

Study of the PTAB's Impact on the Federal Circuit

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Introduction

- I have studied the relationship of the Federal Circuit and the Patent Trial and Appeal Board as a matter of institutional choice, with a particular focus on the Federal Circuit's treatment of the PTAB and the PTAB's impact on the Federal Circuit.
 - I have analyzed caselaw that provides insights into the Federal Circuit's treatment of the PTAB.
 - I have also analyzed almost ten years' worth of data regarding the Federal Circuit's review of decisions of the Patent Trial and Appeal Board, along with prior data regarding the court's review of the Board of Patent Appeals and Interferences, all of which demonstrates the impact of the Patent Trial and Appeal Board on the patent system and the Federal Circuit itself.



Background

- Congress and President Reagan created the Federal Circuit in 1981, setting October 1, 1982 as the date the Federal Circuit would begin exercising near-exclusive jurisdiction over appeals in patent cases.
 - First, Congress and President Reagan created the Federal Circuit to create uniformity in patent law.
 - Second, Congress and President Reagan created the Federal Circuit to strengthen the patent system.
 - Notably, in both respects—the creation of uniformity and the strengthening of the patent system—Congress and President Reagan sought to remedy problems with the patent system ostensibly caused by the Supreme Court.



Background

- Congress and President Obama created the Patent Trial and Appeal Board in 2011, setting March 16, 2013 as the date the Patent Trial and Appeal Board would exercise authority previously granted to the Board of Patent Appeals and Interferences (including to review appeals of rejected patent applications) but also begin exercising new authority to reconsider the validity of issued patents.
 - First, Congress and President Obama sought to reduce cost associated with challenging the validity of issued patents in federal court.
 - Second, Congress and President Obama created the Patent Trial and Appeal Board to improve patent quality.
 - In both respects—the effort to reduce cost in patent invalidity proceedings and to improve patent quality—Congress and President Obama created the Patent Trial and Appeal Board primarily due to problems associated with the other available avenues to address the validity of issued patents: district court litigation related to invalidity, as well the prior forms of reexamination available within the Patent and Trademark Office.



My Study

- While the Federal Circuit and the Patent Trial and Appeal Board were created at different times to address different and seemingly opposite problems—the Federal Circuit to strengthen patents and the Patent Trial and Appeal Board to make it easier to invalidate patents—the reality is that since 2011 the two institutions have worked together in what is effectively a new patent system.
 - Notably, given that the Federal Circuit reviews the work of the Patent Trial and Appeal Board, the institutional structure creates the opportunity for the two institutions to communicate with one another and take advantage of relative strengths.
 - I have reviewed ten years' worth of opinions and data highlighting the importance of the Patent Trial and Appeal Board and its impact on both the patent system generally and the Federal Circuit in particular.



Constitutional Challenges

- In *Oil States Energy Services, LLC v. Greene's Energy Group, LLC*, the Supreme Court concluded that the PTAB does not violate Article III or the Seventh Amendment.
- In another, earlier case, *MCM Portfolio LLC v. Hewlett-Packard Co.*, the Federal Circuit reached the same conclusions using the same reasoning.
- Thus, the Federal Circuit did not act as a roadblock to the Patent Trial and Appeal Board taking its place as an administrative body with authority review the validity of issued patents.



Constitutional Challenges

- In *United States v. Arthrex*, the Supreme Court reached the same conclusion as the Federal Circuit that the statutory authority of administrative patent judges and their manner of appointment created an Appointments Clause violation.
- With respect to the appropriate remedy, however, the Court disagreed with the Federal Circuit. The remedy the Federal Circuit adopted would have maintained the status quo in the sense that the Board would have retained the ability to bind the Executive Branch.
- It was the Supreme Court, not the Federal Circuit, that limited the PTAB's power by shifting it to the Director of the Patent and Trademark Office.
- As in *Oil States*, therefore, in *Arthrex* the Federal Circuit did not act as a roadblock to the significant authority conferred on the Patent Trial and Appeal Board and its administrative patent judges.



Challenges to Statutory Interpretations

- In *Cuozzo Speed Technologies, LLC v. Lee*, the Supreme Court held that the patent statute bars judicial review “of the kind of mine-run claim at issue here, involving the Patent Office’s decision to institute inter partes review.”
- The Federal Circuit had reached the same result.
- But the significance of the Federal Circuit’s conclusion should not be overlooked: the Federal Circuit decided that it did not have the authority to review certain decisions of the Patent Trial and Appeal Board, which in effect insulated and therefore increased the power of the lower tribunal.



Challenges to Statutory Interpretations

- In *SAS Institute, Inc. v. Iancu*, the Supreme Court considered a statutory provision providing that, when the Patent Office initiates an inter partes review, it must “issue a final written decision with respect to the patentability of *any* patent claim challenged by the petitioner.” The agency, the Court said, “cannot curate the claims at issue,” in other words pick and choose which claims to review.
- The Federal Circuit, notably, had held the opposite, agreeing with the Patent Trial and Appeal Board that it did not need to address claims on which it did not institute review.
- The Federal Circuit had effectively deferred to the Patent Trial and Appeal Board’s practice, which gave the lower tribunal significant discretion.



