



2022 Review: Big Guns Back the PTAB

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With the addition of USPTO director reviews and some key cases, the Patent Trial and Appeal Board has once again had a remarkable year, finds Muireann Bolger.

This year marked an upturn in fortunes for the Patent Trial and Appeal Board (PTAB).

After securing some key wins at the behest of both the US Patent and Trademark Office (USPTO) and the US Court of Appeals for the Federal Circuit—it has cemented its position as a dominant force in patent litigation.

A tumultuous history

The board was founded back in 2012. Yet as [Elliott Williams](#), partner at Baker Botts, wryly notes: “There hasn’t been a year that’s gone by without someone attempting to either eliminate or neuter the PTAB.”

As he explains, the board attracts antipathy for a simple reason. “There’s a pushback against the PTAB because it is a forum that can invalidate patents, and it often does so. And to date, the Federal Circuit largely affirms its findings. In fact, when the court doesn’t, it often states that the PTAB hasn’t gone far enough to invalidate patents.”

Despite this powerful ally, the board’s future hung in the balance for a while due to the long-running *Arthrex v US* (2021) dispute, which queried the constitutional authority of its judges.

That landmark case handed greater powers to the USPTO director to review PTAB decisions. And its head, Kathi Vidal, has not been afraid to use her position’s authority.

So what were the pivotal PTAB cases of 2022? And what will they mean for the board and its petitioners?

Vidal’s director review dilemma

Ted Cannon, chair of Knobbe Martens’ PTAB practice group, believes that a trio of PTAB cases are set to have a significant impact on IP—and will have long-standing effects.

In re *Palo Alto Networks* (2022), the PTAB reinforced the discretionary powers wielded by the US Patent Trial and Appeal Board director, and, more importantly, the constraints that remain in place for disgruntled parties.

Last year, Centripetal Networks sued Palo Alto Networks (PAN) for patent infringement, prompting the defendant to counter with petitions for *inter partes* reviews (IPRs) of the patent—which were denied.

PAN then sought director review this year, but the USPTO stood behind the board, affirming that it does not accept requests for director review of institution decisions and that “there will be no further review of the board’s decision by the office.”

As Cannon explains, this quashed the efforts of those who wished to defy the PTAB’s final decisions, after witnessing how active Vidal became when pursuing reviews following her appointment.

"A significant development in 2022 was Vidal's initiation of director review of several PTAB institution decisions on her own accord," he notes. "At the same time, the PTAB has made it clear that, while the director has authority to review PTAB institution decisions, the parties cannot request the director review of institution decisions."

This approach, he adds, is aimed at allowing the director to choose cases for review that will allow her to provide general guidance to the PTAB regarding institution decisions and discretionary denial, "while avoiding the PTAB being inundated with director review requests".

Alfonso Chan, principal at McKool Smith, chimes with this assessment, noting that this case shows that PTAB decisions "really are final".

"The Supreme Court's decision in the *US v Arthrex*, found that directors are enabled (but not obligated) by the appointments clause of the Constitution to review the PTAB's final decisions. In re *Palo Alto Networks*, shifted the discussion to an earlier stage in the IPR process: the PTAB's decision whether to institute a trial or not," he explains.

The USPTO director role in these proceedings "continues to be a hot topic", Chan notes.

But ultimately the USPTO has now emphasised that "the US Constitution's Appointments Clause is not violated when the director refuses requests to rehear PTAB decisions denying institution of *inter partes* review", he adds.

The estoppel question

The PTAB also dominated another key ruling in February in *California Institute of Technology v Broadcom*.

The dispute arose back in 2016 when the California-based university had claimed that the Broadcom Wi-Fi chips used in millions of Apple products infringed patents relating to data transmission technology. Broadcom countered by filing several IPR petitions that, when instituted, later favoured CalTech.

A district court in California later blocked several invalidity challenges filed by Broadcom because they "reasonably could have [been] raised" in the IPR petition, and were not.

In February, the Federal Circuit delivered a mixed precedential decision in the case but crucially, clarified a ruling on IPR estoppel.

Put simply, the doctrine of estoppel stops a party from raising an argument where both parties to a dispute have previously proceeded on the same common mistake of fact or law.

