



## American Intellectual Property Law Association

October 18, 2022

The Honorable Katherine K. Vidal  
Under Secretary of Commerce for Intellectual Property  
and Director of the United States Patent and Trademark Office  
P.O. Box 1450  
Alexandria, VA 22313-1450

*Submitted electronically via:* Federal eRulemaking Portal ([www.regulations.gov](http://www.regulations.gov))

**Re: Request for Comments on Director Review, Precedential Opinion Panel Review, and Internal Circulation and Review of Patent Trial and Appeal Board Decisions (Docket No. PTO-P-2022-0023)**

Dear Director Vidal:

The American Intellectual Property Law Association (“AIPLA”) is pleased to present its views to the United States Patent and Trademark Office (“Office”) in response to the “Request for Comments on Director Review, Precedential Opinion Panel Review, and Internal Circulation and Review of Patent Trial and Appeal Board Decisions,” 87 Fed. Reg. 43249 (July 20, 2022).

Founded in 1897, the American Intellectual Property Law Association is a national bar association of approximately 7,000 members are engaged in private or corporate practice, in government service, and in the academic community. AIPLA members represent a wide and diverse spectrum of individuals, companies, and institutions involved directly or indirectly in the practice of patent, trademark, copyright, trade secret, and unfair competition law, as well as other fields of law affecting intellectual property. Our members represent both owners and users of intellectual property. Our mission includes helping establish and maintain fair and effective laws and policies that stimulate and reward invention while balancing the public’s interest in healthy competition, reasonable costs, and basic fairness.

AIPLA appreciates the Office’s efforts to improve AIA trial proceedings, which have become pervasive since their initial implementation in September 2012, including the Office’s focus on improving fairness to all parties and providing a framework to achieve more consistency and predictability in these proceedings. In the last few years, the Office has taken efforts to address concerns of stakeholders, including through designation of decisions as precedential or informative, implementation of Standard Operating Procedure 2, establishing Precedential Opinion Panel review, implementing the pilot program for motions to amend, providing guidance memoranda, and updating the Trial Practice Guide.

The Request for Comments poses specific questions relating to the Interim Process for Director Review<sup>1</sup>, PTAB Decision Circulation<sup>2</sup>, and the Precedential Opinion Panel<sup>3</sup>. AIPLA previously submitted initial views regarding the Interim Process for Director Review and PTAB Decision Circulation, on July 11, 2022.<sup>4</sup> AIPLA previously has also expressed positions on issues relevant to the Interim Process for Director Review.<sup>5</sup> Further, to cure any Constitutional infirmity under the Appointments Clause, AIPLA's Board of Directors adopted a proposal favoring in principle action by Congress to create a small set of Presidentially-appointed, Senate-confirmed, senior administrative patent judges to review final PTAB decisions. We can provide more details upon request.

AIPLA applauds the Office's efforts to adopt a process for Director Review that ensures transparency. The source of decision-making at the PTAB should ensure accountability and facilitate review on appeal. We take this opportunity to provide specific feedback in response to the questions presented in the Request for Comments.

### **Responses to Questions**

***1. Should any changes be made to the interim Director review process, and if so, what changes and why?***

Director Review should encourage transparency and accountability, to ensure that the Director's review decisions can be subjected to public scrutiny. AIPLA recommends that any process for Director Review should require the Director to provide reasoned rationale for her decision—particularly when reversing or remanding the panel's decision. Further, as discussed in AIPLA's July 11 Comments, we note that the Interim Process for Director Review does not identify circumstances in which the Director will provide a separate written opinion after granting a request for rehearing. *See* Interim Process for Director Review, questions 14–15 (describing a “decision”). For example, we generally believe that a decision reversing or modifying a panel's decision should include the reasons for such reversal or modification. In short, the record should explain any deviations adopted by the Director on review. Documenting such decisions will enhance the system and improve public trust and understanding of the PTAB's decision-making process.

***2. Should only the parties to a proceeding be permitted to request Director review, or should third-party requests for Director review be allowed, and if so, which ones and why?***

AIPLA recommends that the right to request Director Review of a decision in a proceeding be limited to the parties to that proceeding. Post-issuance PTAB proceedings were created to provide an efficient mechanism to resolve disputed issues of patentability between private parties. Permitting third parties to request Director Review creates the risk that such requests

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<sup>1</sup> Published online at <https://www.uspto.gov/patents/patent-trial-and-appeal-board/interim-process-director-review> (hereinafter “Interim Process for Director Review”).