Challenges to Statutory Interpretations

- In *Return Mail, Inc. v. United States Postal Service*, the Supreme Court was called to decide under the governing statute “whether a federal agency is a ‘person’ able to seek” a post-issuance review of a patent. The Court concluded that a federal agency is not such a “person.”
- Again, the Court’s conclusion ran contrary to the Federal Circuit, which had agreed with the Patent Trial and Appeal Board that the term “person” in the statute does not exclude the government.
- While a matter of statutory interpretation, it bears noting, first, that the Federal Circuit had agreed with the Patent Trial and Appeal Board and, second, that the Federal Circuit had interpreted the statute in way that in effect expanded the scope of the lower tribunal’s jurisdiction.



Challenges to Statutory Interpretations

- The fourth and last Supreme Court case from the last ten years interpreting a statutory provision governing the Patent Trial and Appeal Board is *Thryv, Inc v. Click-To-Call Technologies, LP*.
- The Court reversed the Federal Circuit, which in its underlying opinion had cited its earlier holding in another case that time-bar determinations are appealable.
- In this dispute, therefore, the Federal Circuit had interpreted the relevant statutes to permit its review of decisions by the Patent Trial and Appeal Board, which unlike the other three instances of statutory interpretation expanded the Federal Circuit's jurisdiction and oversight of the lower tribunal.



Challenges to Rules and Procedures

- In one of these Supreme Court cases, the Court addressed a challenge directed less to statutory interpretation and more to the rules and procedures adopted by the Patent Trial and Appeal.
- In *Cuozzo Speed Technologies, LLC v. Lee*, the Supreme Court held that the patent statute “authorizes the Patent Office to issue [a] regulation” stating that in inter partes review proceedings the agency “shall [construe a patent claim according to] its broadest reasonable construction in light of the specification of the patent in which it appears.”
- Notably, the Federal Circuit had reached the same result.
- Yet again, the Federal Circuit had acted in a way to recognize the authority of the Patent Trial and Appeal Board.



Other Federal Circuit Decisions Reviewing the PTAB

- Of course, beyond cases later reviewed by the Supreme Court, there have been a large number of Federal Circuit opinions reviewing Patent Trial and Appeal Board decisions.
 - Most of the Federal Circuit's opinions reviewing decisions of the Patent Trial and Appeal Board are, one might say, run of the mill. That is, they review anticipation and obviousness findings, analyze the disclosure of prior art references, and consider disputes over claim construction.
 - These opinions, in other words, by and large are fact bound—their importance is limited to the facts of the particular case. Relatively few consider and resolve weighty matters of law.
 - There are exceptions, however!



Facebook, Inc. v. Windy City Innovations

- In *Facebook, Inc. v. Windy City Innovations, LLC*, the Federal Circuit did not defer to the Precedential Opinion Panel and, indeed, came to the opposite conclusion on the relevant issue.
 - Because the court concluded “that the clear and unambiguous language of [the relevant statutory provision] does not authorize same-party joinder or joinder of new issues,” the court determined that it “need not defer to the PTO’s interpretation.” As a result, the court found that the Patent Trial and Appeal Board’s decisions to allow a party to add otherwise time-barred issues to an inter partes review proceeding were improper.
 - The case elicited a rather unprecedented separate opinion joined by all of the Federal Circuit judges assigned to the panel. All three judges issued a separate opinion designated as including “additional views.” In this opinion, which by definition represented dicta, they explained that, had the statutory provision in question been ambiguous, the judges would have decided the case by concluding that the Precedential Opinion Panel did not merit any type of deference.



Facebook, Inc. v. Windy City Innovations

- In *Facebook, Inc. v. Windy City Innovations, LLC*, the Federal Circuit did not defer to the Precedential Opinion Panel and, indeed, came to the opposite conclusion on the relevant issue.
 - As for why they would not defer to the Precedential Opinion Panel, they explained that “[t]here is no indication in the statute that Congress either intended to delegate broad substantive rulemaking authority to the Director to interpret statutory provisions through POP opinions or intended him to engage in any rulemaking other than through the mechanism of prescribing regulations.”
 - Moreover, the judges explained, “there is nothing in the AIA that displaces our obligation under the Administrative Procedure Act to review the Board's legal conclusions without deference to the trial forum.”
 - The judges also distinguished the Precedential Opinion Panel's procedure from traditional notice-and-comment rulemaking, indicating that “[i]ssuing an order that a POP panel has been convened in a particular case and soliciting amicus briefs is not equivalent in form or substance to traditional notice-and-comment rulemaking.”



Facebook, Inc. v. Windy City Innovations

- In *Facebook, Inc. v. Windy City Innovations, LLC*, the Federal Circuit did not defer to the Precedential Opinion Panel and, indeed, came to the opposite conclusion on the relevant issue.
 - Even were the procedures equivalent, they also highlighted how “[t]he law has long been clear that the Director has no substantive rule making authority with respect to interpretations of the Patent Act.” And, they continued, “the Board’s authority to adjudicate IPRs does not confer rulemaking authority upon the Director that extends to all legal questions the Board adjudicates.”
 - Finally, they explained that “[t]he considerations listed in *Skidmore* weigh against affording deference” in this circumstance because, as an example, the Precedential Opinion Panel’s interpretation of the relevant statutory provision was “inconsistent with the plain language of the statute and therefore unpersuasive.”
 - In short, the Federal Circuit and its judges found reason not to give either *Chevron* or *Skidmore* deference to the Precedential Opinion Panel with respect to questions of law and, in particular, interpretations of the patent statute.