The court issued an errata to its opinion in the case, clarifying that *inter partes* review (IPR) estoppel under 35 USC § 315(e) does not apply to unasserted claims.

In doing so, it affirmed the district court's decision blocking invalidity challenges based on known prior art after an IPR litigation.

Breaking free of Shaw

And in a boon for the PTAB, the Federal Circuit also tossed the precedent set in *Shaw Industries Group v Automated Creel Systems*.

In that controversial 2016 decision, Circuit Judge Kathleen O'Malley chastised the PTAB, for its lack of a reasoned basis, arguing that it had deprived future tribunals of the necessary basis to determine whether estoppel should apply.

"The PTO has lost sight of its obligation to consider the effect of its implementation of the IPR process on the integrity of the patent system as a whole," she opined.

But fast forward to 2022, and the Federal Court court overruled *Shaw* and clarified that estoppel applies to claims and grounds not in the IPR, but which reasonably could have been included in the petition.

According to [Amanda Murphy](#), partner at Finnegan, this overruling without an *en banc* request was a gamechanger for the petitioners—and potentially for the PTAB's workload.

"Specifically, Shaw said IPR estoppel only applies to arguments raised during an IPR proceeding, and since an IPR does not begin until it is instituted, arguments that were not raised in a petition are not subject to estoppel," she explains.

A key factor in this decision was the advent of *SAS Institute v Iancu* in 2018, when the Supreme Court held that the petition—not the institution decision—decides the scope of an IPR.

Murphy notes: "While acknowledging that SAS did not explicitly overrule Shaw or address the scope of the IPR estoppel, the Federal Circuit noted in the *Caltech* case that *Shaw* rested on the assumption that the board need not institute on all grounds, which the Supreme Court rejected in *SAS*."

Critical effects

According to [Phil Harris](#), patent partner at Holland & Hart, the *Caltech* case has—and will continue to have—critical effects on PTAB practice and strategy.

"This ruling has upped the ante for filing an IPR; causing petitioners to thoroughly ensure all grounds that 'reasonably [can be] included in the petition' have been considered—even more than was already the case; and impacted how petitioners have crafted and organised petitions, among other effects. The full scope of these effects will certainly continue to play out in 2023," he forecasts.

Six months later after *Caltech*, the estoppel issue once again reared its head in *Click-to-Call Technologies LP v Ingenio* (2022), where the Federal Circuit dealt a further death knell for *Shaw*.

Click-to-Call sued Ingenio alleging infringement of its US patent number 5,818,836, prompting the latter to seek an IPR of all of the asserted claims of the patent.

But the Patent Trial and Appeal Board only partially instituted the IPR. During the pendency of the appeal of the IPR, and while the district court case was stayed, the Supreme Court delivered the groundbreaking *SAS* decision.

In the post-IPR district court proceedings in Texas, Ingenio moved for summary judgment, arguing that the only asserted claim not finally held unpatentable in the IPR, was invalid.

Click-to-Call countered that Ingenio was estopped from pressing this invalidity ground against the patent due to IPR estoppel under 35 U.S.C. § 315(e)(2), but the district court did not accept this argument.

But in August 2022, the Federal Circuit reversed, finally ruling that Ingenio was barred by the statutory estoppel codified at 35 U.S.C. § 315(e)(2) from challenging the validity of a claim for which the PTAB refused to institute the IPR.

A 'political hot potato'

Both cases are undoubtedly good news for the PTAB.

Yet, despite these wins, and the remedy offered by *Arthrex*, the PTAB's enemies still wait in the wings.

This year, a trio of senators, Democrat Patrick Leahy and Republicans John Cornyn and Thom Tillis proposed the PTAB Reform Act of 2022, which would erode its power if passed.

And, as Williams notes, it is likely that the PTAB may "yet become another political hot potato in Congress".

"The board's opponents are arguing that the PTAB is somehow a pro-China force that's acting to help Chinese companies invalidate US patent rights. So that's the story that they're telling Congress right now, and it's having some inroads," he explains.

But while the PTAB will continue to have adversaries: for now, the board's reaffirmed importance—and far-reaching influence—in patent litigation, remains.