<sup>2</sup> Published online at <https://www.uspto.gov/interim-process-ptab-decision-circulation-and-internal-ptab-review> (hereinafter “Process for PTAB Decision Circulation”).

<sup>3</sup> *See* PTAB Standard Operating Procedure 2 (rev. 10), available at <https://www.uspto.gov/sites/default/files/documents/SOP2%20R10%20FINAL.pdf>.

<sup>4</sup> AIPLA Comments on Interim Process for Director Review of PTAB Decisions (July 11, 2022), available at <https://www.aipla.org/detail/advocacy-article/aipla-comments-on-the-uspto-in-response-to-the-interim-process-for-director-review>.

<sup>5</sup> *See* Br. of Amicus Curiae AIPLA, in Support of Reversal, *United States v. Arthrex, Inc.*, No. 19-1434 (December 2, 2020) (arguing that PTAB APJs are inferior officers), available at [https://www.aipla.org/docs/default-source/advocacy/judicial/aipla\\_amicus\\_arthrex\\_sctus\\_12022020.pdf?sfvrsn=ba153e93\\_2](https://www.aipla.org/docs/default-source/advocacy/judicial/aipla_amicus_arthrex_sctus_12022020.pdf?sfvrsn=ba153e93_2).

will become a tool to delay or disrupt the resolution of a dispute by outside actors whose interests are not aligned with either party. If the parties are content not to request Director Review, *e.g.*, to expedite review on appeal, third parties should not be given the opportunity to disrupt the timeline of the proceeding.

Third-party requests for Director Review are not necessary to protect third-party interests. For example, a Final Written Decision does not give rise to estoppel against any person who is not a real-party-in-interest or privy of a party. A third-party can protect its interests by challenging validity in the district courts or by challenging patentability in a separate petition for *inter partes* or post-grant review. To the extent a PTAB decision implicates a matter of general public interest involving patent law and/or Office policy, the existing procedure for review by the Precedential Opinions Panel (POP) is available to concerned third parties and likely would provide a more fulsome review as discussed below in response to question 5. The Director, at her discretion, may also consider public comments through amicus filings in any matter where Director Review has been requested by a party.

**3. *Should requests for Director review be limited to final written decisions in IPR and PGR? If not, how should they be expanded and why?***

AIPLA recommends that party-requests for Director Review be limited to final written decisions in IPR and PGR under 35 U.S.C. §§ 318 and 328. Limiting such requests will address the constitutional requirements as established by the Supreme Court in *Arthrex* without compromising efficiency and practicality. AIPLA is concerned that expanding party-requests for Director Review beyond Final Written Decisions would unnecessarily strain USPTO and party resources and increase delay and expense to the extent such requests become common—particularly as it relates to decisions on institution.

AIPLA notes, consistent with its response to question 11 below, Precedential Opinion Panel review should remain available to parties dissatisfied with decisions other than final written decisions.

The Director should maintain the authority and discretion to review *sua sponte* any PTAB decision, including final written decisions and institution decisions. As noted in response to question 7 below, however, it would be helpful if there were greater transparency with respect to the process for determining if *sua sponte* review is merited, whether in the form of specific guidance, factors to be considered, or through other appropriate means.

**4. *Should a party to a proceeding be able to request both Director review and rehearing by the merits panel? If so, why and how should the two procedures interplay?***

AIPLA recommends that a party to a proceeding be able to request both Director Review and rehearing by the merits panel for final written decisions. As a matter of fairness, a dissatisfied party should be entitled to raise factual and legal issues to the decision maker best suited to appreciate the significance of these issues. As contemplated in 37 C.F.R. § 42.71(d), the merits panel may be uniquely suited to address nuanced issues concerning technical facts overlooked or misapprehended in the underlying proceeding. The Director, however, may have greater insights than the merits panel into broader policy issues that may impact other proceedings. The Director may also be a source of independent review and oversight to the extent the panel refuses rehearing despite clear error or abuse of discretion in its decision. Some final written decisions raise a mix of issues: some are better addressed by the merits panel, and some by the Director.

The procedure should operate in the same way as the procedure for requesting POP review: a dissatisfied party would file a request for rehearing and, if desired, may file a request for Director Review.