Conclusions Based on the Cases

- The Federal Circuit has shown remarkable acceptance of the authority of the Patent Trial and Appeal Board with respect to its role in adjudicating the validity of patents. With a few notable exceptions, the Federal Circuit has interpreted the Constitution and statutes in ways that support broad authority of the Patent Trial and Appeal Board with respect to its role in the patent system. The Federal Circuit has also given wide latitude to the PTAB with respect to its own rules and procedures.
- The Federal Circuit, however, has not shown deference to interpretations of the patent statute given by the Patent Trial and Appeal Board after enactment of the America Invents Act.



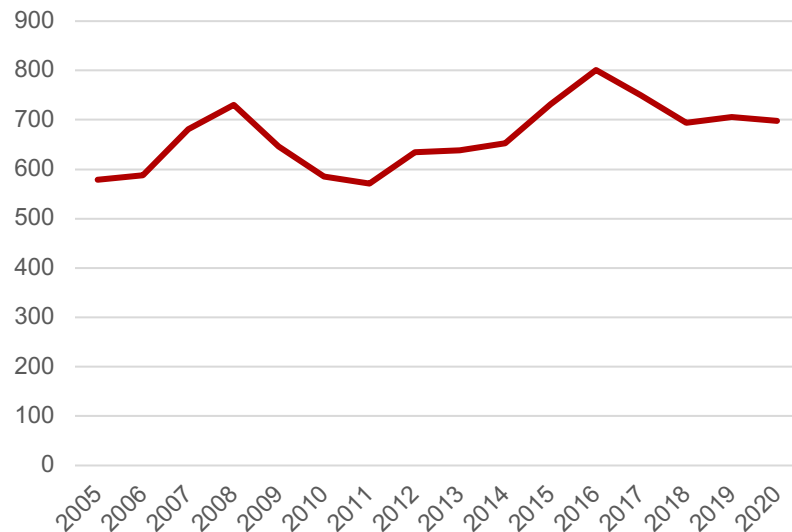
The Data

- While a review of the content of published opinions exposes various aspects of the relationship between the Federal Circuit and the Patent Trial and Appeal Board, so too does aggregated data related to the Federal Circuit's caseload. Indeed, this data exposes the impact of the creation of the Patent Trial and Appeal Board on the Federal Circuit.

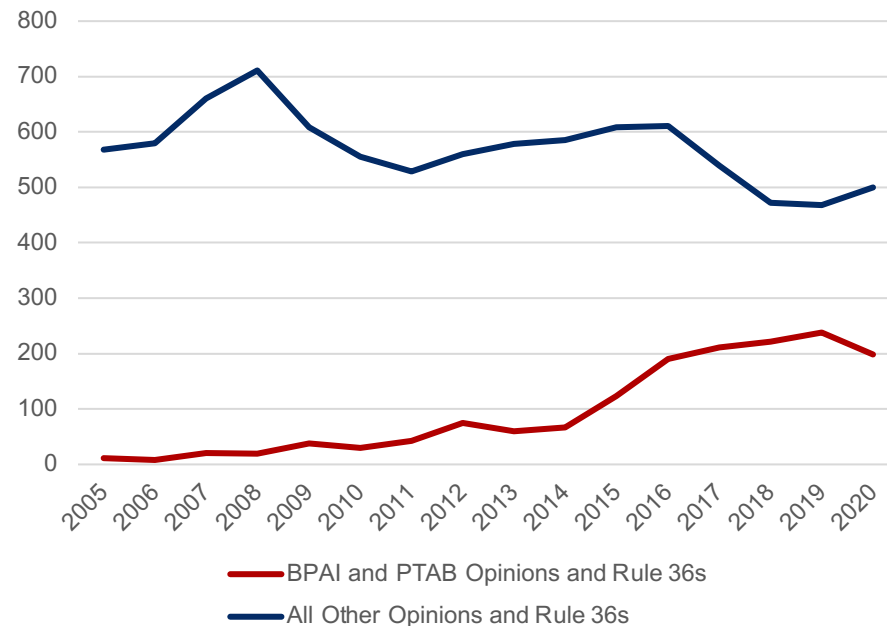


Total and Administrative Dispositions

Federal Circuit Total Dispositions By Opinions and Rule 36s



Federal Circuit BPAI and PTAB Dispositions v. All Other Dispositions



Total and Administrative Dispositions

- The creation of the Patent Trial and Appeal Board marginally increased the overall number of cases decided by the Federal Circuit. This marginal increase in overall dispositions, however, somewhat hides the fact that dispositions of administrative patent appeals have increased more substantially.
- Since the creation of the Patent Trial and Appeal Board, the Federal Circuit is not only busier overall, but also the proportion of its work devoted to administrative patent appeals is much greater.
 - In 2012, the year before the Federal Circuit decided its first administrative case appealed from the Patent Trial and Appeal Board, in terms of dispositions, administrative patent appeals accounted for 12% of the court's overall workload. In 2020, again in terms of dispositions, administrative patent appeals accounted for 28% of the court's overall workload.



