have used the MTA process sparingly and, even then, have rarely succeeded in amending claims.

Relevant statutes and regulations require that an MTA (1) propose a reasonable number of substitute claims; (2) not enlarge the substitute claims; (3) respond to an asserted ground of unpatentability; and (4) not introduce new matter. See 35 U.S.C. § 316(d); 37 C.F.R. § 42.121(a). The petitioner bears the burden of showing that the amended claims are unpatentable and can challenge the claims for several different reasons, including anticipation (35 U.S.C. § 102), obviousness (35 U.S.C. § 103), patent-ineligible subject matter (35 U.S.C. § 101), or issues relating to 35 U.S.C. § 112, such as written description, enablement, or indefiniteness. See *Aqua Prods., Inc. v. Matal*, 872 F.3d 1290, 1315 (Fed. Cir. 2017).

Historically, patent owners have used the MTA process sparingly and, even then, have rarely succeeded in amending claims—with the PTAB granting in whole or in part less than 15% of the motions it decided. The USPTO solicited input from the public on the MTA process by way of Requests for Comment in the Federal Register in June 2014 and August 2015. Public comment largely focused on which party should bear the burden to prove that substitute claims are unpatentable. See 84 Fed. Reg. at 9498–99.

In 2016, the PTAB undertook a study to determine (1) the number of MTAs that had been filed; (2) the subsequent developments for each MTA; (3) the outcome of each MTA (granted, granted in part, denied in part, or denied); and (4) the reasons for each denied MTA. See 84 Fed. Reg. at 9499. After completing the study, the USPTO published a Request for Comment

in October 2018 proposing two major changes to the MTA process, which were ultimately implemented as part of the Pilot Program in March 2019:

1. A patent owner can request “preliminary guidance” from the PTAB when filing an MTA; and
2. A patent owner can file a revised MTA regardless of whether it requests preliminary guidance.

The PTAB explained that the preliminary guidance “typically will be in the form of a short paper . . . that provides preliminary, non-binding guidance from the Board” regarding the MTA and “will focus on the limitations added” in the motion. 84 Fed. Reg. at 9497. Preliminary guidance “will not address the patentability of the originally challenged claims.” *Id.* “With that in mind, the preliminary guidance will provide an initial discussion about whether there is a reasonable likelihood that the [motion] meets [the] statutory and regulatory requirements[.]” *Id.* The guidance will additionally “provide an initial discussion about whether petitioner. . . establishes a reasonable likelihood that the substitute claims are unpatentable.” *Id.*

Our research gathered data on more than 750 IPR proceedings instituted from March 15, 2019, when the Pilot Program took effect, through March 31, 2020.

Analyzing the Pilot Program

More than 18 months have passed since the Pilot Program began, giving us sufficient data to consider how the program has affected MTA practice. Our research included gathering data on the over 750 IPR proceedings instituted between March 15, 2019, when the Pilot Program took effect, and March 31, 2020. We evaluated:

- how often patent owners filed MTAs;
- whether patent owners requested preliminary guidance;
- whether patent owners filed revised MTAs; and
- how MTAs under the Pilot Program fared.

Then we compared these data to information about the MTA process in the period before the Pilot Program, which allowed us to identify how the process might have changed and any emerging trends. The findings of our analysis follow.

RESEARCH RESULTS

Before the Pilot Program

The PTAB published several studies on the MTA process that provide data about how often patent owners filed motions and how often those motions were granted, among other things. The PTAB’s most recent Motion to Amend Study provides data about pre-Pilot Program MTAs filed through March 15, 2019, when the Pilot Program’s provisions took effect. See USPTO, Patent Trial and Appeal Board Motion to Amend Study: Installment 6 (Update through March 31, 2020) at 3.

Frequency of MTA Filings. Based on PTAB data, 4,783 AIA trials had been completed through March 31, 2020. Those trials include IPRs and other similar forms of patent challenges, such as post-grant reviews. Patent owners filed pre-Pilot Program MTAs in just 504 trials.

