

## 4 Big Issues That Shaped The PTAB In 2021

By Britain Eakin

*Law360 (December 20, 2021, 1:24 PM EST)* -- While the Patent Trial and Appeal Board spent most of the year waiting for the Biden administration to name a new director for the U.S. Patent and Trademark Office, it wasted no time preparing for a U.S. Supreme Court decision that ultimately found the appointment of PTAB judges was unconstitutional.

Here, Law360 looks back at four major issues that shaped the PTAB this year.

### Bracing for Arthrex

When the Supreme Court issued its Arthrex decision in June, the USPTO was ready to hit the ground running with interim procedures to comply with the high court's ruling. The decision held that the way PTAB judges were appointed was unconstitutional, agreeing with the Federal Circuit's explosive October 2019 decision on that point.

The Federal Circuit had tried to fix the problem by removing federal employment protections, while ordering that affected cases be heard by a new panel of PTAB judges. But the justices went a different route, instead giving the USPTO director the authority to unilaterally review individual PTAB decisions.

About a week later, the USPTO had a process in place by which parties could request director review.

The smooth implementation had to do with lessons learned after being surprised by the timing of the Federal Circuit's 2019 ruling, according to Scott Weidenfeller, a former vice chief administrative patent judge who returned to private practice in October as a partner at Covington & Burling LLP.

Weidenfeller, who led the PTAB team charged with preparing contingency plans for all the ways the justices could have come down, said the board was more deliberate in preparing for the Supreme Court decision. He described the effort as "extensive," and said the team worked closely with Drew Hirshfeld, the interim director at the USPTO, on implementation after the Supreme Court issued its decision.

"We did have contingency plans ready for what the justices ultimately decided, and [we] were able to implement them fairly quickly," he said.

As for the actual impact of Arthrex, Weidenfeller said he was surprised by how few parties requested director review.

"We thought everyone would ask for it just because it was new," he said.

Meanwhile, Karl Renner, a principal at Fish & Richardson PC, said the decision certainly posed a challenge to the agency, which he said had to make significant decisions along the way in preparation. But as for its legal impact, Renner called Arthrex "a nothingburger," saying the Supreme Court ruling has yet to upset a single PTAB decision that was subject to Arthrex.

"At the end of the day, the corrective measures didn't have some sort of a landslide effect, as some might have hoped. Instead, it felt a little more procedural in its effect," Renner said.

### **An Agency 'in Limbo'**

Hirshfeld, the commissioner of patents, stepped up to lead the USPTO as interim director after Andrei Iancu stepped down in January, and attorneys said he has done a good job steering the agency through an uncertain year. But his interim status likely led to what turned out to be a quiet year at the PTAB for precedent and rulemaking, according to Hunton Andrews Kurth LLP partner Greg Porter.

"I felt like the USPTO was in limbo while waiting for a new director. There weren't any decisions designated precedential or informative this year, and that could be because the interim leadership wanted to maintain the status quo," Porter said.

The Biden administration in October nominated Winston & Strawn LLP litigator Katherine Vidal to replace Iancu, and her nomination remains pending.

Hirshfeld "kept a steady wheel" at the agency during a challenging time, according to Renner of Fish & Richardson PC. Federal agencies can experience turmoil under interim leadership, Renner said, and the likelihood of turmoil was only increased by the USPTO needing to prepare for the Arthrex decision.

"But Drew held it together, with steady leadership throughout," Renner said.

Renner added that the agency appears to have chosen the right path in response to the Supreme Court's Arthrex decision and has been able to avoid major problems.

"Here again, steady and mature leadership showed well," he said.

### **Adapting to Fintiv**

In 2021, the PTAB began issuing fewer denials of patent validity challenges based on its precedential and controversial Fintiv decision for determining whether to deny patent reviews in light of advanced parallel district court litigation.

From April through September, the board denied inter partes review in just 19% of cases in which it did a Fintiv analysis. That's in contrast to the prior six months — the first half of fiscal year 2021 — when it denied IPR 38% of the time.

The drop in discretionary denials under Fintiv stems from the board's December 2020 decision in *Sotera Wireless Inc. v. Masimo Corp.*, according to Weidenfeller, the former vice chief PTAB judge. The PTAB granted inter partes review in that case after Sotera stipulated that it wouldn't make any invalidity

arguments in a parallel suit if it had raised them — or reasonably could have raised them — before the board.

The decision was made precedential last December, just over two weeks after it was issued, and petitioners put that decision to work in the first half of this year.

"Once Sotera was made precedential, that was a pretty strong signal that if you do this, you're probably in good shape under Fintiv," Weidenfeller said. "And so parties are taking that very seriously and thinking carefully about that."

But even while Fintiv denials were dropping, the controversy the policy sparked continued to play out. That included two legal challenges in district court, one from tech companies like Apple, Cisco and Google, and another from US Inventor and individual patent owners.

Both suits alleged the policy violated the Administrative Procedure Act because the agency didn't engage in formal rulemaking to establish it. Both suits, however, failed and were dismissed this year. US Inventor appealed to the Fifth Circuit in August, while Apple and the other tech companies filed a notice of appeal to the Federal Circuit in December.

The Fintiv precedent also inspired proposed legislation from retiring Sen. Patrick Leahy, D-Vt. — who currently chairs the Senate Judiciary Intellectual Property Subcommittee — that would do away with discretionary denials under Fintiv altogether. On the other hand, the subcommittee's ranking member, Sen. Thom Tillis, R-N.C., supports Fintiv but wants to modify how the board analyzes parallel trial dates because they often get postponed.

Dorothy Whelan, a senior principal at Fish & Richardson PC, said she is keeping a close eye on how this tension plays out, particularly with a new director coming on board. But she said the tension could actually resolve itself.

The drop in discretionary denials under Fintiv is at least partly attributable to the board tamping down on them of its own accord, she noted.

"I think that the judges are already self-correcting to a certain extent," Whelan said.

### **Updating LEAP Program**

Since April 2020, the USPTO has been running a program to give lesser-experienced attorneys opportunities to argue before the board, but in November, the agency announced an important change to the eligibility requirement.

The Legal Experience and Advancement Program — or LEAP program — previously stipulated that attorneys could have no more than seven years of experience and up to three substantive oral arguments in a federal tribunal, including at the PTAB. The recent change removed the requirement for attorneys to attest to having a particular number of years in practice.

Alex Yap, a former administrative patent judge who returned to private practice last year as a partner at Morrison & Foerster LLP, said he lobbied for the change while he was a PTAB judge because it excluded attorneys from large firms. That's because the path to partnership generally takes longer at larger firms.

"I think it's a great change because it enables a lot more practitioners from big firms to actually get the kind of experience they need," Yap said.

--Additional reporting by Dani Kass and Ryan Davis. Editing by Philip Shea.

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