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IP Alert | Federal Circuit to PTAB: You Overstepped Your Mandate

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As the legislative and executive branches of the U.S. government spar over their respective powers to carry out various acts of investigation, so too do other offices of the government jockey for authority. If a government entity takes an action without proper authority, that action can be nullified by a court. That recently happened in the appeal of two Post Grant Review (PGR) decisions to the U.S. Court of Appeals for the Federal Circuit.[1]

On Oct. 1, the court issued its opinion in Honeywell International Inc. v. Arkema Inc., finding that the U.S. Patent and Trademark Office Patent Trial and Appeal Board (PTAB) had exceeded its authority by failing to permit Honeywell to file a motion for permission to file a petition for a certificate of correction with the director of the U.S. Patent and Trademark Office (USPTO).[2]

Arkema filed two PGR petitions to review Honeywell's U.S. Patent No. 9,157,017 ('017), asserting that the '017 patent was not entitled to the benefit of its claimed 12-year chain of priority due to a lack of written description in the priority applications. Without benefit of those priority claims, Arkema asserted, intervening references and events anticipated or rendered obvious the challenged '017 claims.

After institution of the PGR proceedings, Honeywell recognized that when it changed the subject matter of the original claims in the underlying application by preliminary amendment, it had not made a corresponding change to its priority claims.[3] The original claims were directed to a method of producing a catalyst, a cleaning composition, a method of applying a medicament, a method of sterilizing, a method of extinguishing a fire, a flavor formulation, a fragrance formulation, and an inflating agent. The prosecuted and issued claims were directed to a method for producing an automobile air conditioning system.

During the PGR proceeding, Honeywell asked the PTAB for permission to file a motion for leave to request a certificate of correction from the director of the USPTO. Honeywell indicated that it intended to amend the priority claim to include different applications that provide support for the automotive air conditioning system. The PTAB rejected the request, explaining that Honeywell had failed to show during two telephone conferences that it had met the statutory requirements that the error be clerical or typographical or of a minor character for successfully obtaining a certificate of correction.

The criteria are specified in 35 U.S.C. 255, which states:

> "Whenever a mistake of a clerical or typographical nature, or of minor character, which was not the fault of the Patent and Trademark Office, appears in a patent and a showing has been made that such mistake occurred in good faith, the Director may, upon payment of the required fee, issue a certificate of correction, if the correction does not involve such changes in the patent as would constitute new matter or would require re-examination. Such patent, together with the certificate, shall have the same effect and operation in law on the trial of actions for causes thereafter arising as if the same had been originally issued in such corrected form."

The PTAB's denial is puzzling because the USPTO has a history of permitting priority chain corrections via certificates of correction. Indeed, the Manual of Patent Examining Procedure (MPEP) contains a section that states that a certificate of correction can be used to add benefit claims. See MPEP Section 211.02(a)(II)(B).[4]

The PTAB conducted a complete PGR process based on the uncorrected patent, ultimately finding that the '017 patent as issued was not entitled to any of its existing priority claims and that,

consequently, it was invalid for public use prior to the actual filing date of the application that matured into the ’017 patent.

Honeywell appealed to the Federal Circuit, which reviewed the PTAB’s actions under the Administrative Procedure Act. The Federal Circuit found an abuse of discretion in the PTAB’s denial of Honeywell’s request to file a motion for permission to file a petition to the USPTO’s director for a certificate of correction. The court reasoned that the PTAB had assumed authority that the statute expressly delegated to the director, i.e., to determine whether a certificate of correction would be proper.

The Federal Circuit found that the PTAB short-circuited the whole correction process by refusing to authorize the motion, apparently because the PTAB determined that the proposed petition should not be granted. The PTAB’s denial, the court concluded, usurped the director’s right to decide the issue of correction on its merits. The PTAB separately erred by making a decision on the merits without the benefit of a motion from Honeywell. The court found further PTAB error in its concluding without providing explanation or evidence that Arkema would be prejudiced by permitting Honeywell to file its motion.

The court specified that upon remand, the PTAB must authorize Honeywell’s motion and then review it. The PTAB may consider prejudice to Arkema.

If Honeywell is successful in correcting its priority claim, it may antedate the public uses previously held to render the claims unpatentable. It may also provide the ’017 patent with an effective filing date for all its claims that renders it ineligible for PGR challenge (pre-March 16, 2013).

The Federal Circuit’s decision is a demonstration of the judicial branch keeping executive officers within their legislatively mandated roles. Administrative agencies and officers within the agencies may only act within the authority granted to them. Affected parties can challenge actions outside of granted authority in court and seek that such actions be set aside. As patent owners feel the force of the PTAB’s power in striking down patents, they seem to be turning increasingly to challenges to the authority of the PTAB, under the Administrative Procedure Act as here, or under the U.S. Constitution, as in Arthrex, Inc. v. Smith & Nephew, Inc. (2018-2140) (Oct. 31, 2019).

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[1] Honeywell International Inc. v. Arkema Inc., 2018-1151, 2018-1153 (October 1, 2019)

[2] Honeywell could not file a petition directly with the USPTO’s director, because the PTAB had exclusive jurisdiction over the patent during the PGR. Honeywell also could not file a motion to request leave to file the petition, because no motion may be filed with the PTAB without its pre-authorization to do so. To obtain a certificate of correction during a PGR, three steps are required. First, a party must gain pre-authorization to file a motion. Second, the party files a motion asking the PTAB to release its jurisdiction over the patent to the USPTO’s director. Third, the party petitions the director for a certificate of correction.

[3] The preliminary amendment and the application were filed on the same date.

[4] A patent owner has two ways potentially to fix a defective priority claim, according to the MPEP. A patent owner may petition for a certificate of correction or it may file a reissue application.

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