**5. *What criteria should be used in determining whether to initiate Director review?***

AIPLA recommends that Director Review should be initiated in limited circumstances to address incorrectly reasoned panel decisions and situations involving abuse of process. The interim procedure sets forth criteria for the Director to consider in deciding whether to grant Director Review:

Issues that may warrant review by the Director include issues that involve an intervening change in the law or USPTO procedures or guidance; material errors of fact or law; matters that the PTAB misapprehended or overlooked; novel issues of law or policy; issues on which PTAB panel decisions are split; issues of particular importance to the Office or patent community; or inconsistencies with Office procedures, guidance, or decisions. Parties should raise any additional issues sparingly, if at all.

AIPLA generally agrees that these are considerations that could be used in deciding whether to grant Director Review. Nonetheless, the Precedential Opinion Panel may be a better reviewing body, however, for considering several of these factors, including: (1) novel issues of law or policy; (2) issues on which PTAB panel decisions are split; and (3) issues of particular importance to the Office or patent community. The Precedential Opinion Panel includes the USPTO's Commissioner for Patents and the PTAB's Chief Judge, who are typically career employees of the USPTO, in addition to the Director. The POP is therefore well-suited to encourage consistency in precedential decision-making. Standard Operating Procedure 2 already allows any member of the Board, including the Director, to recommend precedential opinion panel review of a particular Board decision. *See* SOP 2 at § II.C.2.

AIPLA recommends that these three criteria be removed from criteria for Director Review and an additional criterion be added: abuse of process. This specific criterion has already been employed by the Director.

AIPLA further recommends that any order initiating Director Review identify the issues that will be considered by the Director. This would help focus briefing on the issues for both parties and amici. Further, orders initiating Director Review should provide a brief statement of the reasoning why Director Review is being initiated. As noted in AIPLA's July 11 Comments, providing examples of issues appropriate for Director Review would be helpful for practitioners. Identifying the issues to be considered and the orders being reviewed would provide guidance for practitioners.

**6. *What standard of review should the Director apply in Director review? Should the standard of review change depending on what type of decision is being reviewed?***

AIPLA recommends that the Director apply a *de novo* standard for any questions of law and a more deferential standard of clear error for questions of fact with respect to final written decisions. This split standard of review is appropriate and mirrors split standards used by appellate courts, including the Federal Circuit, as well as other Article I tribunals. For example, in *Arthrex*, the Supreme Court reaffirmed that a split standard of review by a principal officer (e.g., "a *de novo* standard for legal issues and a deferential standard for factual issues", as

applied by the Court of Appeals for the Armed Forces and upheld in *Edmond v. United States*) was constitutionally sound, because “[w]hat is significant” is that judges of the relevant administrative body “have no power to render a final decision on behalf of the United States unless permitted to do so by other Executive officers.” A split standard similarly provides a fair balance to allow the Director freedom to address purely legal errors while providing appropriate deference with respect to the fact-finding efforts of the PTAB panel in each case. This type of standard would also prevent wholesale reopening of cases and retrying of all issues, which could add significant cost and delay to final resolution of PTAB proceedings.

Similarly, AIPLA submits that for *sua sponte* review of decisions granting institution, which are by definition preliminary decisions, a deferential standard such as abuse of discretion is best for all issues.

Under *Arthrex*, the Director retains authority to review decisions from the Precedential Opinion Panel. AIPLA submits this authority should be exercised only in rare instances. As discussed in response to question 5, certain issues may be better suited for review by the Precedential Opinion Panel—of which the Director is a member. Further, as discussed below in response to question 9, AIPLA favors notice and rulemaking as the mechanism for setting Office policy.

**7. *What standard should the Director apply in determining whether or not to grant sua sponte Director review of decisions on institution? Should the standard change if the decision on institution addresses discretionary issues instead of, or in addition to, merits issues?***

AIPLA’s recommendations in response to question 5, regarding what criteria should be used in determining whether to initiate Director Review, apply to *sua sponte* review of granted institution decisions as well as Director Review of final written decisions. Regarding the standard of review to be used in such *sua sponte* review, as noted for question 6, granted institution decisions are by definition preliminary decisions that require a detailed evaluation of the substance of submitted petitions. Because of this, AIPLA submits an abuse of discretion standard is appropriate with respect to *sua sponte* Director Review of any granted institution decision. An abuse of discretion standard provides the proper degree of deference to the panel of PTAB judges who are closest to the issues and allows for an efficient review process at a preliminary stage of the proceeding, without risking unnecessary delay and associated additional costs.

