



## Rejected Post-Arthrex Bids Signal Uncertainty Over USPTO Director's Authority

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Early signs show that *US v Arthrex* is unlikely to herald a spate of *inter partes* reviews, but may fuel uncertainty around the scope of the acting USPTO director's role, lawyers have told WIPR.

On Monday, the temporary leader of the [US Patent and Trademark Office](#) (USPTO), Drew Hirshfeld, rebuffed bids by [Google](#) and Solas OLED to overturn the final decisions of the [Patent Trial and Appeal Board](#) (PTAB).

These were the first *Arthrex*-based requests issued to the USPTO seeking a review of PTAB rulings since the SCOTUS decision greatly [expanded](#) the office director's influence.

In June, SCOTUS dictated that PTAB judges are unconstitutionally appointed, and handed power to the USPTO director to assess IPR decisions.

The ruling led to concerns in patenting circles that it could carry significant political ramifications as the director is a political appointee, creating the risk that the director may be politically motivated to cancel patents that carry with them significant financial or social consequences.

'Acting director's role challenged'

This week's decisions could, however, ignite further controversy. According to Brent Babcock, chair of [Loeb & Loeb's](#) PTAB Trials Practice Group in Los Angeles, Hirshfeld denied the requests "even though his authority to do so has been challenged at the US Court of Appeals for the Federal Circuit", and "he is neither the presidentially appointed director, nor the acting director".

Despite this ongoing uncertainty around the incumbent director's authority, the content and delivery of denial met with little surprise from practitioners.

Noted Babcock: "The director's denial was a single line denial, as many PTAB practitioners had expected. It appears that these denials are, and will be, akin to the Federal Circuit's affirmations under Rule 36, or the Supreme Court's denial of *certiorari*. It is likely that normal categories of objections to the panel's final written decision will rarely, if ever, be able to gain traction in a director review."

"The director does not want to be seen as supplanting the decisions of the PTAB boards," agreed Brian Nolan, a partner in [Mayer Brown's](#) IP practice group.

"Limiting grants of rehearing requests to a few issues is a way to highlight the importance of the issues that the director decides to address."

According to SCOTUS' determination, the director's review is not limited to these points because the director may consider novel issues of law, policy issues, splits among panels and issues important to the patent community.

While these factors provide additional avenues for the director to grant a rehearing, it is likely that the director will reserve review for key patent issues, noted Nolan.

"It's not surprising that the director has denied the first requests for rehearing because rehearing requests, in many settings, have a low probability of success. Historically, PTAB boards have rejected upwards of

90% of these requests. Before a board, a dissatisfied party must show that the board misapprehended or overlooked key facts or controlling legal precedent," he added.

John Dragseth, senior principal at [Fish & Richardson](#), told *WIPR* it would be unsurprising if the director denied a large majority of future requests. "I'm always biased against seeking reconsideration from any lower tribunal—lest it correct its error and still rule against us—but the director's summary denials here may provide some evidence that he's looking for bigger issues, and doesn't plan to intervene unless that could make a real difference," he noted.

Joseph Matal, a partner in the IP practice group of [Haynes and Boone](#), noted that in the pre-*Arthrex* era, few rehearing requests identified a clear "misapprehension" by the board or an issue that is worthy of the director's attention.

"That is likely to be just as true of requests for director-only review," he said.

### Background to decisions

Google and Solas OLED filed the requests on July 6 and July 7 respectively, and the director delivered his decisions on August 2 within 30 days of the requests. In both of these requests, each company complained of inconsistent decisions by the board, and that it "misapprehended or overlooked" argument and evidence, and reached erroneous conclusions based on "a misinterpretation of claim scope".

Google requested a review of the PTAB's decision that upheld parts of a patent, US number 10,270,816, owned by Hammond Development. The other case involving a patent dispute between Samsung and Solas OLED, concerning features of active matrix organic LED (AMOLED) display panels.

Matal said it was unsurprising that Google and Solas OLED met with little success as in both cases, the PTAB decisions were "thoroughly reasoned and were written by some of the board's most highly respected judges".

These decisions, frankly, show why you need a PTAB review in these cases, argued Matal.

"It's unlikely that a jury would have understood even the background technology of AMOLED displays, much less have been willing to grapple with the technical questions raised by whether the claimed features were obvious," he contended.

### Heavy reliance on staff

Scott Hejny, a principal in the Dallas office of McKool Smith, pointed out that Hirshfeld likely had input from others at the USPTO since the denials were issued less than a month after the parties requested review, and less than two weeks after the office published its [revised Q&As](#) regarding the review process itself.

"That could signal heavy reliance on staff in analysing challenged final written decisions, which was also foreseeable. Both parties seeking a director review simultaneously requested a panel rehearing, which the Q&As suggest will not be allowed moving forward," said Hejny.

These latest developments prompted by the *Arthrex* legal saga come as the PTAB confirmed in June that it will create an advisory committee of USPTO officials to [review](#) the requests and make recommendations to the director.

"The advisory committee will include members from various business units within the office, such as the office of the under secretary, the PTAB, the office of the commissioner for patents, the office of the general counsel, and the office of policy and international affairs," explained Babcock.

He added: "However, as yet, there is no information from these decisions regarding the members of that committee or any member's particular role in the decision."