That data set reflects that patent owners filed MTAs only 11% of the time before the Pilot Program. Figure 1 below depicts these data.

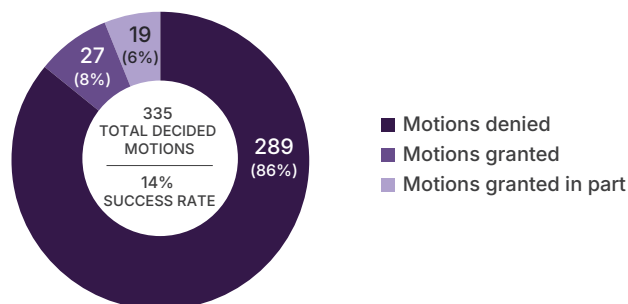
FIGURE 1
PRE-PILOT PROGRAM MTA FILING FREQUENCY



Outcomes for MTAs Decided by the PTAB. In the pre-Pilot Program trials where MTAs were filed, the PTAB decided 335 MTAs that included substitute claims. Other pre-Pilot Program MTAs were withdrawn, were rendered moot, or requested cancelling original claims rather than proposing substitute claims.

Of the 335 decided motions, 289 (86%) were denied. Only 27 (8%) were granted, and another 19 (6%) were granted in part, for an aggregate success rate of 14%. These data are shown in Figure 2 below.

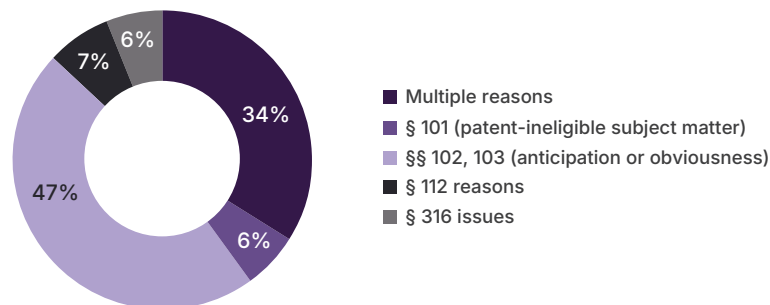
FIGURE 2
SUCCESS RATE FOR PRE-PILOT PROGRAM MTAs



Reasons for MTA Denials. A large majority of pre-Pilot Program MTAs were denied for statutory reasons (92%), such as anticipation under 35 U.S.C. § 102; obviousness under 35 U.S.C. § 103; patent-ineligible subject matter under 35 U.S.C. § 101; lack of written description, lack of enablement, or indefiniteness under 35 U.S.C. § 112; enlarging claim scope in violation of 35 U.S.C. § 316 (adding new matter); or some combination of the foregoing. The remaining 8% were denied for procedural reasons, such as seeking to amend an unchallenged claim or making a nonresponsive amendment. See USPTO, Patent Trial and Appeal Board Motion to Amend Study: Installment 6 (Update through March 31, 2020).

Where the PTAB denied MTAs for statutory reasons, 34% were denied for multiple such reasons, 6% for patent-ineligible subject matter under 35 U.S.C. § 101, 47% on anticipation or obviousness grounds under 35 U.S.C. §§ 102 and 103, 7% for reasons relating to 35 U.S.C. § 112, and 6% for 35 U.S.C. § 316 issues—as depicted in Figure 3 below.

FIGURE 3
STATUTORY REASONS FOR DENIAL FOR PRE-PILOT PROGRAM MTAs



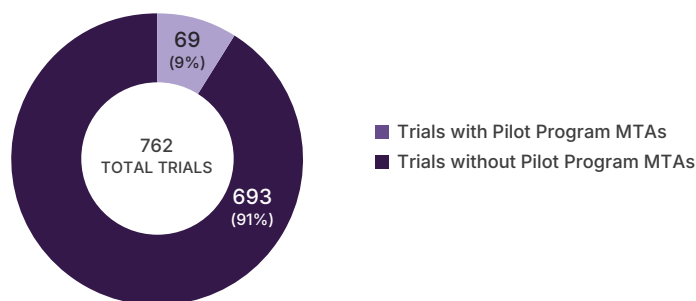
Launch of the Pilot Program

In examining the data following the Pilot Program’s launch, we consider this new regime’s influence on how often patent owners file MTAs and how often they are successful in seeking to amend, as well as the reasons the PTAB relies on when denying MTAs.

