

IPR tricks of the trade: options to obtain review of a PTAB decision

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The Patent Trial and Appeal Board (PTAB) adjudicates disputes over the validity of an issued patent. Parties accused of infringement often file a petition for *inter partes* review (IPR) to challenge the validity of an asserted patent.

A party dissatisfied with the PTAB's institution decision or final written decision has several options to obtain review of that decision.

During an IPR proceeding, the PTAB first issues a decision whether to institute trial. 35 U.S.C. § 314(a). If trial is instituted and the parties do not settle their dispute, the PTAB issues a final written decision at the conclusion of the trial. *Id.* § 318(a). A final written decision sets forth the PTAB's reasoning on whether the petitioner successfully proved that the challenged claims are unpatentable.

A party dissatisfied with the PTAB's institution decision or final written decision has several options to obtain review of that decision. This article addresses the various options and the differences between those options. The options for obtaining review of a final written decision are addressed first because there are more options available.

There are four options to request review of a final written decision:

- (1) Appeal to the U.S. Court of Appeals for the Federal Circuit;
- (2) Rehearing by the original PTAB panel;
- (3) Precedential Opinion Panel (POP); and
- (4) Director review.

Congress authorized a party dissatisfied with a final written decision to appeal the decision to the Federal Circuit. 35 U.S.C. § 319. The Federal Circuit reviews legal issues such as claim construction and obviousness *de novo*, i.e., without deference to the PTAB's legal conclusions. However, the Federal Circuit reviews factual findings underlying the PTAB's legal determinations under the deferential "substantial evidence" standard.

Thus, if the PTAB's factual findings support the PTAB's legal conclusion, the Federal Circuit might not reverse the PTAB's legal

conclusion, even though the Federal Circuit may have weighed the evidence differently. Parties are generally more successful at the Federal Circuit when they can show legal error, or a violation of administrative law principles, rather than when attempting to gain reconsideration of the facts in evidence.

The U.S. Patent and Trademark Office (USPTO) established the rehearing process by rule in 2012. A party requesting rehearing must show where the original PTAB panel misapprehended or overlooked an argument or evidence in the record, and the panel reviews its prior decision for an abuse of discretion. 37 C.F.R. § 42.71(d). Requesting rehearing is often unsuccessful if the requesting party asks the original PTAB panel to reconsider arguments or evidence that were addressed in the original decision.

Director Vidal has actively used the Director review process since becoming Director six months ago, ordering Director review 11 times in that period.

In September 2018, the PTAB created the Precedential Opinion Panel (POP) "to decide issues of exceptional importance to the [PTAB] (e.g., issues involving agency policy or procedure)." Any party to an IPR proceeding may request POP review. By default, POP review is conducted by a panel that includes the USPTO Director, the Commissioner for Patents, and the Chief Judge of the PTAB, or their designees. POP review creates binding PTAB precedent on rehearing by default and is conducted instead of rehearing by the original PTAB panel.

Parties may want to request POP review if there has been a split among PTAB panels on legal issues, or an intervening change in law or policy at the USPTO (e.g., new Director guidance). If POP review is denied, the original PTAB panel may then rehear the decision. At present, POP review has been granted only five times.

In June 2021, the USPTO established Director review in response to the Supreme Court's decision in *United States v. Arthrex, Inc.*, 141 S.Ct. 1970 (2021). In *Arthrex*, the Court held that PTAB judges were unconstitutionally issuing final decisions on behalf of the

USPTO without the ability for the Director to potentially alter or reverse the decisions before they became the final decisions of the agency.

The USPTO is currently operating under an interim process for Director review. However, the USPTO recently issued a Request for Comments on Director Review and POP review, and Director Kathi Vidal has indicated that the USPTO intends to engage in formal rulemaking on Director review after consideration of the public's comments.

Parties to an IPR proceeding "may request Director review of any issue of fact or law in any final written decision," and "all issues of law or fact are reviewed de novo." A party may request Director review or rehearing by the original PTAB panel, but not both. The exception to this binary choice is that a party may request Director review of a decision granting rehearing by the original PTAB panel.

Director Vidal has actively used the Director review process since becoming Director six months ago, ordering Director review 11 times in that period. To date, Director review has been ordered 14 times since Director review was first established after *Arthrex*. Thus, Director review has resulted in more rehearing grants than POP review.

If a party is unsuccessful in seeking Director review, POP review, or rehearing by the original PTAB panel, that party may then appeal an adverse final written decision to the Federal Circuit. Parties are

not required to seek Director review, POP review, or panel rehearing before appealing a final written decision to the Federal Circuit.

The options for obtaining review of an institution decision are more limited. In contrast to final written decisions, Congress provided that institution decisions are "final and nonappealable." *Id.* § 314(d).

For institution decisions, parties may request rehearing by the original PTAB panel or seek POP review.

At present, parties may not request Director review of institution decisions. However, Director Vidal has *sua sponte* ordered Director review of four institution decisions, often in response to a party seeking rehearing or POP review.

Thus, among the four options to request review of a final written decision, only two of those options are available for institution decisions: PTAB panel rehearing, and POP review.

Parties to an IPR or PGR (post grant review) proceeding should carefully consider the available options for requesting review of a PTAB final decision and understand that one option may be more suitable than others based on the issues to be reviewed.

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