USPTO's Arthrex Guidance Offers Window into Agency's Thinking
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Amid mounting speculation over the uncertainty caused by the US Supreme Court decision's landmark decision in *US v Arthrex*, the United States Patent and Trademark Office (USPTO) has posted several updates issuing guidance. But lawyers tell *WIPR* that some key questions remain.

According to the agency's statement on July 20, the updates have been made in direct response to the feedback the office has received on the interim director review process that was established in the wake of the ruling.

An effective chain of command?

Brian Nolan, a partner in Mayer Brown's IP practice group noted that in its guidance the USPTO clarified that the director may grant rehearing *sue sponte* (voluntarily).

"This ability aligns with the Supreme Court's concerns in *Arthrex* that directors have the authority to control decisions issued by the USPTO, an office of the executive branch, so the director wields executive power in a way accountable to the public through a clear and effective chain of command down from the president," he explained.

"The director will have the power to act and if the director does not act, the executive branch can be held accountable."

The USPTO also indicated that it plans to proceed with the rehearing procedure with the current director. This, however, raises the main issue with the procedure—because the current director is serving on an interim basis.

"The interim director, Drew Hirshfeld, has not been appointed by the president and confirmed by the senate, so a question exists as to whether the ability to review board decisions will ameliorate the concerns identified by the Supreme Court in its *Arthrex* decision," said Nolan.

According to Kevin Rodkey, a partner at Finnegan, Henderson, Farabow, Garrett & Dunner, one of the most significant questions—how often the director will review decisions and what the results of that review will look like—remains unanswered.

"The update clarified what I think many speculated, which is that the USPTO will use an advisory committee as part of the process," he noted.

"This resolved some of the implementation questions and how the USPTO is attempting to balance review with the director's other duties. Providing some criteria that the advisory committee will use when evaluating the review requests also helps parties frame review requests," he said.

He added that the update, however, cannot address any future challenges to the process by dissatisfied parties and that these will probably play out during future appeals.

Political pressures

Scott Hejny, a principal with McKool Smith's IP group in Dallas, Texas, warned that the murky question around political impartiality remains.

“It will be interesting to see if perceived political pressure plays a role in which cases are selected for *sua sponte* director review since it appears that the advisory committee that evaluates whether a case should be subject to director review will not play a role in *sua sponte* decision-making process.”

Aziz Burgy, a partner in Axinn’s IP practice group points out that the most notable part of the guidance was that, chief among the updates, the USPTO stated that parties could not request both a panel rehearing and director review—it would have to choose one.

“The USPTO stated that it has an internal team that reviews all final written decisions and will recommend cases to the director for *sua sponte* review. Other ministerial updates include setting a 15 page limit for rehearing requests and clarifying that while the director review will be *de novo*, no new issues or evidence may be submitted unless requested by the director,” he said.

Constitutional scrutiny

According to Brent Babcock, partner and chair, Patent Trial and Appeal Board (PTAB) trials practice group in Chicago, allowing the director to have the ability to *sua sponte* review the board’s decisions would probably be sufficient to withstand any constitutional scrutiny under the constitution’s appointments clause.

He noted that the director’s power to review interim procedures now appear to go beyond the minimal *Arthrex* constitutional requirements. This, he explained, was likely an attempt by the USPTO to provide additional transparency into the director review process, and to gain guidance from the parties who best know the issues set forth in a particular PTAB decision—regarding why a board decision may merit director review.

“The additional details about the new director review interim procedures as outlined in the PTAB’s updated Q&A section are welcomed by PTAB practitioners and their clients—the more details and guidance that the USPTO can provide, the better,” he said.

Babcock noted that of particular interest in the updated Q&A is the non-exclusive list of criteria that the director, and his or her new advisory committee, will be considering as a basis for requesting the director’s review.

The rationale that will guide the selection of cases includes a material error or omission of fact and law, and also other issues that panels of judges have treated differently, such as addressing novel issues of law or policy—providing insight on what the USPTO sees as important.

A waiting game

“Given that this list of criteria for director review is non-exhaustive, it is evident that the USPTO is endeavouring to make the director review as expansive as practicable, said Babcock. "Looking at the many duties of the director, and the more than 500 PTAB final written decisions issued by the board every year, it is highly likely that all but a few requests for director review will be denied—likely summarily, without any significant substantive analysis."

Consequently, patent practitioners will have to wait and see which issues may ultimately gain traction in the few director reviews that may be granted in the not-too-distant future, he concluded.