

## 5 Big Developments That Shaped The PTAB In 2020

By **Britain Eakin**

*Law360 (December 18, 2020, 12:13 PM EST)* -- The Patent Trial and Appeal Board has faced plenty of twists and turns this year, with the board extending precedent on discretionary denials, the U.S. Supreme Court ruling that the PTAB's time bar determinations aren't appealable and the COVID-19 pandemic highlighting its ability to pivot to remote proceedings.

Here, Law360 looks back at five critical PTAB developments.

### Discretion

When the PTAB designated its decision in *Apple v. Fintiv* as precedential in May, PTAB practitioners had to scramble to figure out how to overcome the six factors the board laid out in the decision for determining when the advanced stage of parallel district court litigation warrants declining to institute patent reviews.

Attorneys said one of the biggest changes the *Fintiv* decision spawned was having to devote precious real estate in inter partes review petitions, which have a 14,000-word limit, to addressing the *Fintiv* factors, which include analyzing an overlap in issues and whether a stay has been or is likely to be granted by the district court.

"If you give it short shrift, you do so at your own peril," said Michael Specht, who co-chairs Sterne Kessler Goldstein & Fox PLLC's patent office litigation practice.

The *Fintiv* factors have been especially impactful when parallel litigation gets filed in districts with speedy patent dockets, according to Chad Walters, who co-chairs Baker Botts LLP's PTAB practice group.

"Most discretionary denials are based on cases in only a handful of jurisdictions that are faster and less likely to grant stays. And so the way it's played out, the particular venue has been one of the most significant factors as to whether the board exercises its discretion," Walters said.

The PTAB solicited public comments on whether to codify discretionary denials after *Apple*, *Google* and *Intel* challenged the precedent in an Aug. 31 lawsuit saying that the practice undermines the America Invents Act because its "vague factors lead to speculative, unpredictable, and unfair outcomes." The suit further alleged that it violates the Administrative Procedure Act because it didn't go through notice-and-comment rulemaking.

Michael Gzybowski of Dykema Gossett PLLC said the USPTO's decision to seek public comments "will no doubt lead to changes that limit the scope of any discretionary authority applied in the future to deny IPR petitions when parallel district court proceedings are occurring."

### **Going Fully Remote**

Unlike district courts, many of which closed their doors and suspended trials because of the pandemic, the PTAB has kept full pace with its docket. The board transitioned seamlessly to remote hearings after indefinitely canceling all in-person hearings as of March 13.

Since everything at the PTAB was already done remotely aside from in-person hearings, Andrew Patrick of Fish & Richardson PC said the board was primed to carry on as it typically had with very little change. On top of that, most PTAB panels were already taking place with one or more judges appearing remotely, so its technology was already up to speed for transitioning to fully remote hearings.

"It's really impressive that they've managed to maintain the sort of smooth operations that they've had under the circumstances," he said.

The technology glitches were also minimal. Although attorneys and judges would drop off occasionally — and at least **one hearing was interrupted** by an administrative patent judge urging her child to shoo the family dog out of the room — most hearings went off without a hitch.

"I think the board did a fabulous job managing its docket and working cases through. There were no issues that I'm aware of as a direct result of COVID," said Specht of Sterne Kessler.

### **Thryv**

Attorneys said the U.S. Supreme Court's April decision in *Thryv v. Click-to-Call*, which ruled that PTAB decisions finding a petition is timely filed within one year of being sued for infringement in district court isn't appealable, put to rest lingering questions about the appealability of certain issues.

Thryv held that because the time-bar determination is "closely tied" to the institution decision, it isn't reviewable.

"There has been some fuzziness and uncertainty around what may or may not qualify as an appealable issue. While not answering all questions on appeals flowing from institution decisions, Thryv arguably shut the door on many such appeals," said Patrick of Fish & Richardson.

In November, the Federal Circuit ruled in a case involving a Sipco LLC patent that Thryv also applies to PTAB determinations on whether a patent qualifies for covered business method review.

With the Federal Circuit having also ruled in May that Thryv should extend to the board's decisions involving the "real parties in interest" requirement, attorneys said they expect that parties will keep pushing to expand Thryv's reach.

"Patent owners are trying to litigate issues to test the boundaries of Thryv. I do think it's interesting in how it's being applied and extended," said Perkins Coie LLP partner Gene W. Lee.

## **Arthrex**

Although the Federal Circuit's explosive decision in Arthrex that the way PTAB judges were appointed is unconstitutional came down in October 2019, its effect continues to be felt in PTAB proceedings.

In May, PTAB Chief Judge Scott Boalick issued an order holding in abeyance the more than 100 cases remanded under Arthrex until the Supreme Court issues its decision next year.

According to David L. Cavanaugh, chair of WilmerHale's post grant proceedings group, the Supreme Court's decision to take up the case fits into a larger theme of 2020: The USPTO is thinking about and refining its role in the U.S. patent system. Whatever the high court ultimately decides, Cavanaugh said the Supreme Court's decision in Arthrex will further refine the USPTO director's role.

"It's important to understand the role the director has as the head of the administrative agency, and how the director guides policy through guidelines and direction to individual administrative patent judges, as well as the larger PTAB," Cavanaugh said.

Attorneys also said the impact of the high court's decision could extend well beyond the USPTO.

Finnegan Henderson Farabow Garrett & Dunner LLP partner Trenton Ward, a prior administrative patent judge, said the PTAB cases the Supreme Court has taken up so far were limited to the board's functions in adjudicating patent validity. The Arthrex question, meanwhile, is a larger agency question with a farther reach.

"It's going to have bigger implications because so many agencies have administrative judges," he said.

Twenty-eight federal agencies employ more than 1,900 administrative law judges, according to the Office of Personnel Management, which administers the administrative law judge program.

## **Real Parties in Interest**

The PTAB closed out the year by designating two decisions on real parties in interest as precedential. In one case, the board in October terminated two RPX Corp. inter partes reviews of two regulatory monitoring patents after finding the challenges were time-barred because the petitioner failed to mention that one of its clients was a real party in interest.

Lee of Perkins Coie said the decision marks a shift away from the board's focus on following the money — looking at who has control over and is funding a petition.

"The board's current focus on RPI is on who has an interest in and benefits from the IPR in question," Lee said. "And while those two factors are not sufficient by themselves to establish that somebody is a RPI, I think those factors have gained in significance since the early days of PTAB practice."

In the other case, the board in October denied an argument from iRobot that rival SharkNinja's petition should be denied for not naming the interested parties, finding the omission of SharkNinja's corporate parent in the petition wouldn't have changed the outcome of the case.

Ward of Finnegan Henderson said he thought this decision was the more significant of the two because it means panels won't need to go through the lengthy, fact-intensive RPI analysis when it won't impact

the board's decision on whether to institute a patent review.

"The RPX case gave the factors to consider in the RPI analysis, but perhaps it's more important to know when that analysis is material," he said.

--Additional reporting by Tiffany Hu, Ryan Davis and Adam Lidgett. Editing by Orlando Lorenzo.

All Content © 2003-2020, Portfolio Media, Inc.