Frequency of MTA Filings. The present study analyzed 762 PTAB trials instituted after March 15, 2019—when the Pilot Program began—but before March 31, 2020. Of those, MTAs were filed in 69 trials (9%), with 51 contingent and 18 noncontingent MTAs. Thus, despite the changes imposed by the Pilot Program, patent owners are currently filing MTAs less often than they did before the Pilot Program began. Figure 4 below illustrates these data.

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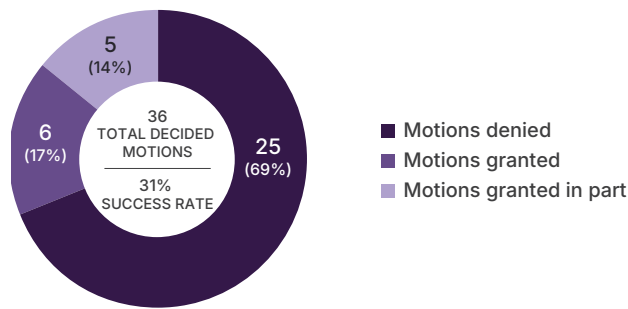
FIGURE 4
MTA FILING FREQUENCY UNDER THE PILOT PROGRAM



Success Rates of Decided Motions Under the Pilot Program. In trials where MTAs were filed under the Pilot Program, 6 motions were granted, 5 were granted in part, 22 have not reached a final decision, and 25 were denied.[1] These data indicate that patent owners are having increased success under the Pilot Program. Indeed, as shown in Figure 5 below, the success rate under the Pilot Program is 31% (11/36), a marked improvement over the 14% success rate for pre-Pilot Program MTAs. While the sample size is currently limited, these data are encouraging for patent owners.

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**FIGURE 5
SUCCESS RATE FOR MTAS UNDER THE PILOT PROGRAM**

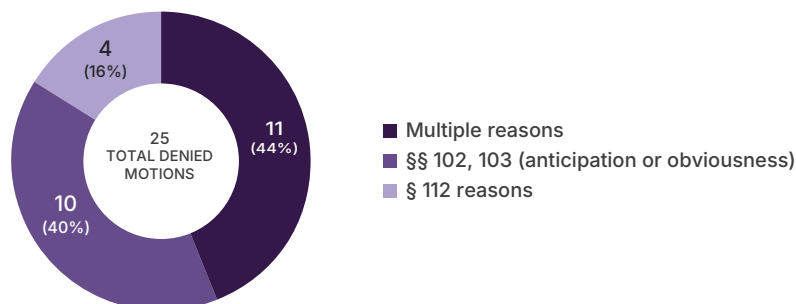


Reasons Why MTAs Fail. In trials where the PTAB denied MTAs under the Pilot Program, all motions were denied for statutory reasons. Of the 25 denied MTAs, 11 were denied for multiple reasons, the most common of which were obviousness (9/11) and lack of written description support for the amended claims (4/11). Of those 11 motions:

- 5 were denied based on anticipation and obviousness;
- 2 were denied based on obviousness and lack of enablement and written description support;
- 1 was denied based on obviousness and indefiniteness;
- 1 was denied based on indefiniteness and enlarging the scope of the original claims;
- 1 was denied based on obviousness and lack of written description support; and
- 1 was denied based on lack of written description support and new matter in the amended claims.

For the remaining 14 denied MTAs under the Pilot Program, 10 were denied based on obviousness grounds, 3 were denied based on lack of written description support for the amended claims, and 1 was denied based on indefiniteness. The data for the 25 denied MTAs are shown in Figure 6 below.

