

Kill Rate of the Patent Death Squad, and the Elusory Right to Amend in Post Grant Reviews - Part II of II

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BIS. REVIEW OF PART I

In part I (sections I-VII), I noted that the vast majority of claims attacked in IPRs that have reached a final decisions on patentability, were killed, and I suggested that was the result of the application of the broadest reasonable interpretation (BRI) combined with an elusory right to narrow the challenged claims. I identified the Board regulatory and case law requirements for grant of a motion to amend, including the guidance in the Board's representative decision in IPR2012-00027 providing guidance on the requirements to show a "patentable distinction over the prior art."² Finally, I noted that, in IPR2012-00027, Bergstrom's (the patent owner's) renewed motion to amend *overcame the prior art cited in the proceeding* and complied with all formal requirements, and *nevertheless was denied*. We continue with section VIII.

VIII. WHY BERGSTROM'S MOTION WAS DENIED

In order to understand why Bergstrom's motion was denied, we have to know where it stood in the context of the proceeding. I will walk you through the relevant filings of the parties and the Board to provide that context.

In IPR2012-00027, Idle Free Systems, Inc., the petitioner, filed its petition September 18, 2012, challenging patentability of claims 1-23 of U.S. Patent No. 7,591,303. Idle Free asserted seven grounds of unpatentability, variously, under 35 USC 102 and 103. Each asserted ground relied upon one or more of five references. On December 27, 2012, Bergstrom, Inc., the patent owner, filed a preliminary response arguing that the petition failed to "establish a prima facie case of unpatentability for four of the seven grounds (grounds 1, 2, 6, and 7)."³ Moreover, Bergstrom argued that the petition failed to establish a "reasonable likelihood" of unpatentability of some of the claims of another ground (ground 3).⁴ On January 13, 2013, the Board issued a decision instituting a trial for inter partes review for all claims associated with grounds 1, 2, 5-7, and for some claims associated with each of grounds 3 and 4. The net effect was that all twenty three challenged claims were included in the trial.⁵

On April 30, 2013, the Bergstrom filed a patent owner response and a motion to amend.⁶ On June 11, 2013, in a decision by an expanded panel of the Board, the Board dismissed Bergstrom's motion to amend, but allowed Bergstrom the opportunity to file a renewed motion to amend within one week.⁷ Significantly, this decision provided a "general discussion of several important requirements for a patent owner's motion to amend claims."⁸

On June 14, 2013, Bergstrom requested an enlargement of the page limit for its renewed motion to amend, as reported in a notice generated by the Board. According to the Board, Bergstrom noted that listing its proposed substitute claims would eat up eight of the fifteen pages allowed for the motion. According to the Board, Bergstrom indicated that it did not intend in the motion to "argue patentable significance of the features recited in the dependent claims. The Board concluded that "no good reason exists to authorize additional pages for the motion."⁹ Of course, it is reasonable to assume that Bergstrom did not intend to argue patentable distinction

because of the existing fifteen--page limit, not for lack of a relevant argument. The date of the decision denying Bergstrom's motion for a page enlargement, was the date the renewed motion to amend was due. Bergstrom filed its renewed motion that day.¹⁰

It is instructive to look at the consumption of pages in Bergstrom's renewed motion to understand how difficult it is to meet the requirements for grant of such a motion within the page limit. Bergstrom's renewed motion to amend proposed substitution of only three of the challenged claims, substitute claims 24, 25, and 26 for challenged claims 17, 18, and 19, respectively. To clarify, Bergstrom had to limit the number of substitute claims in order to meet the fifteen-page limit. Yet, limiting to three was still insufficient to meet all of the requirements for grant of the motion, as explained below.

Bergstrom's identification of the one-to-one substitutions and listings of the three substitute claims consumed two and a half motion pages. Bergstrom's explanation of why the substitute claims only narrowed the original claims extended to motion page five. Bergstrom's showing of support extended the motion to the end of page five.

Bergstrom's showings of patentable distinction of the substitute claims extended to the end of the fifteen-page limit. Bergstrom's patentable distinction showings focused on substitute claim 24, but included for each of the three substitute claims: identification of the newly added recitation, and an argument why that newly added limitation provided a patentable distinction.

For substitute claim 24, Bergstrom argued that the newly claimed "automatically prioritizing" and "simultaneously received" limitations provided advantages and were novel and non-obvious. Bergstrom's novelty assertions were the following:

None of the art of record or the other art known to the Patent Owner discloses, teaches, or suggests a method of operating an air conditioning system that specifies particular conditions and/or circumstances under which one of at least three different power sources are used, let alone automatically prioritizing the use of shore power over battery power where both are simultaneously received to run the air conditioning system, as required by claim 24. Instead, the closest reference known to the Patent Owner is Erdman, which teaches a "refrigeration system" that "may be electronically energized by the vehicle alternator while the recreational vehicle is being driven, and through a step-down transformer and rectifying circuit or battery charger (when the vehicle is parked) from a standard 115-volt, 60-cycle outlet." Erdman, Ex. 1007, 13:21-25. As shown below, Erdman fails to teach the above cited claim element for at least the following two reasons.

