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PTAB "Overlooks" Rehearing Consequences and Swings the Rehearing Door Wide Open

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A recent decision by a Patent Trial and Appeal Board (PTAB) panel in *Canadian Solar Inc., et al v. The Solaria Corporation* may have opened the door for aggrieved parties to seek rehearing for any reason, rather than the prescribed situation where the panel "misapprehended or overlooked" some issue in an *inter partes* review (IPR). Acknowledging in its order that the motion for rehearing did not satisfy the requirements for granting rehearing under 37 CFR § 42.71(d), the Board invoked the PTAB's "inherent authority to reconsider our Decision Denying Institution" and relied on "changed facts" to institute the IPR, despite no statute or rule authorizing such an action. Although perhaps unintended, the consequences of this decision may be that the door to rehearing is now kicked wide open, for both patent owners and petitioners: if PTAB is allowed to ignore Section 42.71(d)'s rehearing requirements in this circumstance, there should be nothing preventing it from ignoring those requirements when deciding other rehearing requests, too.

In *Canadian Solar Inc., et al v. The Solaria Corporation*, IPR2021-00095, the Board originally exercised its discretion under § 314(a) to deny the petition under *Fintiv* due to the pendency of a parallel and advanced ITC investigation. Shortly after the Board issued its decision not to institute, and still within the 30 day window to file a request for rehearing, Solaria moved to drop the challenged patent from the parallel ITC proceeding. Canadian Solar immediately filed its request for rehearing under 37 CFR § 42.71(d) arguing that the Board "misapprehended the nature and fragility of Patent Owner's assertion of the [challenged patent] in the ITC Investigation and the corresponding likelihood that the ITC Investigation would yield a final invalidity determination before a final written decision." The Board pointed out that they did not agree that they "misapprehended anything," and did not address the other prong for rehearing because the request did not allege that the Board overlooked anything. Instead, the Board noted that they "do agree that the facts as they stand today do not support" their decision denying institution, and "in light of the changed facts," the Board modified their earlier decision that exercised their discretion to deny institution, and instituted the IPR after an analysis on the merits.

The justification for granting rehearing provided by the Board is outside the rules governing PTAB

process, which provides that a request for rehearing must be predicated on whether the Board misapprehended or overlooked something, neither of which happened here, as acknowledged by the Board. 37 CFR § 42.71(d). Relying instead on a principal of "inherent authority," citing *GTNX, Inc. v. INTTRA, Inc.*, 789 F.3d 1309 (Fed. Cir. 2015), the Board granted rehearing due to changed facts and instituted the IPR, despite no explicit statutory authorization to do so.

The decision has at least two important takeaways for PTAB practitioners. First, PTAB panels may be inclined to grant rehearing due to reasons other than whether the Board "misapprehended or overlooked" something. This new development could lead to numerous challenges that were previously closed off, not just the situation of changed facts. Second, patent owners engaging in patent assertion should not assume that the threat of an IPR denied under *Fintiv* is gone until the window for filing a request for rehearing has past, as the Board has just demonstrated a willingness to institute an IPR previously denied under *Fintiv*, if the *Fintiv* justification no longer exists.

Going forward, we will see if this rehearing grant will give rise to an appeal; while many avenues for appeal have been closed for PTAB practitioners, this recent decision may provide another avenue for a party to approach the Federal Circuit with justification to rein in PTAB actions that were not specifically authorized and which may have violated the Administrative Procedure Act.

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