Total and Administrative Dispositions

- These numbers, as striking as they are, may not even tell the whole story of how much busier the Federal Circuit is as a result of the creation of the Patent Trial and Appeal Board.
- In particular, Federal Circuit judges have indicated that patent appeals are more complex than other types of appeals.
- If this complexity applies to administrative patent appeals (and not just appeals of patent cases from district courts) and the decrease in all other cases is not the result of a decrease in patent cases appealed from district courts, the overall accounting of the court's workload based on dispositions may actually understate the increased workload.



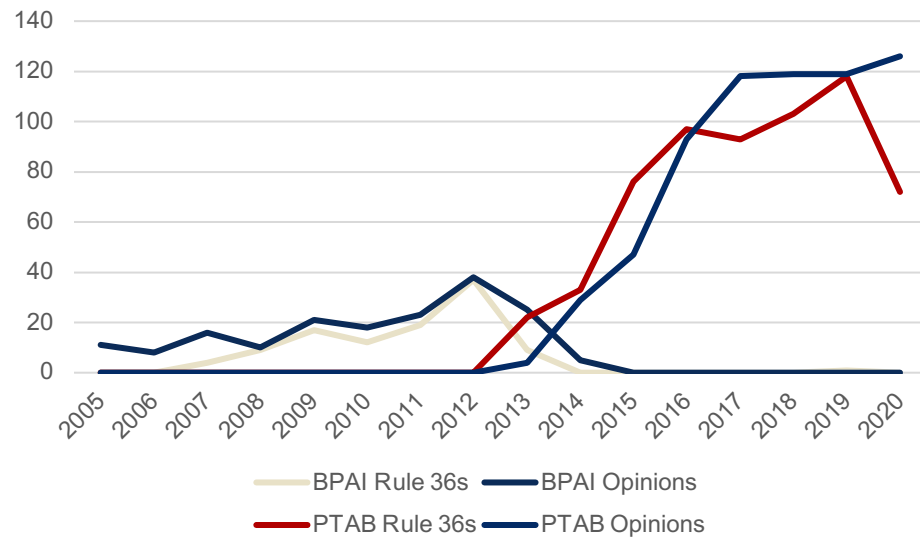
Summary Affirmances

- One way the Federal Circuit has seemingly dealt with the increased workload is to grant more summary affirmances, which is permitted under both the Federal Rules of Appellate Procedure and the Federal Circuit Rules.
 - As a preliminary matter, the data shows that the Federal Circuit more often grants summary affirmances in administrative patent appeals as compared to all other types of appeals.
 - The data, moreover, supports the idea that the Federal Circuit has granted substantially more summary affirmances after the creation of the Patent Trial and Appeal Board.
 - The number of summary affirmances in administrative patent appeals increased substantially, however, because the number of administrative patent appeals increased substantially.
 - But the introduction of the Patent Trial and Appeal Board increased not just the number of summary affirmances, but also the relative use of summary affirmances in administrative patent appeals.

