

USPTO Updates to Interim Director Review of PTAB Decisions

Minding Your Business on August 14, 2023

On July 24, 2023, the United States Patent and Trademark Office (USPTO) [announced](#) updated procedures for the interim Director Review (DR) of Patent Trial and Appeal Board (PTAB) decisions. The updated procedures could help patent practitioners manage costs by providing a new mechanism for recourse following PTAB decisions.

The interim DR process was created in April 2022 in response to the U.S. Supreme Court's 2021 [U.S. v. Arthrex Inc.](#) ruling, which explained "the Director has the authority to provide for a means of reviewing PTAB decisions". 141 S. Ct. 1970, 1987 (2021). Although the sitting Director has reviewed PTAB decisions *sua sponte* in the past, the updated procedures permit specific requests for Director Review of institution decisions. Previously, the only way to challenge an institution decision was to ask the PTAB panel overseeing the review for reconsideration.

The updated procedures provide guidance on the types of issues the Director will consider in DR, the initiation of DR at the sole discretion of the Director (*sua sponte* DR), remands to PTAB for further proceedings, and sanction authority of the Director.

In addition to allowing requests for Director Review, the revised interim DR process creates two new panels to replace the Precedential Opinion Panel (POP): (1) the [Appeals Review Panel process](#) and (2) the [Delegated Rehearing Panel](#). Under the new procedures, the Director may delegate review to the independent Delegated Rehearing Panel (DRP) if a party requests DR, or *sua sponte*. The DRP is comprised of 3 members selected from among the Chief Judge, Deputy Chief Judge, Vice Chief Judges, and Senior Lead Judges of the PTAB, and will exclude judges who served on the original panel for the case under review. The Director may convene the Appeals Review Panel (ARP) *sua sponte* to review *ex parte*, reexamination, and reissue appeal decisions. The ARP includes the Director, the Commissioner for Patents, and the Chief Judge of the PTAB. In addition, the USPTO published a [memorandum](#) and an [internal operating procedure \(IOP\)](#) describing current internal USPTO practices for writing opinions and internal procedures for *ex parte* appeals.

The scope of DR remains broad and may address any issue, including issues of fact and issues of law. Despite these new procedures, the Director's prior [reviews of institutions](#) provide some guidance of what to expect under the updated rules. Typically, such reviews occurred upon on a showing of an incomplete record before the board or that the board misapplied USPTO guidance. Recently for example, the USPTO Director Kathi Vidal highlighted petitioners' arguments that the PTAB did not apply the correct legal standard following USPTO guidance resulting in errors of law in analyzing inherent anticipation and written description in Neurocrine Biosciences Inc.'s challenge to Spruce Biosciences Inc.'s U.S. Patent No. 10,849,908B2 and 11,007,201B2. The Director issued orders on August 4, 2023, vacating the PTABs decision denying institution and remanding for further proceedings in both PGR2021-00088 and PGR2022-00025. In reviewing PGR2021-00088, the Director analyzed both 35 U.S.C. § 112(a) and 35 U.S.C. § 102 grounds. The Director concluded that Neurocrine "has shown on this preliminary record that the '908 patent specification does not disclose a representative number of species falling within the scope of the recited genus" and that under applicable Federal Circuit law, the prior art references cited anticipates the broader genus claim of the '908 patent, so long as the remaining limitations are disclosed expressly or inherently.

The USPTO provides updates regarding the status of Director Review requests. Since granting DR requests are entirely discretionary, petitioners should carefully consider these outcomes and include meaningful grounds that warrant Director Review to increase the likelihood of review.

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