

A Breakdown Of The PTAB Backlog Arthrex Caused

By **Dani Kass**

Law360 (April 7, 2021, 6:41 PM EDT) -- While the U.S. Supreme Court mulls whether Patent Trial and Appeal Board judges are properly appointed, the board is sitting on a backlog of just under 100 remanded cases, some of which are already a decade old.

When reviewing whether Arthrex Inc.'s patent was properly invalidated by the PTAB, the Federal Circuit found that the board's judges were improperly appointed, making the panel's decision void. The court crafted an alleged fix to the appointment issue and said Arthrex was entitled to a rehearing before a new set of judges.

More than 100 other cases were likewise remanded based on that same appointments clause theory, all of which are being held in abeyance until the Supreme Court rules on the dispute.

A chunk of the cases that had been remanded under Arthrex are no longer stayed, either because the parties settled or the challenger waived its appointments clause argument or right to be reheard by a new panel. In all, Law360 found there are now 96 cases on hold until the justices take action.

The U.S. Patent and Trademark Office provided Law360 with a list of case numbers that have been stayed under Arthrex, and Law360 then removed any cases that had been joined with another petition, or where there was a settlement or waiver.

The remaining disputes involve 67 unique patents, most of which are only involved in one challenge. However, one air mattress patent owned by Team Worldwide Corp. is facing six challenges and a single Pfizer Inc. patent tied to next generation pneumonia vaccines is facing five challenges from Merck Sharp & Dohme Corp. and Sanofi Pasteur Inc.

The vast majority of these stayed cases — 58 — involve patents or patent applications covering technology, including patents for telecommunications, drones and semiconductors. That's followed by 15 covering the life sciences industry and other chemicals, and 10 in banking and financial technology. Another 13 cover areas that are harder to classify, like air mattresses, pillows, food and an apparatus for removing hair from a drain.

Overall, most of the challenges are inter partes reviews, totaling 76 cases. But another eight were covered business method reviews, five were appeals of rejected patent applications, two were post-grant reviews and one was for an ex parte reexamination. Four cases, mostly involving VirnetX Inc. and Cisco Systems Inc., were holdovers of inter partes reexaminations.

The bulk of the cases were filed in 2017 and 2018, although a handful date as far back as 2011 and 2012.

How the PTAB will handle these cases is up in the air right now, given the multitude of ways the justices could rule in *Arthrex*.

The Supreme Court heard oral arguments March 1, reviewing the Federal Circuit's holding that PTAB judges — who are appointed by the USPTO director — don't have enough oversight to skip the Senate confirmation process. The circuit court claimed to fix that problem by removing tenure protections for administrative patent judges, which the high court is also scrutinizing.

The justices could do anything from saying there was no constitutional flaw at all to upholding the Federal Circuit's remedy to dismantling the PTAB and letting Congress decide how to fix things.

But based on how arguments went, the justices appear poised to find middle ground, where administrative patent judges' work is given more oversight from the USPTO's director, who has gone through the Senate confirmation process.

If these 96 cases can skip rehearing and just need to be signed off on by a Senate-confirmed officer, that could raise its own challenges, said Morrison & Foerster LLP partner Alex Yap, a former APJ.

Right now, the USPTO is headed by a temporary leader, since President Joe Biden has yet to name his pick for director. Yap said it's unclear whether the cases would have to wait for a new USPTO director or if the secretary of Commerce would step in and do it.

If the cases are reheard, either by the same panel or a new one, there's no legally binding timeline to get them pushed through quickly. While final written decisions are due 12 months after an America Invents Act trial is instituted, remands have no such requirement. Instead, Yap said judges are told to try to have them out in six months.

Lowenstein & Weatherwax LLP partner Bridget Smith said she's seen remanded cases "sit for years" before heading back to the Federal Circuit.

"Appeals after remand always come back aged," she said.

"The ones that have the one-year deadline, those are the ones that have to take precedence," Smith added. "The board does the best it can with remands."

But Yap said APJs try not to sit on remands for too long, particularly if the case is being heard by the same panel, which would already be familiar with the matter. Judges are also allowed to ask for workload adjustments, or ask other judges to take over writing institution or final decisions.

However, there hasn't been an instance where close to 100 cases were remanded at once.

"The Federal Circuit typically reverses or remands to the PTAB at a lower rate compared to district court patent cases," Yap said. "This will potentially be a huge influx."

--Editing by Kelly Duncan and Emily Kokoll. All Content © 2003-2021, Portfolio Media, Inc.