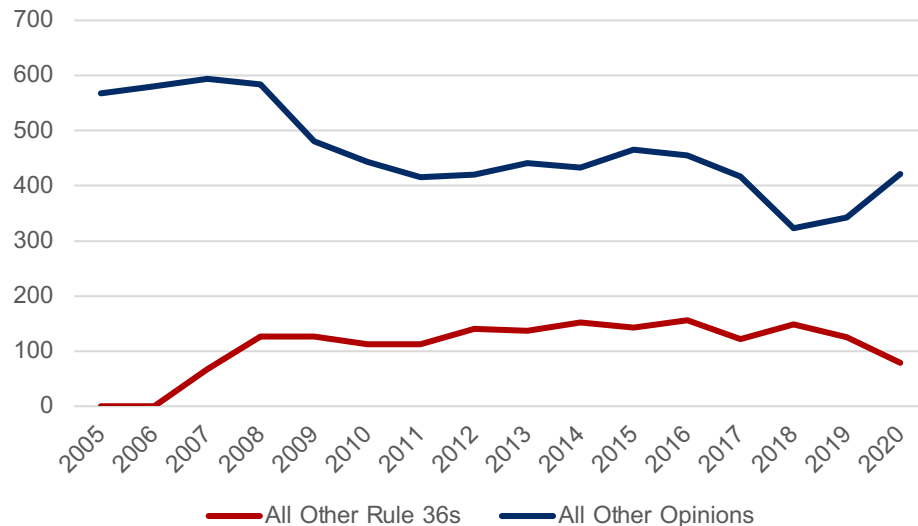


Summary Affirmances

Federal Circuit BPAI and PTAB Rule 36s and Opinions



All Other Federal Circuit Rule 36s and Opinions



Summary Affirmances

- The trend interestingly changed, however, starting in 2017. That year, the Federal Circuit again issued more opinions than summary affirmances in administrative patent appeals. And, finally, in 2020, the court substantially reduced use of summary affirmances compared to opinions to dispose of administrative patent appeals.
 - Perhaps the reduced use of summary affirmances in administrative patent appeals relative to opinions in these cases starting in 2017 represented a response to complaints early that year about improper use and overuse of summary affirmances.
 - And perhaps the further and substantial decrease in use of summary affirmances in 2020 represented a response to the Supreme Court petitions in late 2019 and early 2020 seeking to overturn the practice.
 - But, whatever the cause of the recent reduction in use of summary affirmances, the reality is that the Federal Circuit still grants a significant number of summary affirmances in administrative patent appeals, as an absolute number and relative to the total number of dispositions in these cases.



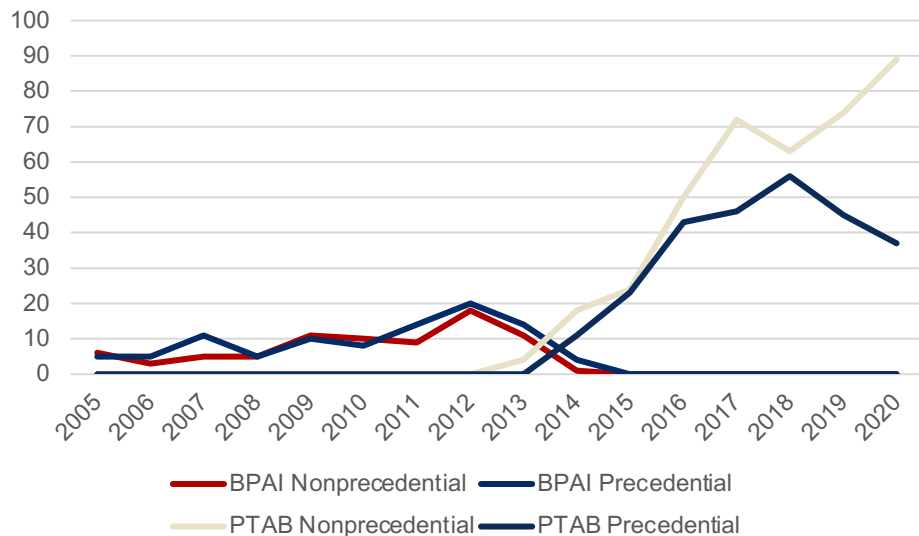
Nonprecedential v. Precedential Opinions

- While the Federal Circuit has recently (since 2017 and particularly in 2020) reduced its relative use of summary affirmances to dispose of administrative patent appeals, that begs a follow-up question: in what type of opinion, nonprecedential or precedential, is the court more often disposing those cases? The data shows the answer.
- Since 2016, the Federal Circuit has substantially increased the number and relative use of nonprecedential opinions to dispose of administrative patent appeals.

