

Clean Up on Aisle PTAB: Clarification of Discretionary Denial Practice

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The US Patent & Trademark Office (PTO) issued a Notice of Proposed Rulemaking (NPRM) for *inter partes* review (IPR) and post-grant review (PGR) proceedings before the Patent Trial & Appeal Board, seeking to codify existing precedent and guidance regarding the Board's discretionary considerations in denying IPR or PGR petitions. [89 Fed. Reg. 28693](#) (Apr. 19, 2024).

The NPRM follows a 2020 request for comments and an April 2023 Advance Notice of Proposed Rulemaking (ANPR) that the PTO had hoped to finalize in terms of rulemaking by fall 2023. However, proposals in the ANPR hit a snag following criticism from Congress and more than 14,500 comments from stakeholders and the public, including charges that the PTO Director was overstepping her authority.

The newly proposed rules address:

- Briefing on motions for discretionary denial
- Factors for discretionary denial
- Termination and settlement agreements

Briefing on Motions for Discretionary Denial

A significant aspect of the proposal provides for a separate briefing schedule between a patent owner's preliminary response (POPR) and a request for discretionary denial, which must be filed no later than one month prior to the deadline for the POPR for briefing on its merits. Under the proposal, the discretionary denial arguments would be excluded from the preliminary response unless otherwise authorized by the Board and are intended to avoid encroaching on the wordcount limits for briefing on the merits. Under the proposed briefing process, there would be a 10-page limit for a patent owner's request for discretionary denial and for the petitioner opposition, and a five-page limit for the patent owner's sur-reply.

Factors for Discretionary Denial

The proposed rules address denial of institution for "parallel petitions" or "serial petitions" to provide a framework for considering whether previously presented art or arguments provide grounds for

denial. The proposed rules also address treatment of joinder petitions, particularly in relation to already instituted petitions. Parallel petitions are defined in the proposed rule as two or more petitions by the same petitioner challenging the same patent that are filed on or before the filing of a POPR to any of the petitions or on or before the due date for filing a POPR to the first petition. Serial petitions are defined as challenged claims of the same patent overlapping with those in a previously filed petition for IPR, PGR or covered business method patent review.

According to the proposed rules, a parallel petition would not be instituted without a good cause showing of why more than one petition is necessary. Factors for a good cause showing include:

- A petitioner's ranking of desired petitions for consideration
- An explanation of differences and materiality between the petitions
- The number of challenged patent claims, including those asserted by the patent owner in district court litigation
- A priority date dispute
- Alternative claim constructions requiring different prior art references on mutually exclusive grounds
- Knowledge of asserted claims at the time of filing a petition
- Complexity of the technology

Similar considerations would also apply to joinder petitions.

Factors for consideration in denying institution of serial petitions include:

- A petitioner's knowledge of prior art when filing an earlier petition
- Whether a POPR or Board decision for institution was received prior to the filing of a second petition
- The length of time between learning of prior art asserted in the second petition and its filing
- Whether an adequate explanation was provided for the time between multiple petitions covering the same claims

Denial of Institution Over Previously Presented Art or Arguments

A petition for IPR may be denied under 35 U.S.C. 325(d) if the PTO previously meaningfully addressed the same or substantially the same prior art or argument regarding the challenged patent or a related patent or application, unless the petitioner establishes material error by the PTO. "Meaningful art" would not include, for example, an initialed Information Disclosure Statement, without more, or art or arguments from a related application or patent addressed by the PTO after issuance of the challenged patent.

Termination and Settlement Agreement

Settlement agreements between the two parties must be timely filed with the PTO to terminate any pre-institution settlement agreement in the same way as a post-institution settlement according to statute. The Board may exercise its discretion to terminate any proceeding before or after institution.

Comments to the proposed rules can be submitted through the [federal eRulemaking portal](#). Comments must be received by June 18, 2024, to ensure consideration.

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