

# PTAB Reform Act of 2022's potential impact on the Patent Trial and Appeal Board

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## Synopsis

On June 16, 2022, U.S. Senators Patrick Leahy, Thom Tillis, and John Cornyn introduced the Patent Trial and Appeal Board (PTAB) Reform Act of 2022. The bill proposes changes to current PTAB procedures and would codify certain procedures already in practice at the PTAB.

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Most notably, the bill proposes to: eliminate the *Fintiv* analysis<sup>1</sup> as a means for discretionary denial of petitions; restrict the filing of multiple petitions by the same petitioner; require the Director to prescribe sanctions for bad faith conduct; and establish a fee coverage program for small and micro entities.

## Summary of key proposed changes and codifications

Noteworthy provisions of the proposed bill are outlined below. The full text of the bill<sup>2</sup> is available online, as is a two-page summary.<sup>3</sup>

Proposed changes to *inter partes* review (IPR) are essentially mirrored for post-grant review (PGR).

- The PTAB would be prohibited from considering the status of parallel district court or ITC proceedings when deciding whether to institute review. This would eliminate the PTAB's *Fintiv* analysis.
- Subsequent IPRs/PGRs (i.e., filed later in time) would be prohibited where the PTAB has already instituted an IPR/PGR that includes one or more of the same claims based on a petition filed by the same petitioner or a real party in interest.
- Sanctions would be available against petitioners who offer to deliberately delay or lose an instituted challenge in exchange for consideration. Possible sanctions would include shifting costs or fees, referral to OED, and barring a party from filing any IPR/PGR for one year.
- The USPTO would cover reasonable expenses (including expert witness fees and attorney fees), regardless of the outcome, for

small/micro entities whose patent is challenged, where the patent is not asserted in litigation. Fees for motions to amend and appeals to the Federal Circuit would not be included.

- Codifying the Supreme Court's decision in *Arthrex*,<sup>4</sup> the bill provides that the Director may review, modify, or set aside decisions. The Director must issue a separate written opinion with the reasons for the decision. The Director must also create rules providing the timeline and permissible bases for reviewing a decision.
- As is the current practice (through Mandatory Notices), if another matter involving the challenged patent is before the Office, the parties must inform the Director. However, under the bill, the Director would be required to issue a decision about whether the other matter may proceed, or be stayed, consolidated, or terminated.
- A final written decision may be appealed by any party that reasonably expects another party to assert estoppel based on the final written decision.
- Requests for reconsideration and remands from the Federal Circuit must be resolved within 120 days.
- PTAB supervisors who are not members of a panel may not have ex parte communication with a panel regarding a matter pending before the panel.
- The bill provides that the § 315 time bar does not apply to joinder requests or a complaint dismissed without prejudice. A new 1-year time limitation applies to new or amended claims that are asserted.
- As is current practice, the PTAB must construe claim terms using the same standard as in district court. The PTAB must consider, but is not bound by, any prior claim constructions.

## Practical impact

It is important to note that while this bill proposes potentially impactful changes, there are many steps before it would become law.

For example, there will likely be committee hearings with testimony from experts and agency representatives about the bill's potential impacts, which often leads to revisions. Both the Senate and House

would then need to pass the bill before it was signed into law by the President, a process that usually takes many months.

The proposed elimination of the *Fintiv* analysis will likely garner significant attention. However, many petitioners have already essentially circumvented *Fintiv* denials by stipulating that they will not assert prior art in district court that they raised or reasonably could have raised at the PTAB.

Removing the *Fintiv* analysis at the PTAB would eliminate the need for such stipulations and may allow petitioners to assert more prior art in district court, potentially returning to simultaneous and competing PTAB and district court invalidity challenges.

Of note, Director Kathi Vidal's recent interim guidance on parallel proceedings<sup>5</sup> issued on June 21, 2022, minimizes the role of the *Fintiv* analysis for determining institution, and may influence how Congress views the impact of *Fintiv* on PTAB challenges.

While the bill would prohibit institution of IPRs/PGRs that are "filed on a different day," where one has already been instituted on one or more of the same claims by the same petitioner, this would not limit multiple petitions filed on the same day.

So petitioners facing strict word counts when challenging patents with long claims or many claims could still divide claims and grounds into multiple petitions, as long as they are filed on the same day.

A somewhat under-the-radar proposed change is the requirement for the Director to issue a decision, upon being informed that another matter involving the same patent is before the Office,

about whether the other matter may proceed or should be stayed, consolidated, or terminated. This could have significant practical implications.

For example, a patent owner might sue a first defendant, who files an IPR petition. If the patent owner sues a second defendant several weeks or months later, the bill puts into question what would happen if the second defendant also files an IPR petition. The Director would have to issue a decision about whether the second IPR may proceed. This might affect the order in which a patent owner chooses to sue multiple defendants.

A similar situation would arise even where two defendants were sued on the same day. The first to file an IPR petition might have an advantage at the PTAB, creating a race to the Patent Office.

We will continue monitoring this proposed legislation and provide analysis of additional developments as they occur.

## Notes

<sup>1</sup> Established in *Apple Inc. v. Fintiv Inc.*, No. IPR2020-00019, 2020 WL 2126495 (P.T.A.B. Mar. 20, 2020).

<sup>2</sup> Patent Trial and Appeal Board Reform Act of 2022, S. 4417, 117th Cong. (2022), <https://bit.ly/3vlyq19>

<sup>3</sup> P. Leahy, J. Cornyn, & T. Tillis, PTAB Reform Act Section by Section, (Jun. 16, 2022), <https://bit.ly/3ok1zu4>

<sup>4</sup> *United States v. Arthrex Inc.*, 141 S. Ct. 1970 (2021).

<sup>5</sup> United States Patent and Trademark Office, Memorandum on Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation (Jun. 21, 2022).

## About the authors



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