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WILSON SONSINI

THE PTAB REVIEW

This issue of *The PTAB Review* begins with recent developments at the Patent Trial and Appeal Board (PTAB) under the new Administration, then summarizes two recent Federal Circuit decisions relevant to PTAB practice.

Recent Developments at the PTAB

The Administration has announced the nomination of former Goldman Sachs's Chief Intellectual Property Counsel, John Squires, as Director of the U.S. Patent and Trademark Office (USPTO). While awaiting Senate confirmation of that nomination, the USPTO already has ushered in several adjustments to PTAB proceedings under the leadership of Acting Director Coke Morgan Stewart. The USPTO announced new procedures and policies for discretionary denial of institution[1] and Director review.[2] The USPTO also designated a new informative decision addressing discretionary denial based on claim construction inconsistencies.[3] Acting Director Stewart also vacated institution in several pending cases based on parallel but stayed district court litigation.[4] Finally, Acting Director Stewart has encouraged the use of early-stage challenges, including third-party submissions and post-grant review, as a means to enhance patent quality promptly.[5] These developments are discussed in further detail below.

These recent developments will require petitioners to be thoughtful in how they draft petitions and when they file them. Acting Director Stewart stated that the Administration is "considering ways to

[1] Memorandum from Coke Morgan Stewart to Patent Trial and Appeal Board Judges (March 26, 2025), *available at* https://www.uspto.gov/sites/default/files/documents/InterimProcesses-PTABWorkloadMgmt-20250326.pdf (hereinafter "Stewart Memo"); Memorandum from Scott R. Boalick to Members of the Patent Trial and Appeal Board (March 24, 2025), *available at* https://www.uspto.gov/sites/default/files/documents/guidance_memo_on_interim_procedure_recission_20250324.pdf (hereinafter "Boalick Memo").

[2] USPTO, *Director Review process*, (updated Mar. 18, 2025) https://www.uspto.gov/patents/ptab/decisions/director-review-process.

[3] *Cambridge Mobile Telematics, Inc. v. Sfara, Inc.*, IPR2024-00952, Paper 12 (December 13, 2024) (informative).

[4] *Motorola Solutions v. Stellar, LLC*, IPR2024-01205, Paper 19 (USPTO Dir, March 28, 2025); *see also* Adam Lidgett, *USPTO Director Stops 4 Motorola IP Reviews At PTAB*, Law360 (Mar. 31, 2025), *available at* https://www.law360.com/articles/2317597/.

[5] Ryan Davis, *Acting USPTO Leader Says New Policies Will Bolster Patents*, Law360 (Apr. 1, 2025), *available at* https://www.law360.com/articles/2316863/acting-uspto-leader-says-new-policies-will-bolster-patents.

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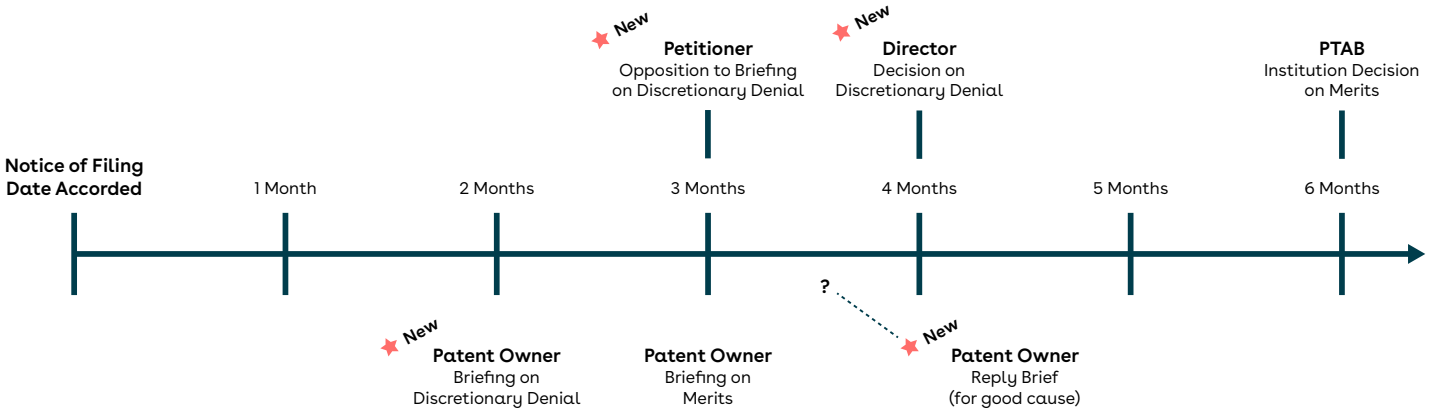
encourage early challenges provided by the AIA over late ones" emphasizing the use of post-grant review and third-party submissions over *inter partes* review.[6] An increased focus on discretionary denial also places a premium on early challenges to avoid *Fintiv* conflicts with advanced litigation or preemption by other petitioners' challenges.

