



ARE PTAB Alert: Two Recent Federal Circuit and PTAB Decisions Have Expanded the Role of the PTAB in Motions to Amend

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On July 22, 2020, the U.S. Court of Appeals for the Federal Circuit and the Patent Trial and Appeal Board (PTAB) each issued decisions that define the role of the PTAB in examining proposed new claims in motion to amend practice in *inter partes* review and other post-issuance proceedings.

In *Uniloc 2017, LLC v. Hulu, LLC*, No. 2019-1686, 2020 U.S. App. LEXIS 22835 (Fed. Cir. Jul. 22, 2020), the Federal Circuit affirmed the PTAB's precedential decision holding that the PTAB may consider (and reject) proposed substitute claims in a motion to amend based on the failure to comply with patent eligibility requirements under 35 U.S.C. § 101.

In *UD Electronics Corp. v. Pulse Electronics, Inc.*, IPR2019-00511, Paper 33 (PTAB Jul. 22, 2020), the PTAB considered and rejected certain proposed substitute claims that included terms that rendered those claims indefinite under 35 U.S.C. § 112 in a motion to amend. Both of these decisions confirm that the PTAB may consider grounds beyond prior art when determining whether to grant a motion to amend in post-issuance proceeding.

The PTAB May Consider Patent Eligibility Under 35 U.S.C. § 101 on Motions to Amend

Uniloc 2017, LLC v. Hulu, LLC, No. 2019-1686, 2020 U.S. App. LEXIS 22835 (Fed. Cir. Jul. 22, 2020).

Background

As background, in the *inter partes* review ("IPR") proceeding, Hulu, LLC and others (collectively, "Petitioners") petitioned for *inter partes* review of a patent owned by Uniloc 2017 LLC (Patent Owner). The PTAB instituted the IPR and issued a final written decision finding some of Patent Owner's claims unpatentable over the prior art.

Then the Patent Owner filed a contingent motion to amend, proposing substitute claims in the



event that the PTAB found certain challenged claims to be unpatentable. Petitioners argued that the substitute claims were patent-ineligible under Section 101. The PTAB found the challenged claims unpatentable, and subsequently considered and denied the motion to amend. According to the PTAB, the proposed substitute claims were directed to patent-ineligible subject matter under 35 U.S.C. § 101 and as such were unpatentable.

The Patent Owner sought rehearing, arguing that the PTAB may consider only 35 U.S.C. § 102 and 35 U.S.C. § 103 as to substitute claims. The PTAB disagreed. While 35 U.S.C. § 311(b) “limits a petitioner to requesting cancellation of existing claims of a patent only under § 102 and § 103,” it does not limit the grounds that can be raised in response to proposed substitute claims. “In contrast to § 311(b), the statutory provision providing a right to a motion to amend, 35 U.S.C. § 316(d), does not prevent [the Board] from considering unpatentability under sections other than § 102 and § 103 with respect to substitute claims.” The PTAB found this approach to be consistent with the board’s existing practice of relying on other provisions, including Section 112, when evaluating amended claims for unpatentability.

The Federal Circuit Affirmance

A three judge panel of the Federal Circuit then reviewed and affirmed the PTAB’s precedential decision in *Amazon.com, Inc. v. Uniloc Lux. S.A.*, No. IPR2017-00948, Paper 34 (PTAB. Jan. 18, 2019) (designated precedential on Mar. 18, 2019). The majority held that the IPR statutes permit the board to review substitute claims more extensively than original claims (which are reviewed under Sections 102 and 103 only). The statutes require that all substitute claims be “patentable”—meaning that such claims must also satisfy Section 101.

The PTAB correctly concluded that it is not limited by § 311(b) in its review of proposed substitute claims in an IPR, and that it may consider § 101 eligibility. The determination is supported by the text, structure, and history of the IPR Statutes, which indicate Congress’s unambiguous intent to permit the PTAB to review proposed substitute claims more broadly than those bases provided in § 311(b).

Uniloc, 2020 U.S. App. LEXIS 22835, at *17. Rather, under Section 318, the USPTO appears to be required to determine whether any new claim is patentable before issuing a certificate saying as much.



The court implied that any new or amended claim must be fully reviewed for patentability—under all of the patentability doctrines—before being allowed. This is different from the limitations of Section 311 that are directed toward cancellation of already existing claims.

In a dissenting opinion, Judge O'Malley asserted that the term “patentability” in the IPR statutes refers specifically to patentability under Sections 102 and 103, not Section 101. Judge O'Malley's dissent also noted that substitute claims must be narrower than original claims, and if an original claim satisfied Section 101, a narrowed claim would too. Thus, substitute claims could not raise any new problem of patentability under Section 101 that did not exist in the original claims.

The PTAB May Consider Indefiniteness Under 35 U.S.C. § 112 on Motions to Amend

UD Electronics Corp. v. Pulse Electronics, Inc., IPR2019-00511, Paper 33 (PTAB Jul. 22, 2020).

Background

By way of background, U.D. Electronics Corp. (Petitioner) filed a Petition requesting *inter partes* review of a patent owned by Pulse Electronics, Inc.'s (Patent Owner). The PTAB instituted an IPR on the challenged claims and all grounds of unpatentability asserted in the Petition. The Patent Owner also filed a revised contingent motion to amend seeking to substitute claims.

The PTAB's Decision

In its decision, the PTAB denied in part the Patent Owner's contingent motion to amend after determining that some of the proposed substitute claims were unpatentable as indefinite under 35 U.S.C. § 112.



After review of all of the evidence and arguments, we are persuaded that the limitations “a portion producing a desired effect of being curved by approximately 90 degrees” and “a portion producing a desired effect of changing direction by approximately 90 degrees,” as recited in substitute claims 17, 20, and 21, **render those claims indefinite under 35 U.S.C. § 112**. We agree with Petitioner that the limitation **is not described or defined in the specification** of the '302 Patent, and that its **meaning would rely on the intent of the manufacturer or users**. Having a portion being “curved by approximately 90 degrees,” can be understood through the discussion of the conductors in the specification and their illustration in the embodiments presented in the figures. However, the addition of “producing a desired effect” **adds ambiguity, and makes it impossible to define the metes and bounds of substitute claims 17, 20, and 21**.

U.D. Electronic, Paper 33 at 57 (citations omitted). Thus, the PTAB found that the Petitioner adequately proved by a preponderance of the evidence that some of the proposed substitute claims were indefinite under 35 U.S.C. § 112 in a motion to amend.

Conclusion

Together these two decisions clarify that proposed substitute claims presented in a motion to amend during an *inter partes* review proceeding or other post-issuance proceedings can not only be challenged based on prior art under 35 U.S.C. §§ 102, 103, but also may be challenged on other statutory grounds, such as lack of patent-eligibility under 35 U.S.C. § 101 and indefiniteness under 35 U.S.C. § 112.

We will continue to monitor motion to amend practice at the PTAB and report on developments. For more information, please feel free to contact us.

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