FIGURE 6
STATUTORY REASONS FOR DENIAL FOR MTAS UNDER THE PILOT PROGRAM



Petitioners should take note that the PTAB most often denies MTAs for obviousness, lack of written description support, and indefiniteness. A petitioner responding to an MTA should give particular attention to whether the substitute claims are subject to attacks based on these arguments. Patent owners, on the other hand, should be careful when preparing amended claims to ensure that they comply with the requirements of 35 U.S.C. § 112, including the written description and definiteness requirements. Obviousness is much more difficult to control for, however.

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In the 11 post-Pilot Program trials where the PTAB granted MTAs, either in whole or in part, the petitioner argued that the proposed amended claims were obvious in all 11 trials. Petitioners can, of course, assert multiple arguments in opposing an MTA and arguing that amended claims are unpatentable. Figure 7 below shows the arguments that petitioners made in the 11 trials where patent owners succeeded in amending at least some claims:

FIGURE 7
FAILED ARGUMENTS IN 11 TRIALS WHERE THE PTAB GRANTED MTAS

BASIS FOR ARGUMENT	FRACTION OF TRIALS
Obviousness	11 / 11
Lack of written description	6 / 11
Indefiniteness	6 / 11
Lack of enablement	4 / 11
Amended claims included new matter	2 / 11
Anticipation	1 / 11
Amended claims enlarged the scope of the original claims	1 / 11
Claims directed to nonstatutory subject matter	1 / 11

Patent owners should take heart from these data indicating that the PTAB often grants MTAs despite the fact that petitioners make the same arguments that the PTAB frequently adopts when denying motions. For their part, petitioners must realize that no argument is a sure thing when attempting to defeat an MTA. Each argument in opposing an MTA should be crafted with care to avoid such pitfalls as insufficient motivations to combine references to support obviousness.

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Trends in MTA Practice

Our data set provides several more insights regarding MTA practice under the Pilot Program. This information should help guide the strategy for PTAB practitioners that file and respond to MTAs.

Frequency of Patent Owner Requests for Preliminary Guidance. Patent owners requested preliminary guidance in 57 (83%) of the 69 trials where MTAs were filed. This is not a surprise. At first blush, it makes sense that patent owners would seek the PTAB's guidance on proposed amended claims so they can tailor their arguments as necessary in a revised MTA and augment the likelihood of success. In addition, requesting guidance seems like a low-risk proposition because, if the guidance is unfavorable, a patent owner can withdraw its motion at any point, and the PTAB will not address the motion in the final written decision. See 84 Fed. Reg. at 9502.

Yet in 17% of the trials subject to the Pilot Program where MTAs were filed, the patent owner elected *not* to request preliminary guidance. There are reasons for pursuing that approach. A patent owner may have no interest in filing a revised MTA because of cost or other considerations. Or perhaps the patent owner would prefer to use uncertainty relating to its motion as settlement leverage. Thus, while most patent owners seek preliminary guidance, there may be reasons not to do so. A patent owner should consider the particulars of its case when making the decision about whether to seek guidance.

While most patent owners seek preliminary guidance, there may be reasons not to do so. Consider the particulars of each case when deciding whether to seek guidance.

The PTAB's Format for Preliminary Guidance. The PTAB has adopted a standard format for its preliminary guidance, which includes two parts. See, e.g., *Becton, Dickinson & Co. v. Baxter Corp.* Englewood, IPR2019-00121, Paper 39 (P.T.A.B. Nov. 14, 2019); *KOA Corp. v. Vishay Dale Elecs., LLC*, IPR2019-00201, Paper 21 (P.T.A.B. Nov. 14, 2019). Under this framework, the preliminary guidance first addresses statutory and regulatory requirements by asking:

1. whether the patent owner proposes a reasonable number of substitute claims;
2. whether the motion responds to a ground of unpatentability involved in the trial;
3. whether the amendment seeks to enlarge the scope of the claims; and
4. whether the amendment seeks to add new subject matter.