Patent owners will face their own opportunities and challenges. For example, whether to file a preliminary response at all, or whether to file a discretionary-denial brief very early to create an opportunity to reply to the petitioner's response in its preliminary response. These changes also create more opportunities for patent owners to challenge claim constructions or pursue stringent discretionary-denial arguments. Both parties thus face the possibility of significant additional briefing, calling for careful legal analysis and strategy before either party files its first substantive paper.

(a) Updates to Discretionary Denial Processes

Seeking to increase efficiency and reduce the workload of PTAB judges, the USPTO introduced a procedure for briefing discretionary denial of institution separately from pre-institution merits briefing.[7] Before a merits decision is considered, the Director (assisted by at least three senior PTAB judges) will first review separate briefing to determine whether to deny institution under 35 U.S.C. §§ 314(a), 324(a), and 325(d). Notably, the briefing format for discretionary denial is generous, with the same word limits as currently permitted for merits briefing. Only after the Director determines that discretionary denial is not appropriate will a panel of PTAB judges address the merits and nondiscretionary statutory considerations for institution. Initially announced as an interim procedure, the USPTO has now stated that it intends to advance the procedure through the formal notice-and-comment rulemaking process.[8]

To facilitate this bifurcated approach, parties will be afforded additional briefing within the existing pre-institution timeline. *See* Figure, below. First, a patent owner will have two months to file a brief specifically addressing bases for discretionary denial, leaving one month for the petitioner to file an opposition brief. Any briefing by the patent owner on the merits of the case still must be filed at month three. The likely timeline thus will result in simultaneous filings at the three-month mark (petitioner's opposition on discretionary denial filed simultaneously with patent owner's preliminary response opposing the petition on the merits). The patent owner also may request authorization to file a discretionary denial reply brief for good cause. Absent exceptional circumstances, the Director will make a decision regarding discretionary denial within one month of receiving the petitioner's opposition.



[6] *Id.*
[7] Stewart Memo.
[8] Theresa Schliep, *Patent Office Plans Rulemaking for New PTAB Denial Process*, Law360 (Apr. 17, 2025), *available at* https://www.law360.com/ip/articles/2324147/patent-office-plans-rulemaking-for-new-ptab-denial-process.

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The additional briefing will allow parties to address:

1. whether another forum has adjudicated the patentability issue(s);
2. whether changes in law or precedent may affect the challenge;
3. the strength of the merits; and
4. other considerations bearing on the Director's discretion.

The Director also will consider workload at the PTAB and statutory requirements in deciding whether to exercise discretion to deny institution. This workload is expected to increase with reductions in the PTAB workforce.[9] A decision on discretionary denial will not be made unless the patent owner seeks that denial—in other words, there will not be *sua sponte* discretionary denial. The bifurcated process immediately went into effect and applies to all pending proceedings where the deadline for the patent owner to file a preliminary response has not yet passed.

(b) Updates to Discretionary Denial for Parallel Litigation

In 2022, then-Director Katherine K. Vidal issued a memorandum providing an interim procedure for discretionary denial.[10] That memo provided guidance for applying the precedential *Fintiv*[11] decision concerning discretionary denial when a challenged patent

also is involved in parallel litigation. Of particular import, then-Director Vidal's memo stated proceedings at the International Trade Commission (ITC) could not factor into the *Fintiv* evaluation, discretionary denial could not be denied where the petitioner presented a *Sotera*[12] stipulation, and compelling merits of a patentability challenge alone was adequate basis to decide not to exercise discretionary denial. The current Administration recently rescinded the 2022 Vidal memorandum and provided updated guidance advancing a more holistic approach for determining whether to exercise discretion to deny institution.[13] The updated guidance immediately went into effect and applies to all proceedings where the PTAB has not yet issued an institution decision.

