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Precedent Panel Says PTAB Can Raise Grounds Against Amendments

By Ian Lopez Jul 6, 2020

- • Board could use power in ‘rare circumstances’
- • Win for patent owners, attorneys say

The Patent Trial and Appeal Board can raise its own reasons for blocking a company’s effort to amend its patent during a validity trial only in very limited circumstances, an agency leadership panel said.

The Patent and Trademark Office’s Precedential Opinion Panel, in a decision Monday, said the board “may, in certain rare circumstances, raise a ground of unpatentability that a petitioner did not advance, or insufficiently developed, against substitute claims proposed in a motion to amend.”

The holding, said Rutan & Tucker LLP patent attorney Ravi Mohan, is grounded in the idea of “improving and increasing quality patents.”

“There’s going to be a circumstance where something is glaringly anticipated or rendered obvious with respect to patentability that was missed,” Mohan said. “It would undermine the PTAB if there was a glaring piece of prior art that was well known.”

‘Rare Circumstances’

Companies facing PTAB trials may opt to switch out some of the claims in their patents for new ones.

DynaEnergetics Europe GmbH tried that after Hunting Titan Inc. challenged claims in its 9,581,422 patent, which covers a “perforating gun and detonator assembly.”

Hunting Titan tried to block the move, arguing the proposed substitute claims were unpatentable because they were obvious. The PTAB decided against DynaEnergetics’ amendment, but on the grounds that the claims were anticipated in light of prior art.

Although the POP precedent gives the board a green light to raise its own unpatentability grounds, the circumstances weren’t right for doing so in the Hunting Titan case, it said. The panel threw out the board’s ruling and allowed DynaEnergetics to amend its patent.

Those “rare circumstances” in which the PTAB can raise its own unpatentability grounds against substitute claims can include when a challenger “has ceased to participate in the proceeding or where certain evidence of unpatentability has not been raised by petitioner, but is readily identifiable and so persuasive that the Board should take it up in the interest of supporting the integrity of the patent system,” the panel said.

Also, a patent owner needs to be given notice of the new arguments as well as an opportunity to respond. In *Hunting Titan*, in which the PTAB raised its grounds in the final validity decision, the parties “lacked adequate notice with the respect to the proposed amended claims,” the panel said.

Needed Clarity

The POP decision offers “important clarity to the Board’s practice in deciding motions to amend,” Michelle

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Armond, founding partner at Armond Wilson LLP, said in an email.

"*Hunting Titan* advises that the Board is not required to conduct its own investigation of new proposed claims in IPRs, and should do so only rarely," Armond said.

The decision could prove strategically beneficial to practitioners, attorneys say.

For petitioners, "the fact that the PTAB would consider potential grounds beyond what's in front of them is inspiring," Mohan said. "On the other hand, it's scary if you're on the other side, because the argument is, where do you draw the line?"

Bridget Smith, a Lowenstein & Weatherwax LLP patent attorney, said the decision, by cautioning the board to only rarely raise new grounds for unpatentability, means those opposed to amending a patent must take care to put forth their best arguments as the "board may be highly constrained in picking up the slack for them now."

Some attorneys see the decision as a win for patent owners. But Smith said the panel didn't "expressly" define what it meant by rare circumstances. "That's going to be the next battleground," she said.

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