The preliminary guidance includes a separate section that specifically analyzes each one of these four fundamental questions regarding the proposed amended claims. Next, in part two, the preliminary guidance asks whether the record—which includes a petitioner’s response to the MTA—establishes a reasonable likelihood that the proposed substitute claims are unpatentable based on prior art, a failure to comply with 35 U.S.C. § 112, or any other reason. The PTAB analyzes reasonable likelihood on an argument-by-argument basis. Practitioners should keep this preliminary guidance format in mind when drafting or responding to MTAs. They should tailor their briefing to make it easy for the PTAB to answer the key questions in their favor.

Frequency of Patent Owners Filing Revised Motions. Patent owners filed revised MTAs in 39 (74%) of the 53 trials where preliminary guidance was requested.[2] Guidance from the PTAB often allows patent owners to refine their proposed amended claims before the PTAB renders its final decision on the patentability of those claims. Many patent owners take advantage of that opportunity. We found 14 cases where the patent owner requested preliminary guidance but then elected not to file a revised MTA. In five cases, the parties settled or the patent owner withdrew its motion. In two cases, the PTAB later denied the MTAs based on the reasoning outlined in the preliminary guidance. In two other cases, the preliminary guidance was favorable for the patent owner, and the PTAB eventually granted or granted in part the original MTA. In four cases, despite unfavorable preliminary guidance, the PTAB eventually granted the patent owner’s original motion, in whole or in part. The last case is still awaiting a final written decision from the PTAB.

These data show that a patent owner need not file a revised MTA to prevail, even if the PTAB issues unfavorable preliminary guidance. That is, a patent owner can prevail by changing the PTAB’s mind instead of spending time and resources to prepare a revised motion. Conversely, petitioners should recognize that the PTAB may issue a final written decision that differs from preliminary guidance favorable to the petitioner after considering a complete record. The guidance is strictly preliminary.

The Pilot Program’s Impact

In summary, the Pilot Program has in fact changed MTA practice at the PTAB. While patent owners are filing MTAs slightly less often than they were before the Pilot Program, the success rate for those motions is more than double the pre-Pilot Program rate. Even so, less than one-third of MTAs succeed, which may cause a patent owner to think twice before filing one and consider alternatives, such as seeking a reissue or prosecuting applications related to a challenged patent to obtain different claims.

The success rate for MTAs now is more than twice the pre-Pilot Program rate. Even so, less than one-third of MTAs succeed.

It is also clear from the data that obviousness and 35 U.S.C. § 112 issues are the most common reasons why the PTAB denies MTAs, suggesting that parties should take care to account for them when filing or responding to an MTA. Further, and not surprisingly, patent owners have often requested preliminary guidance and filed revised MTAs, using these new tools provided by the Pilot Program to attempt to bolster their requests for claim amendments, with some modest success. We will continue to monitor outcomes to see whether that success persists.

Practice Tips

- Patent owners have had modest success in bolstering their requests for claim amendments by using the Pilot Program’s tools.
- A patent owner can prevail by changing the PTAB’s mind instead of spending time and resources to prepare a revised motion.
- If preliminary guidance is unfavorable, a patent owner can withdraw its motion at any point. Conversely, petitioners should recognize that the PTAB’s guidance is strictly preliminary.
- Practitioners should keep the preliminary guidance format in mind when drafting or responding to MTAs, tailoring the briefs to make it easy for the PTAB to answer key questions favorably.
- Petitioners responding to an MTA should take care to consider arguments based on obviousness, lack of written description, and indefiniteness. Patent owners, on the other hand, should draft proposed substitute claims for an MTA carefully to comply with written description and definiteness requirements.

ENDNOTES

- [1] An additional 11 trials with MTAs ended with other outcomes, such as settlement or a patent owner’s withdrawal of the motion.
- [2] In 4 trials, it remained an open question at the time this article was completed whether a patent owner would file a revised MTA. We have excluded those trials from our analysis.

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