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# Congress Urged to Investigate PTAB Discretionary Denials

By Scott McKeown on June 30, 2020


## House and Senate Judiciary Committees Alerted to "Significant and Rapidly Growing Problem"

Earlier this month, a coalition of stakeholder organizations sent letters to the House and Senate Judiciary Committees seeking an investigation into the Patent Trial & Appeal Board's (PTAB) application of discretion under 35 U.S.C. § 314(a). More particularly, the organizations argue that

the Board's application of ***NHK Spring* is "choking off access"** to the PTAB and leading to a resurgence in patent litigation of questionable merit. The organizations ask that the USPTO report to Congress on these practices, and engage in formal rulemaking to guide agency practices.

Whether the requested action is provided or not, the continued application of 314(a) in the *NHK* context seems destined to end.

The vast majority of discretionary denials under *NHK* are favoring aggressive trial schedules of Texas district courts. Once the PTAB denies institution based upon a looming district court trial date, thereafter, the schedule tends to slip in significant regard. With dockets in WDTX growing by leaps and bounds, and with COVID-19 complications, the aggressive scheduling is naturally suffering. At least one **PTAB panel has seemingly caught on to the reality of the situation**.

But, the letters to Congress highlight far more problematic issues for the agency. That is, whether the agency should be applying discretion to deny consideration on the merits based upon litigation-based considerations Congress specifically addressed via statute. And, even if such discretion were appropriate, whether that discretion can be applied to deprive stakeholders of access to the agency in the absence of traditional Administrative Procedure Act (APA) controls.

If Congress doesn't step in to re-calibrate current practices, I expect the agency to be sued based upon the clear APA violations in the Eastern District of Virginia. Or, perhaps another route would be a mandamus to the Federal Circuit on the right to have a petition considered independent of "discretion" that conflicts with statutory mandates of the America Invents Act (AIA).

The letters (**here**) allude to the same issues, explaining:

> **"Nothing in the statute suggests that an IPR should not be instituted based on the status of co-pending infringement litigation, and there is no affirmative grant of discretion to deny institution based on the possibility of duplicative proceedings. . . . The PTAB's policy of favoring IPR only when there is no co-pending litigation, or the patents are being litigated in slow courts, is badly misguided and substantially undermines the intent of IPR. ¶ This is even more concerning because the misguided policy regarding discretionary denials was adopted without any formal rulemaking process or opportunity for public comment. Instead, a panel of three PTO officials can simply**

> **decide to make a decision binding on all PTAB judges. Moreover, the resulting decisions, which disproportionately favor denying IPR, have been found by courts not to be reviewable. As a result, PTAB policies governing discretionary denials bear none of the hallmarks of public engagement or judicial oversight we expect when agencies engage in statutory interpretation or rulemaking.**

Given the more pressing national issues at present, and the upcoming election, I wouldn't expect much out of Congress other than *maybe* a letter to the USPTO Director asking for some data.

In the meantime, the agency can either adapt to the reality of current district court schedules (which now must prioritize cancelled criminal trials over patent cases), or tempt further legal action from the public. One way or the other, the *NHK* trend should not continue.

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