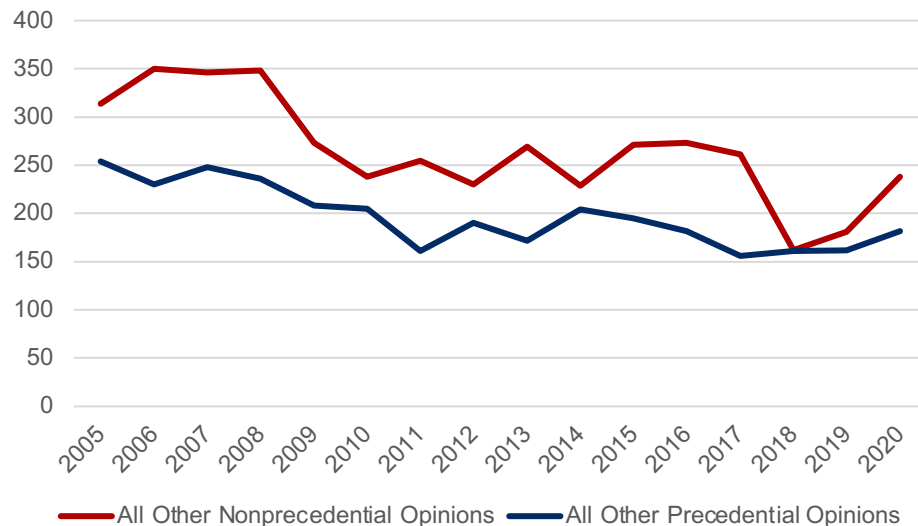


Nonprecedential v. Precedential Opinions

Federal Circuit BPAI and PTAB
Nonprecedential and Precedential Opinions



All Other Federal Circuit
Nonprecedential and Precedential Opinions



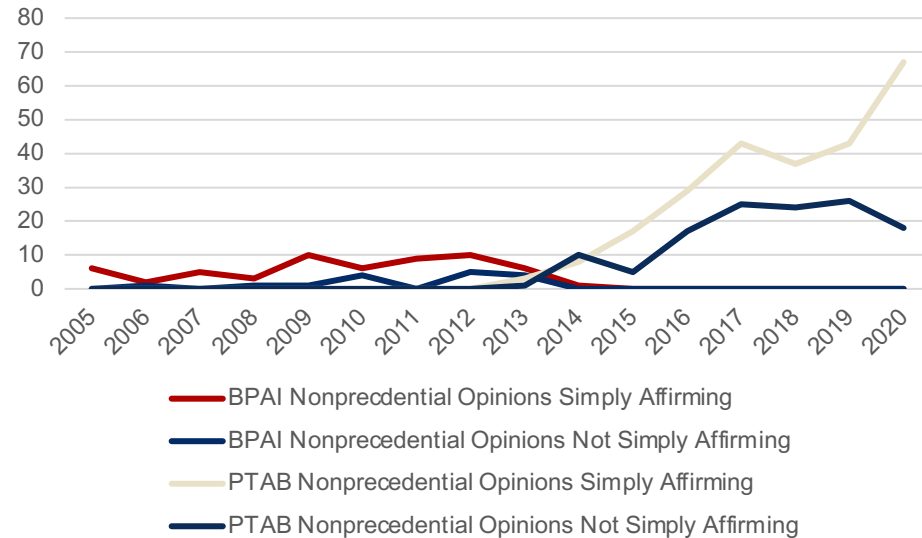
Affirmance in Nonprecedential Opinions

- I decided to collect data to analyze what I call the Federal Circuit's simple affirmance rate in its nonprecedential opinions. By simple affirmance rate, I refer to the rate at which the Federal Circuit simply affirmed a judgment rather than take any other action, such as affirm only in part, dismiss, vacate, or reverse.
 - Interestingly, the data shows that immediately after the introduction of the Patent Trial and Appeal Board, the Federal Circuit's simple affirmance rate in nonprecedential opinions in administrative patent cases actually decreased.
 - That one year, however, appears anomalous. Beginning in 2015, the simple affirmance rate in nonprecedential opinions in administrative patent appeals returned to pre-America Invents Act levels, varying between 61% and 79% each year.
 - These numbers all compare favorably with the simple affirmance rate in all other nonprecedential opinions during this time frame, which varied between 45% and 78% from 2005 to 2020

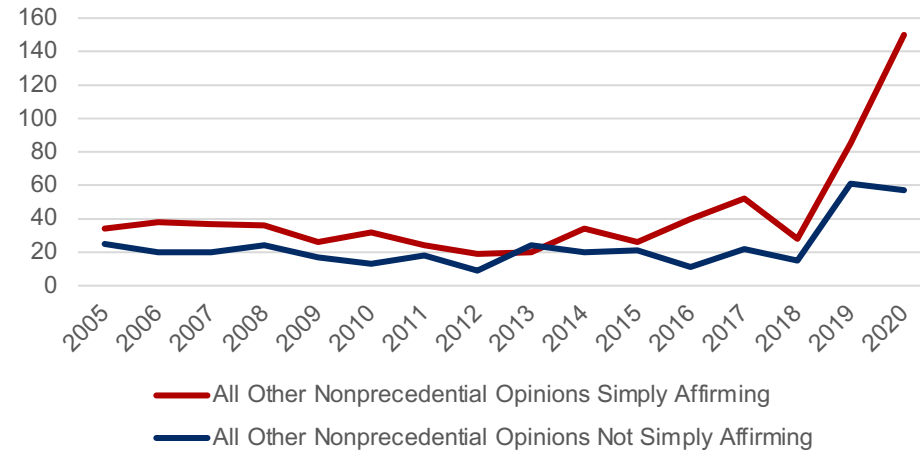


Affirmance in Nonprecedential Opinions

Fed. Cir. BPAI and PTAB Nonprec. Opinions
Simply Affirming v. Not Simply Affirming



All Other Fed. Cir. Nonprecedential Opinions
Simply Affirming v. Not Simply Affirming



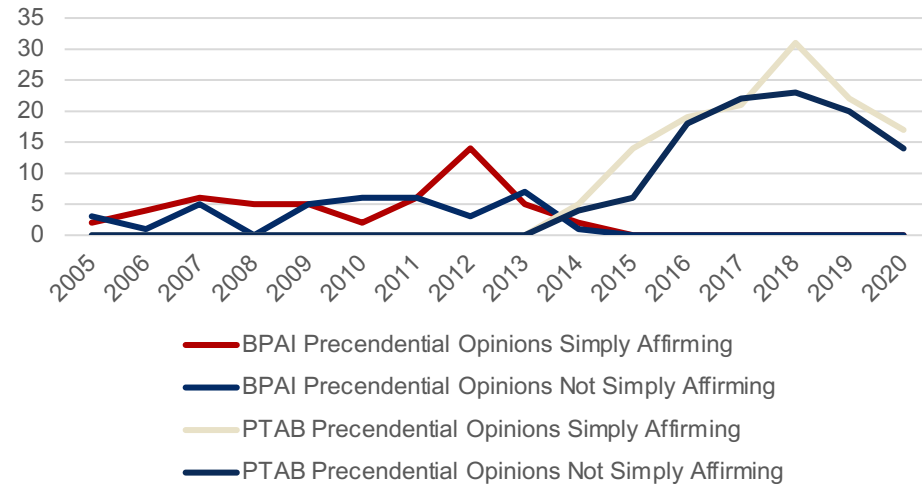
Affirmance in Precedential Opinions

- Predictably, the simple affirmance rate is generally lower in precedential opinions as compared to nonprecedential opinions both in the context of administrative patent appeals and in the context of all other cases.
- But, interestingly, the simple affirmance rate in precedential opinions in administrative patent appeals did not vary much with the introduction of the Patent Trial and Appeal Board.
- The simple affirmance rate in administrative patent appeals has been only slightly higher than the simple affirmance rate in all other appeals.

