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CLIENT ALERT

PTAB May Consider Patent Eligibility of Proposed Substitute Claims in IPR

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Uniloc 2017 LLC v. Hulu, LLC, et al., No. 2019-1686 (Fed. Cir. July 22, 2020)

During an IPR, the patent owner moved to amend, seeking to enter substitute claims if the Patent Trial and Appeal Board (PTAB) found the original claims unpatentable. The PTAB denied the motion because the proposed substitute claims were ineligible under 35 U.S.C. § 101. The patent owner sought rehearing, arguing that the PTAB erred by basing its denial of the patent owner's motion on a § 101 determination. The PTAB denied rehearing.

Affirming the PTAB, the Federal Circuit held that the PTAB may consider § 101 eligibility when considering the patentability of substitute claims. It reasoned that the IPR statutes show Congress's unambiguous intent to permit the PTAB to review proposed substitute claims more broadly than the anticipation and obviousness bases set forth by § 311(b). The panel found that the text of the statutes require the PTAB to determine the "patentability" of any new substitute claim and a § 101 analysis constitutes a patentability determination. The panel also reasoned that the chronological structure of IPR statutes suggests that § 311, which applies to the petition phase, should not bind § 316, an adjudication-stage provision. Finally, the panel considered the legislative history, which allows the PTAB to review patentability questions the United States Patent and Trademark Office did not consider, and substitute claims are not reviewed during initial examination.

Dissenting, Judge O'Malley would have deemed the case moot, as a federal court, in a parallel proceeding, issued a judgment of invalidity for all of the patent owner's original claims. On the merits, she disagreed with the majority's reading of the IPR statutes and expressed concern that a full examination of substitute claims would increase inefficiency in the IPR system.

View the full opinion here.

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