



**On Whose Authority?  
World IP Review  
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September 22, 2021**

The landmark decision of *US v Arthrex* (2021) finally addressed the thorny and hotly debated question of whether the Patent Trial and Appeal Board (PTAB) judges were constitutionally appointed.

In June, the Supreme Court of the US (SCOTUS) dictated that their appointments were unconstitutional, and handed power to the USPTO director to assess inter partes review (IPR) decisions.

The ruling led to worries in patenting circles over its political ramifications. The concern is that, as the director is a political appointee, he or she may be politically motivated to cancel patents that carry with them significant financial or social consequences.

And that is not all. At present, the temporary nature of acting US Patent and Trademark Office (USPTO) leader Drew Hirshfeld's position is also muddying the waters.

On August 2, Hirshfeld rebuffed bids by Google and Solas OLED to overturn the final decisions of the PTAB, the first *Arthrex*-based requests issued to the USPTO seeking a review of PTAB decisions since SCOTUS' ruling.

'Hirshfeld's role challenged'

But these latest decisions could ignite further controversy given the tenuous nature of Hirshfeld's position. Brent Babcock, chair of Loeb & Loeb's PTAB Trials Practice Group in Los Angeles, explained: "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".

Scott Hejny, a principal in the Dallas office of McKool Smith, agrees that the state of flux at the USPTO has created confusion around the question of who has the authority to consider requests for director review post-*Arthrex*.

"Hirshfeld, whose permanent role is commissioner for patents and who is very well-respected in the patent realm, announced that he would be making decisions concerning director review. But the USPTO hasn't officially identified Hirshfeld as the acting director, which has led some parties to challenge his authority and to suggest that the current decision-making process suffers from the same shortcomings challenged in *Arthrex*," he explains.

While it seems that the simplest solution would be to acknowledge Hirshfeld as acting director, Hejny believes that this may not be enough and that continued uncertainty will not be put to rest until President Joe Biden pushes through a nominee for the director vacancy.

"While the Supreme Court crafted a resolution of the *Arthrex* dispute, nothing is settled and the delay will likely result in further challenges to the current director review process, and potential complaints about how delay and uncertainty have prejudiced parties seeking director review."

No surprises

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

Noted Babcock: "The 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 affirmances 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 leader 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 in New York.

"Limiting grants of rehearing requests to a few issues is a way to highlight the importance of the issues that the leader 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 leader 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, in Minneapolis, Minnesota, told WIPR it would be unsurprising if a large majority of future requests were denied. "I'm always biased against seeking reconsideration from any lower tribunal—lest it correct its error and still rule against us—but the leader'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," Dragseth noted.

Joseph Matal, a partner in the IP practice group of Haynes and Boone in Washington, DC, 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, adding: "It is unsurprising that Hirshfeld is denying the petitions that have been filed. Indeed, given that director-only review will probably only be used for policymaking rather than for error correction, I would be surprised if he felt compelled to grant any petitions while he serves in his present role."

#### 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 involved a patent dispute between Samsung and Solas OLED, concerning features of 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

McKool Smith's Hejny 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 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."

So where does that leave the murky question of who has the power to wield authority ever since the legal saga around Arthrex arose nearly two years ago?

While Arthrex may have heralded a new era at the PTAB, numerous questions around the USPTO's leadership and its functions still need to be tackled before confidence is restored in the system.