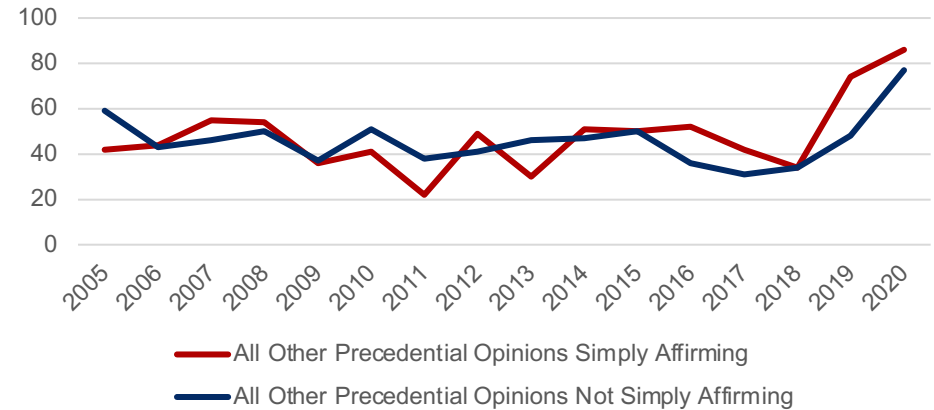


Affirmance in Precedential Opinions

Federal Circuit BPAI and PTAB Prec.
Opinions Simply Affirming v. Not Simply
Affirming



All Other Federal Circuit Precedential
Opinions Simply Affirming v. Not Simply
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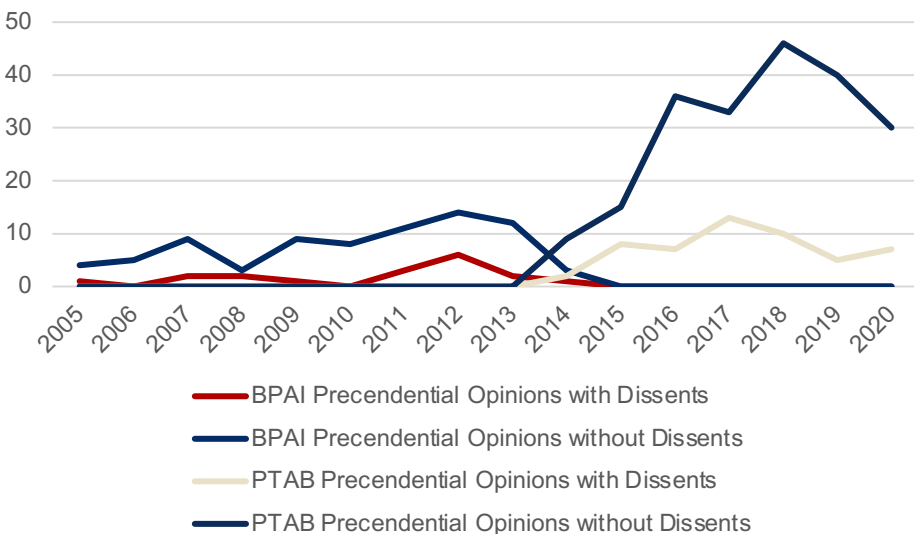
Dissents to Precedential Opinions

- Because it is more likely to find dissenting opinions to precedential opinions than nonprecedential opinions, I studied collected data related to dissents to precedential opinions in administrative patent appeals and all other appeals.
- As a whole, the numbers do not reflect a significant change in the pattern of dissent in administrative patent appeals at the Federal Circuit from before the America Invents Act to after the Act.
- Notably, moreover, the rate of dissent to Federal Circuit precedential opinions resolving appeals in administrative patent cases compares similarly to the rate of dissent to all other Federal Circuit precedential opinions during the same time period.

