

Aqua Products, Inc. v. Matal: A Boon for Patent Owners
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Since coming online September 16, 2012, *inter partes* review proceedings, or IPRs as they have become called, are widely regarded as a significant risk to patent owners. While different parties will characterize the statistics for the invalidity rate in IPRs to suit their respective position, proponents of a strong patent system have gone so far as to name the Patent Trial and Appeal Board (which decides IPRs) the “Patent Death Squad.” While this characterization may be an exaggeration, patent owners have felt that the deck is stacked against them in IPRs due to the “broadest reasonable interpretation” reading given patent claims, combined with the relatively low “preponderance of the evidence” standard required for a challenger to demonstrate invalidity in an IPR. Further compounding patent owners’ woes in IPRs are the restrictions on amending claims during IPRs, which have resulted in very few amended claims during the past five years. However, patent owners should take heart, as help may be on the way.

On October 4, 2017, an *en banc* panel^[1] of the Court of the Appeals for the Federal Circuit decided *Aqua Products, Inc. v. Matal*.^[2] This case was an appeal from an IPR in which the Patent Trial and Appeal Board (“PTAB”) denied the patent owner’s motion to introduce amended claims to overcome the prior art of record. The PTAB denied the motion, holding that the patent owner had failed to prove that the amended claims were patentable over the prior art. A three-judge panel at the Federal Circuit affirmed the PTAB’s decision, which placed the burden of proving patentability of the amended claims on the patent owner. The Federal Circuit then took up the case on *en banc* rehearing.

The Federal Circuit’s *en banc* decision vacated the PTAB’s and Federal Circuit panel’s decisions. The *en banc* court held that the patent owner does not have the burden to prove that amended claims are patentable; rather, the challenger must carry the burden of demonstrating that the amended claims are not patentable. Shifting the burden of patentability of amended claims from the patent owner to the challenger should result in patent owners being more successful amending claims during IPRs. However, beyond this narrow holding, little else can be gathered from the Federal Circuit’s decision as the court was highly divided on all other points. Indeed, the decision is 148 pages and includes five

separate opinions, with no clear majority opinion.

While *Aqua Products* offers a spark of hope to patent owners in IPR proceedings that the pendulum may be starting to swing back in their direction, it remains to be seen whether that spark will grow into a genuine vehicle to afford patents better opportunities to survive IPRs through amending claims, or will be snuffed out by either Supreme Court review of *Aqua Products* or subsequent Federal Circuit panel opinions distinguishing the narrow holding of *Aqua Products*.

[1] The Federal Circuit's *en banc* panel consisted of eleven of the Federal Circuit's twelve active judges, with Circuit Judge Stoll not participating.

[2] *Aqua Products, Inc. v. Matal*, Case No. 2015-1177 (Fed. Cir. Oct. 4, 2017) (en banc).