



MBHB *snippets* Alert

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CAFC Shifts the Burden for IPR Claim Amendments from the Patent Owner to the Petitioner

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In *Aqua Products Inc. v. Matal*, a highly fractured *en banc* Federal Circuit determined that the PTAB, in ruling whether to allow claim amendments in an IPR proceeding, can no longer place the burden to establish the patentability of the amended claims on the patent owner. This should result in more claim amendments being allowed in such proceedings, and it also opens the possibility that more motions to amend will be filed. However, this decision is unlikely to be the panacea hoped for by patent owners. First, any amended claim may still be subject to intervening rights. And, considering that the majority of patents involved in IPRs are also being asserted in concurrent district court litigation, claim amendments might not always be feasible. Moreover, the decision makes clear that the Patent Office could once again place the burden of persuasion for claim amendments back on the patent owner, provided the Office first goes through proper notice and comment rule-making. As a result, any benefit that patent owners gain from this decision might be fleeting.

Judge O'Malley wrote the opinion containing the judgement of the court, specifically that the case should be vacated and remanded to the Board for assessing the patentability of the proposed substitute claims without placing the burden of persuasion on the patent owner. Judge O'Malley's opinion held that the evidentiary standard for IPRs found at 35 U.S.C. § 316(e) unambiguously placed the burden of establishing the unpatentability of all claims, including substitute claims, on the petitioner. Nevertheless, this opinion was only joined by four other judges, while six judges found the statute to be ambiguous on this point.

As a result, the second step of *Chevron* had to be addressed. In this analysis, Judges Rayna and Dyk joined the other five from the O'Malley opinion in holding that the Patent Office had not adopted a rule placing the burden of persuasion on the patent owner. Correspondingly, the

Patent Office was not entitled to *Chevron* deference. Moreover, even though they took different analytic approaches, these seven judges concluded that the Board erred in imposing the burden on the patent owner to establish the patentability of amended claims. The court also noted that this opinion will be applicable to all current and future IPRs, unless and until the Patent Office engages in notice and comment rule-making to shift the burden back to the patent owner.

Decided October 4, 2017

The opinion can be found at <http://www.cafc.uscourts.gov/sites/default/files/opinions-orders/15-1177.Opinion.9-28-2017.1.PDF>.

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