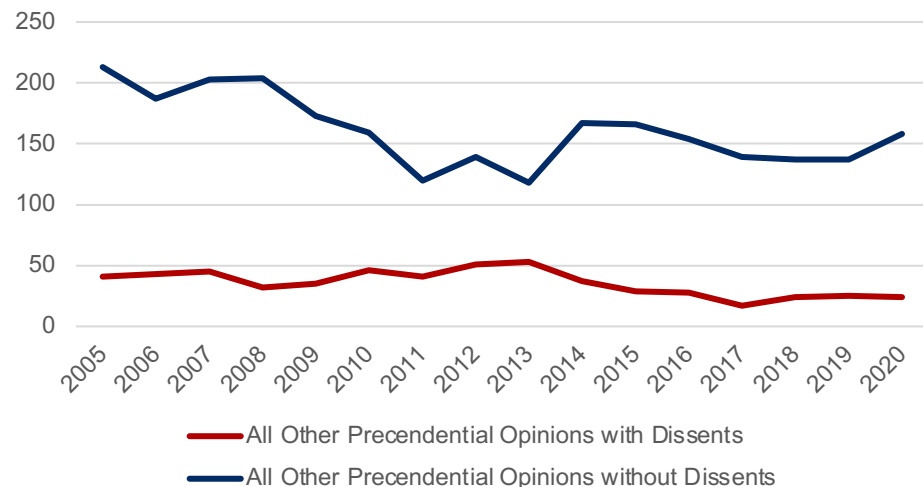


Dissents to Precedential Opinions

BPAI and PTAB Precedential Opinions With and Without Dissents



All Other Federal Circuit Precedential Opinions With and Without Dissents

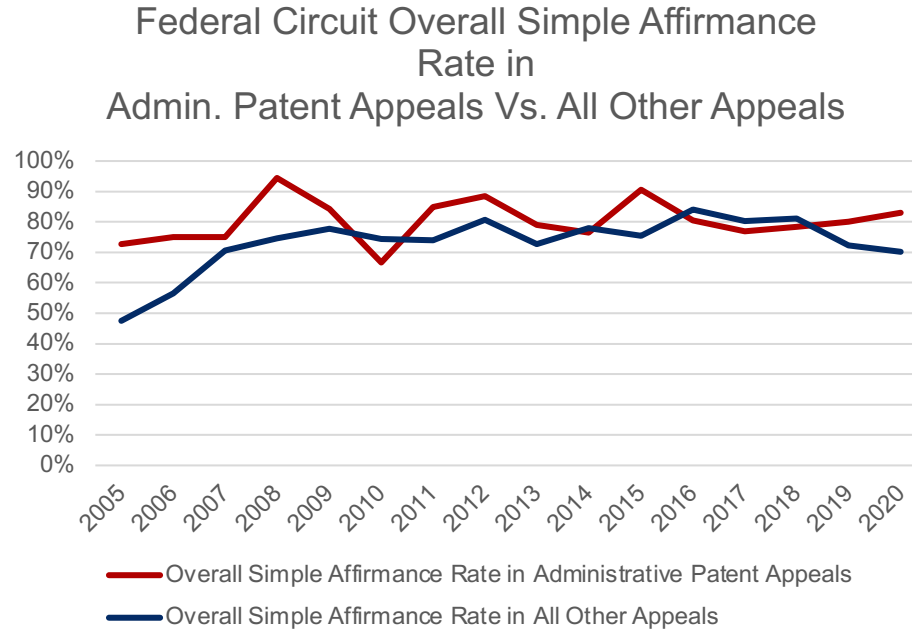


Simple Affirmance Rate

- The last data I compiled relates to the Federal Circuit's overall simple affirmance rate.
- The Federal Circuit's overall simple affirmance rate did not change greatly between the time period when the court reviewed the Board of Patent Appeals and Interferences and the time period when the court reviewed the Patent Trial and Appeal Board.
- From 2005 to 2020, the overall simple affirmance rate each year for all other appeals varied between 48% and 85%, with a total overall simple affirmance rate of 74%. By contrast, the overall simple affirmance rate for administrative patent appeals over the same time period was 81%.



Simple Affirmance Rate



Conclusions Based on the Data

- The data I have collected tells an interesting story about the impact of the Patent Trial and Appeal Board on the Federal Circuit.
 - After the creation of the Patent Trial and Appeal Board, the Federal Circuit is busier overall and increasingly tasked with deciding administrative patent appeals as a proportion of its docket. The court has dealt with the increased workload by granting more summary affirmances and issuing more nonprecedential opinions in these administrative patent appeals.
 - On the merits, however, the Federal Circuit appears to be affirming the Patent Trial and Appeal Board at a similar rate compared to the rate at which it affirmed the Board of Patent Appeals and Interferences.
 - Moreover, the rate of dissenting opinions is likewise similar when comparing the Patent Trial and Appeal Board to the Board of Patent Appeals and Interferences.
 - Thus, in short, since the introduction of the Patent Trial and Appeal Board, the Federal Circuit is busier but (at least without considering potential selection effects) reaching similar decisions on the merits.



Contextualization of My Conclusions

- Historically, the Federal Circuit has been criticized for, among other things:
 - Being too specialized
 - Its specialization likely contributes to its perceived role as an expert tribunal
 - Not deferring to lower tribunals when appropriate
 - Lack of deference may be attributed to its perceived role as the expert tribunal
- The Federal Circuit's cases show that the Federal Circuit is deferring to the Patent Trial and Appeal Board with respect to its factual findings and procedural rules, but not with respect to the PTAB's statutory interpretations
 - This is appropriate
- The data shows that the Federal Circuit is even more specialized now as a result of the PTAB's expanded jurisdiction
 - Again, this likely contributes to its perceived role as an expert tribunal, but specialization may be problematic





Thoughts? Questions?