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PTAB Pushed Toward More Precedent, Predictability

New revisions to the board’s Standard Operating Procedures could further demystify PTAB decision-making for litigants

BY **DOUG CHARTIER**
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Patent litigators — and their clients — have been hoping for better consistency from the now-six-year-old Patent Trial and Appeal Board. They may be getting it with new PTAB policy changes issued last month.

On Sept. 20, the U.S. Patent and Trademark Office announced revisions to the PTAB’s Standard Operating Procedures it said would “focus on increasing transparency, predictability, and reliability across the USPTO.” The most significant changes involve the way the PTAB seats judges on panels to hear cases and how it will issue precedential opinions, and the revision documents reveal much of the USPTO’s reasoning on those processes. The resulting changes could make it easier for patent litigants to predict outcomes on proceedings from inter partes review to post-grant review, as well as whether to use those proceedings for patent claims in the first place.

Since the PTAB was formed in September 2012 by the America Invents Act, patent attorneys and their clients needed guidance on how its new procedures, like inter partes reviews and post-grant reviews, were going to run and how the board might rule on certain issues. Precedential opinions were integral to that, but so far the PTAB has only issued 72 — an average of 12 a year across its different proceeding types. Traditionally, the PTAB’s more-than 250 members would have to designate a decision as precedential in a majority vote, which slowed precedent output to a trickle as their numbers increased.

But new Standard Operating Procedure revisions have created a new body, the Precedential Opinion Panel, that can now make or revoke precedent on its own. The POP consists of the USPTO director, the PTAB chief judge and the Commissioner of Patents. The POP’s role, according to the SOP 2 revision, is “to establish binding agency authority concerning major policy or procedural issues ... in the limited situations where it is appropriate to create such binding agency authority through adjudication before the Board.” Having a three-member board deciding precedent instead of a majority vote among the entire PTAB

membership would theoretically streamline the precedent-making process.

While the POP might be a solution for the board to generate a larger body of binding decisions for the young board, the revisions suggest the new panel could have another use besides. If a party takes issue with a decision handed down by a PTAB panel, it can ask to have that same panel rehear the case.

But the revisions appear to provide for another avenue for parties to have a ruling reconsidered — by petitioning the POP to review it, according to **Justin Krieger**, a patent attorney and partner at **Kilpatrick Townsend & Stockton’s** Denver and Washington, D.C., office. The USPTO director may then review the decision and decide sua sponte to convene the POP to rehear the case.

“It’s almost providing for a new ability to appeal a decision,” Krieger said, though he noted the office doesn’t actually call it an appeal.

Another set of new revisions details how the PTAB assigns judges to panels for different proceedings. It explains how those judges must avoid conflicts of interest, and it clarifies how the PTAB will approach the practice of using panels of more than three members to hear cases. Such “panel stacking,” as critics have called it, “is not favored and ordinarily will not be used,” according to the PTAB’s new guidance. But the PTAB will still use expanded panels “from time to time” to maintain consistency in the opinions, according to the revisions.

While the PTAB and its former Chief Judge David Ruschke took heat for using expanded panels, the practice was rare. As of December 2017, the PTAB issued more than 6,000 decisions on institution and nearly 2,000 final written decisions, but it used expanded panels for only 59 cases. “This does not happen with any frequency,” Krieger said, adding that he understood why some litigants found expanded panels so problematic. “If you’re one of the 59, this is a big deal.”

A running theme throughout the SOP revisions is that they give the USPTO director a great deal of authority over PTAB processes and opinions. The director provides the last word on whether a decision gets the precedential or informative designation, as well as whether an expanded panel may be used to hear a case.

“This is very, very clearly a set of documents that provides that the director is taking the bull by the horns and is going to dictate policy” at the PTO and PTAB, Krieger said. But giving one person that authority over patent case opinions and procedures is a welcome sight after so much ambiguity from the PTAB, he added. “Director [Andrei] Iancu’s mantra has been consistency, uniformity, predictability ... and I’ve got to give him credit, he’s been following through on this in various ways.”

In May, the USPTO announced a proposed rule that would make the claim construction standard in the PTAB more consistent with that used by federal courts. Under the proposed rule,

the PTAB would switch from using the broadest reasonable interpretation standard to construe unexpired and proposed amended patent claims, to the federal courts’ narrower standard from *Phillips v. AWH Corp.* If the rule goes through, it would make it harder to invalidate a patent through the PTAB, Krieger said.

Whether the new POP or paneling guidelines shift the balance between patent owners and accused infringers at the PTAB in any way is hard to say at this point.

“There’s a great deal of clarity in terms of the procedure itself,” Krieger said. “Whether it’s fair or not, at least we know better what it is.” •

— Doug Chartier, DChartier@circuitmedia.com

PTAB Panel Updates

Using “Expanded” Panels

THEN	The PTAB could designate panels with more than three judges to hear cases — sometimes without notifying parties of the expansion.
NOW	The PTAB may still do this, though it “is not favored and ordinarily will not be used.” The board must notify parties of expanded panels through a Panel Change Order.

Forming a Precedential Opinion Panel

THEN	The PTAB would issue very few precedential opinions each year because those designations required a majority vote among its hundreds of board members.
NOW	The new Precedential Opinion Panel can rehear matters in pending trials and appeals. It can also designate a previous PTAB decision as precedential, or remove that designation from a decision.