In deciding whether to apply discretionary denial under *Fintiv*, the USPTO will now consider parallel proceedings at the ITC. Although decisions at the ITC do not have preclusive effect on PTAB determinations, the guidance notes that, in practice, it is difficult for a patent owner to assert patent claims that the ITC has determined are invalid. Thus, the PTAB is now more likely to deny institution where a parallel ITC proceeding has a projected final determination date earlier than the PTAB's deadline to issue a final written decision.

Under the updated guidance, a *Sotera* stipulation "is highly relevant, but will not be dispositive by itself."[14] A *Sotera* stipulation represents that, if the review is instituted, the petitioner will not pursue at district court or ITC any grounds it could reasonably have raised in the PTAB proceeding. This new guidance reverses the 2022 interim procedure that had stated "the PTAB will not discretionarily deny institution"

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[9] Theresa Schliep, *PTAB Judges Told To Get Ready For Layoffs*, Law360 (Mar. 21, 2025), *available at* https://www.law360.com/articles/2314328.
[10] Memorandum from Katherine K. Vidal to Members of the Patent Trial and Appeal Board (June 21, 2022) (rescinded), *available at* Memorandum from Coke Morgan Stewart to Patent Trial and Appeal Board Judges (March 26, 2025) available at https://www.uspto.gov/sites/default/files/documents/InterimProcesses-PTABWorkloadMgmt-20250326.pdf (hereinafter "Vidal Memo").
[11] *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (Mar. 20, 2020) (precedential).
[12] IPR2020-01019, Paper 12 (Dec. 1, 2020) (precedential as to § II.A) (instituting when petitioner filed a stipulation not to pursue overlapping grounds in district court).
[13] Boalick Memo.
[14] *Id.*

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where an appropriate *Sotera* stipulation had been filed.[15] The updated guidance notes that the *Sotera* stipulation must be filed prior to the PTAB's decision on institution.[16] Recently, Acting Director Stewart vacated four petitions despite the petitioner's *Sotera* stipulations and the district court's subsequent stay of the proceedings.[17]

The updated guidance also eliminates a safe harbor against *Fintiv* denial for cases involving compelling merits. The guidance unequivocally states that—per the *Fintiv decision*—all factors are to be evaluated in a holistic manner: "[C]ompelling merits alone is not dispositive in making the assessment."[18] The 2022 Vidal memo prohibited *Fintiv* denial "when a petition presents compelling evidence of unpatentability."[19]

As a whole, these changes are expected to accompany an increase in discretionary denials under *Fintiv*. It remains to be seen how parties will approach the new bifurcated briefing process, especially considering that the merits of the case are an important component both in discretionary denial under *Fintiv* and in the prima facie case.

(c) Updates to Director Review Process

The USPTO also recently updated the Director Review process.[20] Notably, the non-requesting party now has automatic authorization to file a response to a request for Director Review. Such a response was previously permitted only on a case-by-case basis. The response will be limited to five pages and must be filed within five business days. The USPTO now charges a fee, $452, for Director Review.

The USPTO clarified that parties may raise factual and legal errors for Director Review, in addition to abuse of discretion and important issues of law or policy that were previously explicitly permitted. Some practitioners previously argued errors of fact or law under the abuse of discretion factor, and this updated language definitively allows such arguments. The updated language also states that the "Director Review process provides a mechanism to correct errors at the institution stage, for example, to avoid unnecessary trials for patent owners." Previously, Director Review decisions often were channeled through a large Advisory Committee with members from various USPTO business departments. Now, many Director Review decisions may be based solely on the recommendation of a single USPTO employee (title: Director Review Executive), especially when the request is premised on addressing factual errors rather than important issues of law and policy.

The USPTO also clarified that a request for Director Review of a final written decision cannot be used to raise issues relating to the PTAB's decision to institute. Put differently, the PTAB generally will not review whether the proceeding should have been instituted in the first place after a trial has already taken place on the merits.

