

Questions Surround Idea For PTAB Amendment ‘Off-Ramp’

By Ryan Davis

Law360, New York (July 24, 2017, 3:18 PM EDT) -- Since the Patent Trial and Appeal Board rarely allows patent amendments during America Invents Act reviews, some patent owners have proposed creating an “off-ramp” where amendments would be considered by patent examiners instead. Attorneys say many tricky questions must be answered before such a system could begin.

The off-ramp idea has been around for a few years, but it got renewed attention this month when former Federal Circuit Chief Judge Paul Michel endorsed it at a House Judiciary Committee hearing, saying, “If you allow amendments, the end result is the bad claims go out, the good claims stay, and everyone goes away better off.”

“What I would recommend to the Congress is to allow an off-ramp to go back to re-examination,” he said. “[The patent] could then be re-evaluated with all the new information and allowing free claim amendment, and you'd end up with an accurate patent that would benefit everybody.”

Patent owners have expressed concern for some time about the scarcity of amendments allowed by the board, which said last year that it had granted only six of 118 motions to amend. Any mechanism to more readily amend claims and avoid having patents invalidated would be embraced by patent owners, who view examiners as more likely to allow amendments than the board.

“Obviously, some patent owners think it’s a good idea, but the kinks need to be worked out,” said Joseph Palys of Paul Hastings LLP.

Among the many issues that would need to be addressed to create an off-ramp system include how the AIA review by the PTAB and the review of the proposed amendment by the examiner would interact, what the role in the examination of the petitioner who challenged the patent would be and whether the petitioner could challenge any newly amended claims.

“There are a lot of questions about how this would be implemented, and there are pros and cons for both the petitioner and the patent owner,” said Deborah Sterling of Sterne Kessler Goldstein & Fox PLLC.

An off-ramp system would likely need to be created by new legislation, and a version of it is included in the STRONGER Patents Act, which was introduced last month. It could also possibly be established by U.S. Patent and Trademark Office regulations.

The biggest attraction of the off-ramp for patent owners would be the ability to have a back-and-forth conversation with an examiner in an effort to obtain amended claims. At the PTAB, patent owners are allowed a single motion to amend, and the board makes an up-or-down decision on whether the proposed new claims are patentable. The amendments are usually rejected and the original claims found invalid, ending the review.

“I think it’s realistic to say you would have different outcomes in front of examiners than the past record before the board,” said Darren Donnelly of Fenwick & West LLP. “There’s a much better developed body of law for proceedings before examiners than before the board.”

One question that would need to be answered if the off-ramp were created is whether the PTAB would continue to review the original claims in an inter partes review while an examiner reviews the proposed amendment. If that were the case, the two tracks would need to be coordinated, Sterling said.

“It would be good to see the off-ramp examinations done in a similar timeframe as the IPR in order for the decisions to be aligned,” she said.

The PTAB is required by the AIA to issue a final decision within 12 months of instituting review of a patent, a system that was created as a streamlined alternative to re-examinations, which sometimes dragged on for years.

For AIA reviews and examinations of proposed amendments to sync up, examiners could be required to review amendments on an expedited basis. That might be a challenge given their workload, said Palys, a former supervisory patent examiner.

“There would have to be a mechanism to put these cases on the docket of examiners, and right now, the dockets are full,” he said.

While the off-ramp would have a decidedly different dynamic than amendment practice at the PTAB, there’s no way of knowing whether any patent owner would have better luck under the system since the outcome would depend on the details of their proposed amendment, Palys said.

“Will it help patent owners achieve their goal of amending claims? Like with any application, it’s a very fact-specific question,” he said. “What it does do is make it a patent owner-centric process, rather than one where a third party like the petitioner is involved.”

Patent owners would likely want to cut the petitioner, who has an interest in defeating any proposed amendment, out of any off-ramp process for amending claims, but Sterling suggested that the petitioner might still have a role to play.

“Does it make sense for the petitioner to be part of the examination so they can have their say then, rather than after the claims issue?” she asked.

That is closely related to a major question about the off-ramp that would need to be addressed: whether the petitioner would be able to challenge the amended claims the patent owner obtains through the off-ramp process.

Petitioners now must challenge patent claims within one year of when they are sued for infringement. It remains to be seen whether that time bar would prevent them from challenging new claims that emerge

from the off-ramp, but patent owners would likely seek rules to insulate their new claims from being immediately targeted again.

“When the new claims come out, what’s the status of subsequent challenges?” Donnelly asked. “Would the petitioner be time-barred, or can they take another run at them?”

There’s also the question of what would happen to any underlying patent litigation if the claims of the patent were changed. The amendment could create so-called intervening rights that shield the defendant from being found to infringe the new claims, which “could erase liability for years of past damages,” Palys said.

The version of the off-ramp in the STRONGER Patent Act, introduced by Sen. Chris Coons, D-Del., would allow patent owners to move to terminate an inter partes review after it is instituted in favor of an “expedited re-examination” of proposed substitute claims.

The bill would require patent owners to cancel each instituted claim and submit a reasonable number of substitute claims for consideration by the examiner, who would have to complete the examination within 18 months.

Coons’ bill is viewed as being unlikely to become law, but the concept of the off-ramp seems like it could be a part of conversations about the PTAB going forward.

“I don’t think there are too many hurdles for this to happen, but there are some fundamental questions that Congress or the patent office need to address,” Donnelly said.

The en banc Federal Circuit could draw even more attention to the proposal in a pending case known as Aqua Products. The court is reviewing the current requirement that patent owners have the burden of proving that their proposed amended claims are patentable and could hold that the burden instead falls on the petitioner, marking a major change.

Donnelly said the decision in that case "will be a catalyzing event for this issue, one way or the other."

"If the Federal Circuit tells the patent office it needs to handle motions to amend in a very different way than it has done in the past, the office might have an interest in having examiners handle amendments, rather than the PTAB," he said.

--Editing by Christine Chun and Jill Coffey.