

Client Alert

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Patent Trial and Appeal Board Grants Rare Motion to Amend Claims in *Inter Partes* Review

By Esther Kim and Matthew I. Kreeger

On June 5, 2015, a three-judge panel at the Patent Trial and Appeal Board (“PTAB”), granted a motion to amend in an *inter partes* review (“IPR”) proceeding, ruling that the patentee Neste Oil Oyj (“Neste”) could amend the claims of U.S. Patent No. 8,278,492 (“the ‘492 patent”), and that the new claims were patentable.

BACKGROUND

On November 22, 2013, REG Synthetic Fuels, LLC (“REG”) filed an IPR petition challenging claims 1-24 of the Neste ‘492 patent, on the grounds that the claims were unpatentable over prior art. The Neste patent is directed to a process for the manufacture of diesel range hydrocarbons from bio oils and fats, commonly called “biodiesel.” In particular, the Neste patent discloses a two-step process in which a feed stream of biological origin, diluted with a hydrocarbon, is first hydrodeoxygenated, and then isomerized. One pathway used in this process includes spiking the feed stream with sulfur at specified concentrations.

MOTION TO AMEND

After the PTAB instituted trial, Neste filed a Patent Owner Response to the Petition, as well as a contingent motion to amend to present new substitute claims. In an IPR, a patent owner has the right to file a motion seeking to add new substitute claims. The rationale is that, in response to a prior art showing, the patent owner can propose a new claim that is also supported by the patent specification but includes additional limitations that render the claim patentable. Unlike the prior *inter partes* reexamination, where amendments were made as of right, a patent owner must file a motion in an IPR to propose such an amendment. The patent owner must prove that: (1) the amendment is responsive to a ground of unpatentability involved in the trial; (2) the amendment does not enlarge the scope of the claims of the patent or introduce new matter; (3) the amendment contains only a reasonable number of substitute claims; (4) the proposed substitute claims are fully supported by the original disclosure of the patent; and (5) the proposed substitute claims are patentable in light of the prior art.

Patent owners have filed numerous motions to amend claims, but very few have been granted to date. In general, the PTAB has found that patent owners have failed to meet their burden of demonstrating that the proposed substitute claims are patentable in view of all possible prior art. Of the hundreds of motions to amend to date, only a handful of attempts to add substitute claims have been granted.

NESTE MET ITS BURDEN ON ITS MOTION TO AMEND

In the Neste IPR, although the PTAB found that the petitioner had met its burden of proving by a preponderance of the evidence that all the claims (i.e., claims 1-24) of the Neste patent were obvious over the prior art, the PTAB also found that Neste had met its burden on its motion to amend the patent to add proposed substitute

Client Alert

claims 25-28, and granted the motion to amend. The new claims added a new limitation not found in the original claims, specifying the range of sulfur concentration used in the claimed process to 5000-8000 w-ppm.

The PTAB found that the original claims of the Neste patent were invalid as they specified sulfur ranges that were disclosed in the prior art. Specifically, the PTAB found that the prior art had disclosed sulfur ranges up to 4431 w-ppm. The proposed substitute claims, by contrast, specified a sulfur range well outside the range found in the art. In particular, the PTAB found that the prior art taught that the beneficial effects of sulfur concentration plateaued at 2000 w-ppm and that a person of ordinary skill in the art would have had no reason to optimize the sulfur concentration to 2.5 to 4 times the amount taught by the prior art as useful.

In urging the panel to deny the motion to amend, the petitioner argued that Neste had failed to address all relevant prior art known to it, citing *ScentAir Tech. Inc. v. Prolitec Inc.*, a June 2014 PTAB ruling. The PTAB found, however, that unlike the *ScentAir* case, the prior art cited by REG did not disclose the newly added limitation in Neste's proposed substitute claims. Accordingly, the PTAB found that Neste had carried its burden of demonstrating that the new claims were patentable over the prior art of record.

OUTLOOK FOR AMENDING CLAIMS IN AIA REVIEWS

The general difficulty of amending claims in AIA reviews is an issue that has recently caught the attention of Congress. In March, Senator Christopher Coons of Delaware introduced the STRONG Patents Act of 2015, which, among other things, would make it much easier to amend patents in AIA reviews. Also in March, U.S. Patent and Trademark Office Director Michelle Lee noted that the Patent Office was considering new rules aimed at making it easier to amend claims in IPR proceedings.

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