The USPTO raised the standard of review such that ***all*** decisions by the PTAB are reviewed by the Director *de novo*. Previously, the guidelines stated that the PTAB's decision on institution or decision granting rehearing of such an institution decision was reviewed "for abuse of discretion unless the review engages important issues of law or policy" and that all other decisions were reviewed *de novo*.[21] Now, Section 5.A.ii.c simply states, more broadly: "Decisions of the Board under Director Review are reviewed *de novo*."

[15] Vidal Memo, 3.
[16] Boalick Memo, 2.
[17] *See* n.4, above.
[18] Boalick memo, 3.
[19] Vidal Memo, 9.
[20] USPTO, *Director Review process*, (updated Mar. 18, 2025) https://www.uspto.gov/patents/ptab/decisions/director-review-process.
[21] USPTO, *Director Review process* (Jan. 17, 2025), *available at* https://web.archive.org/web/20250117142336/https://www.uspto.gov/patents/ptab/decisions/director-review-process.

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Taken together, these changes increase the ability of the Director to supervise and alter PTAB decisions while ensuring for the first time that the non-moving party has an opportunity to respond to the request for Director Review ***before*** a decision is made.

d. Consistency of Emphasized Claim Construction

In March 2025, the PTAB designated as informative a decision addressing inconsistent claim construction positions of a petitioner in *Cambridge v. Sfara*.[22] In *Cambridge*, the parties were involved in parallel district court litigation where the patent challenger "clearly and emphatically stated that whether the 'component' terms [in the challenged claims] are means-plus-function limitations is a dispositive issue for the litigation."[23] But when challenging the claims at the PTAB, the petitioner applied "plain and ordinary meaning to the claim terms" rather than advocating for means-plus-function interpretation.[24] The PTAB determined that the petitioner, at a minimum, ought to have explained why a different position on claim construction was warranted, or otherwise applied a means-plus-function construction consistent with its position at district court.[25]

The PTAB also clarified that this decision should not be interpreted as an outright prohibition on petitioners taking inconsistent claim construction positions at the PTAB and in district court.[26] "However, here, where Petitioner has emphasized in district court that whether the…terms are means-plus-function limitations not only 'will be most significant' but, 'will be case… dispositive' and both parties previously provided the district court with competing means-plus-function claim constructions" then the petition will be deemed deficient for leaving such inconsistent positions unaddressed. Accordingly, petitioners should consider strategies to mitigate non-institution

decisions based on inconsistent claim construction positions. Early petitions may reduce the risk from inconsistent claim constructions if filed before a *Markman* claim construction. But petitioners should still consider other ways to avoid inconsistency, such as filing two petitions—one for each competing construction—or simply doing a better job of explaining why a trial on the patent owner's construction is appropriate.

[22] *Cambridge Mobile Telematics, Inc. v. Sfara, Inc.*, IPR2024-00952, Paper 12 (Dec. 13, 2024) (informative).
[23] *Id.*, 8.
[24] *Id.*, 6.
[25] *Id.*, 8.
[26] *Id.*

Recent Federal Circuit Decisions

(a) In re Xencor, Inc.

On March 13, 2025, the Federal Circuit issued its opinion in *In re Xencor, Inc.*, affirming a decision to uphold an examiner's written description rejection of two claims.[27] One of these claims, claim 9, is a standard method claim; the other, claim 8, is a *Jepson*-format claim.[28] Relevant here, the Federal Circuit agreed that 1) the claim 9 preamble was not supported by a written description,

[27] No. 2024-1870, 2025 WL 793963, at *5 (Fed. Cir. Mar. 13, 2025).
[28] A *Jepson* claim is a type of patent claim that makes a statement in the preamble as to what the state of the prior art is, then claims an improvement to what was recited in the preamble. *See Ex parte Jepson*, 243 Off. Gaz. Pat. Off. 525 (Ass't Comm'r Pat. 1917).