The arguments patentably distinguishing substitute claim 24 from Erdman extended to the middle of page ten of the motion. Thereafter, Bergstrom's motion discussed "Other references of record and known to the Patent Owner," which patentably distinguished one reference asserted in the petition and characterized by Bergstrom as directed to a control scheme and another reference asserted in the petition and characterized by Bergstrom as directed to battery chargers. Those arguments extended through motion page 11, leaving Bergstrom 4 pages to show patentable distinction for the other two substitute claims in an even more summary fashion.

On July 17, 2013, Idle Free filed an opposition to Bergstrom's motion to amend. In its opposition, Idle Free argued that "(1) the proposed substitute claims are not patentably distinct

from the prior art; and (2) the proposed substitute claims impermissibly include new matter.”¹¹

On January 7, 2014, the Board issued a final written decision *inter alia* canceling claims 1-23 and denying Bergstrom’s renewed motion to amend.

In this decision, regarding the renewed motion to amend, the Board found that Bergstrom had shown (and Idle Free had not adequately rebutted) that: the substitute claims did not broaden and had written description support. The Board also found that Bergstrom had distinguished the substitute claims from the prior art applied against the original patent claims. Yet the Board found that Bergstrom had not shown "general patentability over prior art."

In denying Bergstrom's renewed motion to amend, the Board quoted the two paragraphs from its paper 26 that I quote herein above in part I (that is “A patent owner should ...is on its face inadequate.”), and then proceeded to point out how Bergstrom had failed to meet the requirements noted in those two paragraphs:

Bergstrom does state that in its view Erdman constitutes the closest prior art. Nevertheless, that alone is insufficient and not meaningful, without discussing the level of ordinary skill in the art, and what was previously known, with respect to each added feature, including the ordinary skill set possessed by such a hypothetical person. For claim 24, Bergstrom focuses on this added feature: "upon simultaneously receiving at the air conditioning system electric power from the battery and shore power to run the air conditioning system, automatically prioritizing use of shore power over battery power." However, Bergstrom reveals little, if anything, about the level of ordinary skill and what was previously known with respect to that feature.

For instance, Bergstrom does not represent that, to its knowledge, it was the first to have shore power and battery power simultaneously received at an air conditioning system of a vehicle, or any electrical system located on or off a vehicle. Bergstrom also does not represent that it was the first to prioritize, automatically, shore power and battery power, or any two or more sources of electrical power, on or off a vehicle.

If Bergstrom is not the first to have made such arrangements, then it should have revealed, in its motion, what would have been known to one with ordinary skill in the art, or otherwise within the ordinary creativity and skill set of one with ordinary skill in the art, about: (1) simultaneously receiving electrical utility power and battery power at one electrical device, not necessarily an air conditioning system for a vehicle, and (2) automatically prioritizing two electrical power sources, which are received simultaneously at one electrical device, not necessarily in an air conditioning system, particularly where electrical utility power and/or battery power is involved.

In the context of the claim elements added by Bergstrom, it is essential to know whether such methods of operations pre-existed, in other contexts, and, if so, how they worked. The scope of what constitutes pertinent prior art also is not limited to just air conditioning systems on vehicles. Although Bergstrom is not expected to know of all pre-existing prior art, it is expected, reasonably, to indicate that it is unaware of the two above-noted manners of operation, in any context, if in fact it is unaware. Otherwise, it is expected, reasonably, to explain

such preexisting manners of operation, and why it would not have been applicable to render the invention of claim 24 obvious to one with ordinary skill in the art. Bergstrom has failed to do either.

Without having discussed sufficiently, in its motion, the level of ordinary skill in the art and what was previously known regarding the features on which Bergstrom focuses for establishing patentability, Bergstrom has not, in its motion, set forth a prima facie case for the relief requested or satisfied its burden of proof. Consequently, consideration of Idle Free's Opposition and Bergstrom's Reply, on the issue of patentability over prior art, is unnecessary. Bergstrom's Renewed Motion to Amend Claims is denied.

The Board found that Bergstrom had not identified the level of ordinary skill in the art, and what if anything was known to those skilled in the art about the specific newly claimed features that Bergstrom relied upon to patentably distinguish substitute claim 24 from the prior art. Merely identifying the closest prior art, Erdman, was insufficient. Bergstrom either had to represent that it was the first to "have" [sic; conceive, or reduce to practice?] the features relied upon to patentably distinguish the substitute claim over the prior art, or identify and explain patentability over any such prior art. Moreover, the Board clarified that such a representation had to cover any pertinent prior art, "in any context", not just "limited to just air conditioning systems on vehicles." What this indicates is that a motion to amend will be denied unless it includes a determination of the level of ordinary skill, what the patent owner knows was in the prior art, broadly construed, about the additional features added to the substitute claims to provide for patentability, and why the substitute claim is non obvious in view thereof.

