

IP Law News

# Three Things to Watch at the Patent Trial and Appeal Board

By Ian Lopez

Dec. 27, 2019, 2:45 PM

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- *Arthrex* injecting uncertainty at PTAB, attorney says
  - Precedential designations expected to continue
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The Patent Trial and Appeal Board saw a significant uptick in precedent in 2019, as patent office Director Andrei Iancu began putting his stamp on the board.

The U.S. Court of Appeals for the Federal Circuit, at the same time, has taken steps that have left practitioners uncertain about the scope of agency authority. Here are three things to watch at the PTAB in 2020:

## *Arthrex* Effect

The Federal Circuit roiled the PTAB with its decision in *Arthrex, Inc. v. Smith & Nephew, Inc.* that the board's judges were unconstitutionally appointed.

In *Arthrex*, the Federal Circuit severed part of the law preventing the judges from being fired without cause, making them inferior officers who could be appointed by the U.S. Patent and Trademark Office director. The court remanded proceedings back to the PTAB to be held with a new, and now constitutionally appointed, panel of administrative judges.

Since *Arthrex*, a spate of parties has raised constitutional challenges to PTAB decisions. Lawmakers and some Federal Circuit judges have taken issue with the decision. The Trump administration and the parties in the case have all asked the full Federal Circuit to reconsider it.

"That injection of uncertainty into the process makes people nervous, especially people that are filing petitions" to challenge a patent's validity at the PTAB, Mark Remus, a Brinks Gilson & Lione patent attorney who has advised clients on drug products and technologies, said.

"It's rare when every party involved isn't happy with the decision," Remus said.

## More Precedents

The patent office designated at least 19 PTAB decisions as precedential in 2019. According to the agency, it didn't designate any precedential decisions in 2018.

That higher rate of precedents—which essentially guide practitioners and PTAB judges on how procedural issues are to be handled—is expected to continue in 2020, attorneys say.

“At minimum, I would expect there to be a continued effort to mark more decisions as precedential,” said Raghav Bajaj, a partner in Haynes and Boone LLP’s intellectual property practice group who focuses on PTAB trials. “I don’t know if that will ramp up necessarily, but I think that it will at least continue.”

PTO director Iancu “views the precedent process as an important one at the PTAB for consistency purposes, and I would expect” the agency to keep up the process, Finnegan, Henderson, Farabow, Garrett & Dunner LLP partner Trenton Ward, a former PTAB judge, said.

### Agency Deference

*Arthrex* isn’t the only Federal Circuit case that will potentially have impact for the PTAB.

The court in *Facebook Inc. v. Windy City Innovations LLC* is currently grappling with “what, if any, deference” it should give to decisions from the PTO’s top precedent-setting panel, the Precedential Opinion Panel, for PTAB disputes. Launched in 2018, the POP is comprised of Iancu, the PTAB’s chief judge, and the PTO’s commissioner for patents and functions essentially as a review board for exceptionally important issues that arise in PTAB proceedings.

That “storyline,” Ward said, is one that will likely continue into 2020. Ward said the Supreme Court eventually could be interested in reviewing *Windy City* because it touches on what level of deference courts should give to government agencies.

“I expect a likelihood of a request for cert regardless of what side the court comes out on,” Ward said. The Federal Circuit held oral arguments for *Windy City* in August. That same month, it invited Iancu to file a brief to address the question of deference. The PTO filed its brief in September, arguing the court should accept how POP interprets patent law as long as its interpretation is reasonable. The Federal Circuit has yet to issue a decision.

Some attorneys say the cases are causing uncertainty for practitioners.

Ravi Mohan, a partner in Rutan & Tucker LLP’s intellectual property group who has created patent strategies for clients, said *Windy City* and *Arthrex* make it “a really confusing time if you’re a member of the patent bar.”

“On the one hand, there’s new bright-line rules, making things clearer,” Mohan said, referring to PTAB precedents. “But then I think the system is getting undermined with these decisions where the Federal Circuit is coming in and saying, ‘Well, what’s the status of these judges, and can you guys even make decisions on precedent?’”

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