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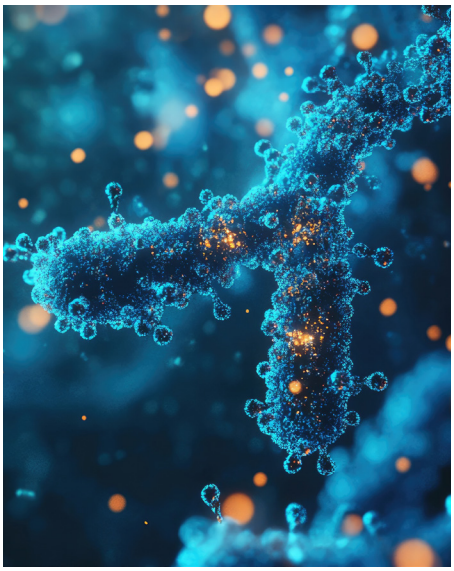
Recent Federal Circuit Decisions *(continued from page 5)*



2) the written description requirement applies to *Jepson* claim preambles, and 3) the claim 8 preamble does not meet this requirement.

First, the Federal Circuit found that substantial evidence supported that the claim 9 preamble lacks written description.[29] The claim 9 preamble recites, "[a] method of treating a patient by administering an anti-C5 antibody."[30] The Federal Circuit noted it is necessary to understand the scope of the limitation to assess written description support, and Xencor "does not define the term 'treating'" or "describe or provide any data associated with treating any patient with any disease" with any "anti-C5 antibody."[31] Thus, the specification did not limit the treatment to any specific disease and "treating a patient" means "treating all patients and all diseases."[32] The Federal Circuit found the specification only mentions three general classes of diseases as possible avenues to pursue which was "inadequate to demonstrate possession of a method of treating any particular disease/condition with the claimed anti-C5 antibodies."[33]

Second, the Federal Circuit held that a patentee has the burden of proving a limiting preamble of a *Jepson* claim is "supported with sufficient written description."[34] The Federal Circuit explained that a *Jepson* claim is "not only the claimed improvement, but the claimed improvement as applied to the prior art."[35] That is, "[t]o provide adequate written description for a *Jepson* claim, the applicant must establish that what is claimed to be well-known in the prior art is, in fact, well-known in the prior art."[36] The Federal Circuit pointed out that to hold otherwise would allow a patentee to circumvent the requirement of possession of the claimed invention. For example, a patentee could claim an improvement to a time machine through a preamble that asserts a "time machine is well-known in the art without describing a time machine, in sufficient detail to make clear to a person of ordinary skill in the art that the inventor is in possession of such a time machine."[37]

Applying this standard to claim 8, the Federal Circuit upheld the finding that the claim 8 *Jepson* preamble is not supported with a sufficient written description.[38] Similar to claim 9, claim 8 is directed to an improvement to "a method of treating a patient by administering an anti-C5 antibody."[39] The Federal Circuit agreed with the ARP because it found substantial evidence supported the ARP's finding that "Xencor's expert was not credible and that none of the other evidence indicated that anti-C5 antibodies were well-known in the art"[40] More specifically, the ARP had found Xencor's expert did not explain how the cited disclosures conveyed "possession of the full scope of the claimed genus" of antibodies which contained a large number of possible antibodies.[41]

(b) US Synthetic Corp. v. ITC

In a recent appeal from a trial before the ITC, the Federal Circuit reversed a finding of patent ineligibility of claims directed to "a certain type of composition known as a polycrystalline diamond

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[29] *In re Xencor*, No. 2024-1870, 2025 WL 793963 at *2-3.
[30] *Id.* at *4.
[31] *Id.* at *13.
[32] *Id.*
[33] *Id.* at *14.
[34] *Id.* at *2.
[35] *Id.* at *17.
[36] *Id.* at *18.
[37] *Id.* at *17-18.
[38] *Id.* at *18.
[39] *Id.* at *4.
[40] *Id.* at *18.
[41] *Id.* at *19.