To clarify, showing patentability of the substitute claims over the prior art cited in the petition, and overcoming the arguments contained in the opposition to the motion, are insufficient for grant of a motion to amend. In addition to patentably distinguishing references cited in the petition and overcoming any anticipated arguments and evidence in the opposition to the motion, the motion must include a showing of the level of skill and, either existence of any prior art known to the patent owner to be relevant to the added limitations in the substitute claims, or a representation by the patent owner that the patent owner knows of no such prior art.

IX. DISCUSSION

The representation option suggested by the Board presents a foreseeable risk to the patent owner in subsequent proceedings. What does it mean to represent lack of knowledge of pertinent prior art, "in any context"? How would a patentee document what it did to conclude that it knows no relevant prior art, "in any context," in order to make such representation? If the patent owner does know of some reference relevant to the specific limitations added to the substitute claims, what would then be necessary to show patentable distinction of the substitute claims over that reference? If the patent owner submits such a reference with its motion, is that an admission that the reference is relevant and pertinent and therefore that it would have been obvious to combine that reference's teachings with the references applied against the challenged claim that the substitute claim seeks to replace? The question of whether to make representation or submit an arguably irrelevant reference with a motion to amend raises ethical concerns, as well as

tactical concerns.

Returning to Bergstrom's motion for a moment. Bergstrom presented three substitute claims. Bergstrom had no room left in the motion to address the additional "general patentability over prior art" requirements noted above. Bergstrom might have been able to make all required showings if it limited its motion to a single substitute claim. However, I doubt that most motions to amend, even if limited to a single substitute claim, could meet all of the requirements for grant in fifteen pages.

Bergstrom did request a page enlargement for the renewed motion, but that request was denied at an oral hearing, and therefore what exactly Bergstrom argued is missing from the record. Could Bergstrom have obtained a page enlargement with a suitable argument? I routinely ask for page enlargements in Board proceedings. My experience is that page enlargements are the exception, not the rule.

X. CONCLUSIONS

The right to amend in an IPR to replace a challenged claim with a substitute claim, has, to date, proven to be elusive. This is because there exist a substantial number of procedural and substantive requirements for grant of such a motion, coupled with a fifteen-page limit. The substantive requirements include showing the existence of a patentable distinction in a substitute claim above and beyond addressing the prior art cited by the petitioner. Because the threshold burden for institution of an IPR trial is only marginally lower than the burden required to cancel the claim at the end of the IPR trial, and because the right to amend has proven to be elusory, it is overwhelmingly likely that a claim for which trial is instituted will be canceled at the conclusion of the trial. Such claims face the "Patent Death Squad."

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1. I can be reached via telephone at 1-703-415-0012 or via the firm website: Neifeld.com My thanks to Robert Hahl and Bruce Margulies for editorial comments.
 2. Idle Free Systems, Inc. v. Bergstrom, Inc., IPR2012-00027, paper 26 (PTAB 6/11/2013) (Decision by APJ Lee, for an expanded panel consisting of Lead APJ Tierney, and APJs Lee, Boalick, Chang, Giannetti, and Fitzpatrick)(motion dismissed for failing to confer)(listed by the PTAB website as a representative decision).
 3. Idle Free Systems, Inc. v. Bergstrom, Inc., IPR2012-00027, paper 13, at page 5. The statutory burden for institution is a "reasonable likelihood," not "prima facie case of unpatentability." 35 USC 314(a).
 4. Idle Free Systems, Inc. v. Bergstrom, Inc., IPR2012-00027, paper 13, at page 9.
 5. Idle Free Systems, Inc. v. Bergstrom, Inc., IPR2012-00027, paper 14 (PTAB 1/31/2013) (Decision by APJ Lee, for a panel consisting of APJs Lee, Giannetti, and Fitzpatrick), at pages 27-28.
 6. Idle Free Systems, Inc. v. Bergstrom, Inc., IPR2012-00027, papers 29-30.
 7. This authorization appears to have been an exception, based upon the novelty of IPR proceedings at the time, and the lack of substantial guidance on requirements for motions to amend. One should not expect that kind of grace in subsequent IPRs.
 8. Idle Free Systems, Inc. v. Bergstrom, Inc., IPR2012-00027, paper 26, *supra*.
 9. Idle Free Systems, Inc. v. Bergstrom, Inc., IPR2012-00027, paper 21 (PTAB 6/18/2013)

(Decision by APJ Lee, for a panel consisting of APJs Lee, Giannetti, and Fitzpatrick).

10. Idle Free Systems, Inc. v. Bergstrom, Inc., IPR2012-00027, paper 22.

11. Idle Free Systems, Inc. v. Bergstrom, Inc., IPR2012-00027, paper 28.