

Federal Circuit Signals Appetite for Increased PTAB Discretion in Motions to Amend

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Patent owners facing *inter partes* review (IPR) challenges have the option of filing a motion to amend as a contingency plan. This motion, accompanied by proposed substitute claims, allows the patent owner a fallback position if the Patent Trial and Appeal Board (PTAB) finds the original claims unpatentable. If successful, despite the unpatentability of the original claims, the patent owner maintains the substitute claims.

While this sounds great in concept, the historical success rate of such motions is low. From October 2012 through March 2020, only [14% of motions to amend were granted](#). This improved slightly in 2020, to 25%, but dropped back to 18% in 2021 (calculated using data from Docket Navigator).

The recent decision in [Hunting Titan, Inc., v. DynaEnergetics Europe GmbH](#) thus presents the somewhat rare case in which an amendment was granted by the PTAB and affirmed on appeal. That said, the Federal Circuit's narrow holding does not indicate an easier future for patent owners' motions to amend; indeed, the opposite may be true. While the court begrudgingly affirmed allowance of the substitute claims, it did so on narrow, tactical-error based grounds. Moreover, the court went out of its way to provide dicta signaling that the Board should exercise greater discretion to *sua sponte* raise unpatentability grounds against substitute claims.

Procedural History

To recap, Hunting Titan filed an IPR petition against claims 1-15 of DynaEnergetics' '422 Patent, asserting in part that the claims were anticipated by U.S. Patent No. 9,689,223 (Schacherer). DynaEnergetics filed a motion to amend with substitute claims 16-22. Hunting Titan opposed but asserted Schacherer against the substitute claims only on *obviousness* grounds. Despite this, the Board held that *both* the original and the substitute claims were *anticipated* by Schacherer. In doing so, the Board exercised its power, affirmed in [Nike, Inc. v. Adidas AG](#), to *sua sponte* advance grounds of unpatentability not raised by the petitioner. DynaEnergetics requested a rehearing of the Board's decision by the Precedential Opinion Panel, which vacated the decision, granting the motion to amend. Hunting Titan appealed the Precedential Opinion Panel's vacatur to the Federal Circuit.

The Federal Circuit pointed out two tactical errors made by Hunting Titan on which its narrow affirmance of the Precedential Opinion Panel's decision was based: (1) Hunting Titan did not raise anticipation grounds based on Schacherer against the substitute claims, despite having raised anticipation grounds based on Schacherer against

the original claims; and (2) Hunting Titan did not challenge the Precedential Opinion Panel's reversal on the basis of its apparent misapplication of the "readily identifiable evidence exception."

The 'Readily Identifiable Evidence Exception'

In *Nike*, the Federal Circuit held that "the Board *may* raise a ground of unpatentability that a petitioner 'does not advance, or insufficiently develop[s].'" But the court qualified this holding, saying that the "better approach, in most instances, is to rely on the incentives the adversarial system creates" and that "only under rare circumstances" should the Board raise unpatentability grounds *sua sponte*. One such circumstance, characterized by the *Hunting Titan* court as the "readily identifiable evidence exception," exists "where certain evidence of unpatentability has not been raised by the petitioner, but is readily identifiable and persuasive such that the Board should take it up in the interest of supporting the integrity of the patent system."

The Precedential Opinion Panel in *Hunting Titan* discussed the readily identifiable evidence exception and outlined a specific circumstance where it could apply – where the substitute claims are unpatentable "for the *same reason that the corresponding original claims* are unpatentable." Essentially, if the existing record establishes that substitute claims are unpatentable over identical grounds raised against the original claims, the Board may advance that unpatentability ground even where the petitioner has not.

The Federal Circuit took issue with the Precedential Opinion Panel's failure to apply this exception in *Hunting Titan*, stating:

[W]e do find it problematic the Panel's reasoning behind its decision to confine the Board's discretion to sua sponte raise patentability issues to only rare circumstances.... [T]he Panel's substantial reliance on the adversarial system as the basis for confining its patentability determinations for new claims overlooks the basic purpose of the IPR proceedings: to reexamine an earlier agency's decision and ensure 'that patent monopolies are kept within their legitimate scope.'

However, Hunting Titan did not challenge the Precedential Opinion Panel's apparent oversight as an abuse of discretion, so the Federal Circuit concluded that the issue was forfeited and affirmed a decision with which it clearly disagreed.

Hunting Titan's Outcome vs. Hunting Titan's Dicta

The Federal Circuit thus affirmed the Precedential Opinion Panel's grant of DynaEnergetics' motion to amend, but that the affirmance was "based only on this narrow ground." Indeed, the court took issue with the decision in dicta, stating in a footnote:

It does strike us as odd ...that the Panel determined that the Schacherer anticipation ground was not readily identifiable and persuasive such that the Board should have sua sponte raised this ground of unpatentability against DynaEnergetics's proposed substitute claims. Indeed, the Board specifically found the proposed substitute claims unpatentable for the same reasons it found the corresponding original claims unpatentable.

As the Court explained, "when the Board finds an original claim unpatentable as anticipated by a prior art

reference, it would seem to follow that the Board should begin by first asking if the corresponding proposed substitute claim overcomes the ground on which it found the original claim unpatentable.”

Practical Considerations

While *Hunting Titan* was a success for motions to amend in the IPR context, the decision actually suggests that future motions to amend may face a tougher standard. By signaling an appetite for increased usage of the “readily identifiable evidence exception,” the Federal Circuit has encouraged the Board to be more aggressive in exercising its discretion to raise unpatentability grounds *sua sponte*.

The second takeaway from *Hunting Titan* is the need for practitioners to be more comprehensive in raising patentability challenges and identification of the petitioner’s missteps. Had *Hunting Titan* asserted Schacherer against the substitute claims on anticipation grounds, the issue of the readily identifiable evidence exception would not have come into play at all.

The final takeaway is the need to properly frame the Board’s error on appeal. Because *Hunting Titan* did not challenge the Precedential Opinion Panel’s decision as an abuse of discretion, the Federal Circuit found that this issue was forfeited and refused to reverse a ruling with which it disagreed.

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