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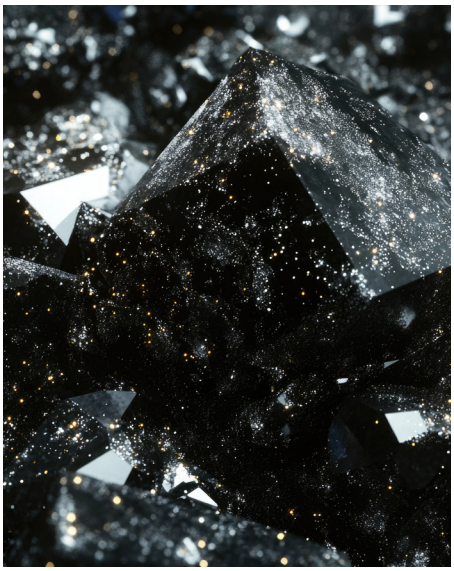
compact" (PDC) under 35 U.S.C. §101.[42] As summarized by the court, a PDC is a composition made of diamond table bonded to a substrate, the former being made from synthesized polycrystalline, and the latter being made from a cemented hard metal composition.[43] A particular process involving the use of intense pressure and temperature in the presence of a metal catalyst is required to form the diamond table and bond it to the substrate.[44] The at-issue patent allegedly improved upon conventional processes by using a reduced amount of metal catalyst that could lead to undesirable characteristics in the final product while also retaining a high-degree of bonding between the diamond table and substrate.[45] To reflect these advantages in the claimed composition, the claims recited different parameters of the PDCs, such as dimensional information (e.g., grain size, lateral dimension of the diamond table) and certain material properties (e.g., magnetic properties).[46] These properties provided information about the quantity of metal catalyst present in the diamond table and the extent of bonding.[47]

In a final initial determination, an administrative law judge (ALJ) had determined that the asserted claims



were patent ineligible because the claims were directed to an abstract idea.[48] According to the ALJ, the claimed composition failed at step one of the U.S. Supreme Court's *Alice* test because the recited magnetic properties were "merely unintended results or effects of the manufacturing process and thus abstract."[49] The ALJ also concluded that the claims lacked an inventive concept under *Alice* step two.[50] A divided Commission affirmed the ALJ's conclusions, finding that the claims were directed to the abstract idea of PDCs that achieve desired magnetic results.[51] A dissenting Commissioner would have held the claims were patent eligible, with the claimed magnetic properties reflecting the microstructure of the diamond table.[52]

The Federal Circuit reversed, concluding that the asserted claims were not directed to an abstract idea, but instead were "directed to a specific, non-abstract composition of matter" (i.e., a PDC), where the recited material properties "correlate to the diamond table's structure and thereby further inform a skilled artisan about what the claimed PDC is."[53] In its analysis, the Federal Circuit focused on the patent's specification, which explained "how the claimed magnetic properties correlate to structural aspects of the claimed PDC."[54] The Federal Circuit found that the Commission erred by viewing the recited properties as too "loose and generalized" and "merely side effects of the unclaimed manufacturing process and imperfect proxies for unclaimed, physical characteristics of a PDC."[55] The Federal Circuit found "the Commission's apparent expectation for precision between the recited properties and structural details" to be "too exacting for § 101 purposes."[56] The relationship disclosed by the specification was "sufficient for § 101" and "no perfect proxy is required between the recited material properties and the structure of

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[42] *US Synthetic Corp. v. ITC*, 128 F.4th 1272 (Fed. Cir, 2025).
[43] *Id.* at 1276-77.
[44] *Id.* at 1277.
[45] *Id.* at 1277-78.
[46] *Id.*
[47] *Id.*
[48] *Id.* at 1276.
[49] *Id.* at 1280 (internal quotations omitted).
[50] *Id.*
[51] *Id.*
[52] *Id.*
[53] *Id.* at 1281.
[54] *Id.* at 1281-82.
[55] *Id.* at 1282.
[56] *Id.*

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the PDC."[57] As the Federal Circuit noted, the context of the entire specification demonstrated that the described correlations were "concrete and meaningful," rather than "speculative," through its detailed description of the correlations and working examples.[58]

The Federal Circuit further distinguished this case from cases where software-directed claims were held to be ineligible because they merely presented "the results of abstract processes of collecting and analyzing information."[59] Here, the claimed magnetic properties were "integrally and necessarily intertwined with the structure of the PDC" and were not "merely result-focused, functional, or side effects of the manufacturing process."[60] Thus, the Federal Circuit reversed the Commission's finding of patent ineligibility and, after affirming the Commission's decision that the respondents had failed to prove lack of enablement of the asserted claims, the Federal Circuit remanded the case.[61]

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[57] *Id.*
[58] *Id.* at 1282-83.
[59] *Id.* at 1284.
[60] *Id.*
[61] *Id.* at 1276, 1285.

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