

PTAB Director Review Under Vidal: The First 6 Months

By **Harper Batts and Fred Qiu** (September 22, 2022)

Since taking office in April, U.S. Patent and Trademark Office Director Kathi Vidal has initiated director review on nine occasions, and also issued new guidance on two occasions.

While many have noticed the director's reviews and new guidance that focus on the discretionary Fintiv factors, the initiated reviews span a broad set of PTAB issues, and indicate a significant shift in how PTAB judges will be handling proceedings.

In her relatively short tenure, Vidal has issued more director reviews than her predecessor, Andrei Iancu, who granted three. She has also provided extremely helpful guidance to practitioners and PTAB judges alike while also addressing clear flaws that existed.

This article analyzes the director reviews to date as well as providing insights into what further changes we should expect to see from future director review decisions.

Fintiv-Related Reviews

Fintiv-related reviews have received considerable attention to date. One of the main drivers for this is that a large percentage of institution denials were based on discretionary factors, and that patent owners were increasingly dedicating their preliminary responses to discretionary arguments.

In conjunction with director reviews, Vidal shifted the landscape of Fintiv attacks on June 21, when she issued a memorandum titled "Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation."

The memorandum clarified that inter partes review accompanied by Sotera stipulations will not be denied under Fintiv, restoring the right to file IPRs within the entire statutory time-bar period.

The memorandum also spared petitioners the dreaded races with U.S. International Trade Commission schedules and sanctioned the consideration of actual time-to-trial statistics rather than scheduled trial dates in district courts, which "are unreliable and often change."

Following this game changer that effectively eliminated Fintiv attacks so long as a petitioner provided a Sotera stipulation concerning the use of invalidity arguments in district court, director reviews provided further clarification regarding the discretionary denial analysis.

In *NXP USA Inc. v. Impinj Inc.*, Vidal clarified that a Sotera stipulation should not be filed opportunistically and found that a Sotera stipulation filed after the PTAB's decision denying institution is not a proper basis for granting rehearing of the decision denying institution.

Director review was also granted in *AviaGames Inc. v. Skillz Platform Inc.*, where institution was denied because the challenged patent was found invalid under Section 101 in a parallel district court case.



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While no decision has been issued, vacating and granting institution would likely be consistent with the memorandum's practical approach, given that Section 101 is beyond the scope of IPRs and that district courts' Section 101 decisions are often overturned on appeal.

Other Discretionary Denial Decisions

Several director review decisions have also addressed the analysis of serial petitions — where multiple petitions are filed over time against the same patent — or previously considered invalidity arguments.

In *Code200 UAB v. Bright Data Ltd.*, institution was denied under *General Plastic* in light of an earlier petition. The director vacated the PTAB's decision, pointing out that the first-filed petition was not evaluated on the merits and that there was no evidence of road mapping in the later petition.

The director further emphasized that the PTAB's mission to improve patent quality and restore confidence in the presumption of validity outweighs the impact on the PTAB resources needed to evaluate the merits of a petition.

Director review was granted in *Boehringer Ingelheim Animal Health USA Inc. v. Kansas State University Research Foundation*, a post-grant review case. The PTAB denied institution under *Becton/Advanced Bionics*, finding that the PGR's enablement and written description challenges are redundant over written description rejections during prosecution.

The upcoming director review decision likely will provide guidance on the application of the *Becton/Advanced Bionics* framework on Section 112 grounds. Furthermore, given that no preliminary response was filed in this case, the director's comments on how much the PTAB should come up with its own discretionary-denial rationale would be welcome.

Applicant Admitted Art

In addition to discretionary denial, the director further provided clarity to the scope of review for IPRs.

In *MED-EL Elektromedizinische Geräte Ges.m.b.H. v. Advanced Bionics AG*, the director clarified that, when used in combination with prior art patents or printed publications, applicant admitted prior art does not form the basis of a ground and thus does not conflict with the requirement of Title 35 of the U.S. Code, Section 311(b), that IPR grounds be based on "prior art consisting of patents or printed publications."

Predictions for the Future

The combination of new guidance announcements and director review decisions show a significant shift in how the PTAB is operating in Vidal's relatively short tenure, and these shifts are far more rapid than awaiting guidance from the U.S. Court of Appeals for the Federal Circuit.

These events show a concerted effort to address distortions that have infected some factor analysis approaches by the PTAB and flaws that exist.

For example, the underlying rationales that created the *Fintiv* factors did not match the analysis and arguments that were taking place recently — if a *Sotera* stipulation effectively

limits the prior art arguments available in district court, then any overlap has been addressed.

It should be irrelevant whether a petition is filed in rushed fashion within a month or two of a case being filed, or instead filed in the waning days of the one-year bar period.

Moreover, the decisions to date show a refreshingly practical approach that takes into account the morphing efforts of counsel and companies to twist the original analysis and rationales of various factor tests set forth by the PTAB and to re-focus PTAB proceedings to the merits of invalidity challenges and the statutory goal of restoring confidence in patent quality.

For example, the denial of IPR institutions based on earlier-filed petitions, previously considered invalidity arguments, or technicalities such as the framing of applicant admitted prior art all prevent the PTAB from considering invalidity grounds on the merit.

Updating and harmonizing the analysis with the goals of the USPTO improves the likelihood that the most meritorious invalidity grounds get considered by the PTAB and that the PTAB performs its role as a layer of quality control.

We expect further policymaking efforts under these same themes from Vidal via guidance announcements or director review decisions. For example, Vidal will likely address further when multiple petitions are warranted, as patent owners have twisted the original analysis and played games to avoid PTAB challenges of claims being asserted in underlying disputes.

The USPTO will likely continue to improve the consistency among different PTAB panels and the predictability for practitioners and parties.

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