



FLYING HIGH: PTAB's Pilot Program For One-Judge Reviews

The pilot program proposed by the Patent Trial and Appeal Board (PTAB) is a win-win for both patent owners and the PTAB as it offers the former a chance to try one's case before an objective trial-phase panel, while the latter stands to benefit too as two of three judges who would have been involved in the institution phase of an IPR are now free to look into other matters...



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The pilot program proposed by the Patent Trial and Appeal Board (PTAB) for a single judge to evaluate an inter partes review (IPR) petition has the potential to address several perceived problems with the current IPR process.

The US Patent and Trademark Office (USPTO) published a notice seeking comments on a potential pilot program aimed at addressing patent owners' concerns of bias surrounding IPR proceedings and easing the strain on the PTAB's resources. Currently, a three-judge panel reviews a petition for an IPR for compliance with statutory requirements. If the panel decides to institute a review of a challenged patent, the same judges preside over the remainder of the IPR proceeding.

In a Federal Register notice, the USPTO proposed a different structure. Specifically, under a pilot program, a single judge would be responsible for evaluating petitions and deciding whether to institute a review. In the event a review is instituted, two additional judges would join the original judge to form a three-judge panel to preside over the remainder of the proceeding.

When the one-judge institution proposal was floated initially, USPTO Director Michelle Lee cited complaints of bias by patent owners as one impetus. Understanding this concern requires some familiarity with the distinct phases of an IPR proceeding and an appreciation for the hurdle a petitioner must clear to advance from one phase to the next.

Two Steps

At a high level, the new America Invents Act (AIA) proceedings at the PTAB include an institution phase and a trial phase. The institution phase begins when a petitioner files a petition challenging one or more claims of a patent. The PTAB considers the petition and the patent owner's preliminary response in deciding whether to institute a review of the challenged patent. That is, review is not a matter of right. The PTAB can, and often does, deny the institution of a review in whole or in part. This occurs most commonly when a petitioner fails to meet a statutory threshold, which varies depending on the type of proceeding.

For an IPR, a review may not be instituted unless a petition and response show "that there is a reasonable likelihood that the petitioner would prevail with respect to at least one of the claims challenged in the petition." Upon institution of a review, the trial phase begins. The trial phase, as the name suggests, is litigation-like, although there are some key differences between the trial phase at the PTAB and a district court trial.

One important difference is in the evidentiary standard used. A petitioner must demonstrate invalidity, not by clear and convincing evidence as would be required in district court litigation but by preponderance of the evidence, which continues to be the general evidentiary standard for proceedings at the PTAB.

If a petitioner reaches in the trial phase of an IPR, at least two of the three trial-phase judges have already decided in the institution phase that there is a “reasonable likelihood” that the petitioner will prevail with respect to at least one of the challenged claims. That is, coming out of the trial phase unscathed requires a patent owner to convince one or two judges to change their minds. Therefore, from a patent owner’s perspective, an invalidity determination at the trial phase can appear to be a *fait accompli*.

With the preponderance of the evidence standard already looming low over challenged claims, an invalidity determination can arguably be considered close at hand in any PTAB proceeding. Moreover, a patent owner must start the trial phase by persuading one or two judges that the panel got it wrong at the institution phase. More precariously, a patent owner can argue, perhaps implicitly, that the panel got it right at the institution phase - there was a reasonable likelihood that the petitioner would prevail - but based on the more developed record, the petitioner has not established invalidity by a preponderance of the evidence.

Neither position is enviable. In either case, inertia favors the petitioner, and patent owners have complained that they enter the trial phase in a defensive position, needing to undo lingering bias from the institution phase.

So, Lee cited “fresh eyes” as one benefit of the proposed rule change. If one judge authorizes the institution of a review, a patent owner may still have concerns of bias with respect to the instituting judge. The two new judges, however, reduce the risk of perceived bias and should not have preconceived opinions about a case before the trial phase. Therefore, a patent owner can present evidence at the trial phase to at least two neutral judges.

This problem and proposed solution in some ways mirror the appeals process used at the European Patent Office (EPO). At the EPO, for example, an appeal from an examiner’s decision is to a three-member panel, which includes the original examiner and two additional examiners. The original examiner provides the panel with context and familiarity with the prosecution history; the two additional examiners provide “fresh eyes” during the appeal process. Similarly, under the PTAB’s proposed rule, the institution-phase judge should provide useful continuity between the two phases, and the two new judges should provide the sought-after objectivity in the trial phase.

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Easing the strain

The published notice also addressed a second major benefit of the proposed pilot program: it would ease the strain on PTAB resources created by a surge of AIA filings. Since the AIA proceedings became available in 2012, the PTAB has received more than 5,000 petitions. The Federal Register notice stated that the resource demand had been met so far by hiring additional judges. In the future, however, the notice cautioned that it was uncertain whether the PTAB would be able to make timely decisions and meet statutory deadlines simply by hiring more judges.

So, the proposed pilot program is in line with the USPTO’s broader goal of creating efficiencies in AIA proceedings. The two judges who would have been involved in the institution phase of an IPR would be free for other matters, including *ex parte* appeals, institution phases of other IPRs, or involvement with other AIA proceedings.

The pilot program for one judge has the potential to address several perceived problems with the current IPR process. From the perspective of patent owners, the program offers a chance to try one’s case before an objective trial-phase panel. This is a welcome change for patent owners who believe that the trial-phase panel inherently carries over biases formed in the institution phase.

The PTAB stands to benefit too. By freeing up two of the three judges who would have been involved in the institution phase of an IPR, the PTAB can allocate scarce judicial resources more efficiently. The resulting ability to make timely decisions should benefit the PTAB and all parties involved in PTAB proceedings.

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