**8. *Should there be a time limit on the Director’s ability to reconsider a petition denial? And if so, what should that time limit be?***

AIPLA recommends including a time limit on the Director’s ability to reconsider a petition denial. The parties need certainty after some finite time that a denial is final and will not be disturbed. Thirty (30) days would be a reasonable time, balancing the Director’s need to deliberate with the parties’ need for certainty.

**9. *Are there considerations the USPTO should take with regard to the fact that decisions made on Director review are not precedential by default, and instead are made and marked precedential only upon designation by the Director?***

The Interim Process for Director Review provides that “decisions made on Director Review are not precedential by default, and instead are precedential only upon the Director’s designation.” Were all Director’s decisions precedential, it would create an unnecessary and excessive body of law that could undermine the goals of efficiency and consistency. AIPLA recommends that precedential decisions (including precedential Director Review decisions) should be infrequent

or even rare. Secondly, the POP process should be the source of precedential decision-making as much as possible. The POP process provides a more fulsome level of review than Director Review for certain types of matters, as discussed above in response to question 5.

AIPLA generally supports notice and comment rulemaking as the preferred mechanism to address the conduct of AIA trial proceedings. While AIPLA appreciates the Office's efforts in designating decisions as precedential, including certain decisions by the Director, these mechanisms for guidance do not provide the same degree of stakeholder input as notice and comment rulemaking. Formal rulemaking also advantageously allows development of policy to suit a wide range of situations, rather than relying upon development through fact-specific cases. Accordingly, the adopted rules need not be tailored to the specific set of facts at issue in a particular case. In addition, regulations are generally longer lasting and provide for more consistency and predictability in practice before the Office. Among the advantages noted above, precedential rulemaking is also entitled to *Chevron* deference when an agency has statutory authority to prescribe regulations. See *Cuozzo Speed Techs. v. Lee*, 136 S.Ct. 2131, 2140 (2016) (citing *U.S. v. Mead Corp.*, 533 U.S. 218, 229 (2001); *Chevron, U.S.A., Inc. v. Natural Resources Defense Council, Inc.*, 467 U.S. 837, 842–43 (1984)).

Regardless whether designating Director Review decisions as precedential can provide more consistency and predictability at the Board level, these benefits would not necessarily extend to review of Board decisions by the absent Notice and Comment Rulemaking.

**10. *Are there any other considerations the USPTO should take into account with respect to Director review?***

AIPLA supports policies relating to Director Review that ensure consistency, fairness, and transparency in decisions from the PTAB, as discussed above. Further, Director Review should generally be used to correct errors in the decisions subject to review. This approach to Director Review will encourage efficient use of the Director's finite time and the Office's limited resources and will maintain the efficiency of proceedings by providing clear purposes and uses for Director Review.

**11. *Should the POP review process remain in effect, be modified, or be eliminated in view of Director review? Please explain.***

AIPLA recommends that the POP review process remain in effect, as it provides an important mechanism to request review of institution decisions of AIA proceedings and decisions in *ex parte* appeals. Furthermore, because of its composition, which includes not only the Director, but also the Commissioner for Patents and the Chief Administrative Patent Judge, AIPLA submits that the POP panel is ideally suited to decide and issue precedential decisions on issues of exceptional importance to the PTAB, for example, issues involving agency policy and procedure. While AIPLA prefers notice-and-comment rulemaking to address issues of agency policy and procedures, the POP panel can provide interim clarity and uniformity while rulemaking is completed. These reasons are also discussed above in response to questions 5 and 9.

**12. *Are there any other considerations the USPTO should take into account with respect to the POP process?***

As discussed in AIPLA's July 11 comments, AIPLA welcomes the opportunity to participate as an amicus in appropriate cases. The Interim Process for Director Review contemplates amicus briefing in question 11. However, for AIPLA to take a position, our Board of Directors

must review and approve amicus briefs before filing, and generally our Committees prepare recommendations before the AIPLA Board's review. As a practical matter, AIPLA typically requires a minimum of four to six weeks to prepare an amicus brief. AIPLA recognizes that other bar associations and amici likely have similar requirements. Thus, to the extent possible, AIPLA recommends that the USPTO should provide adequate time and notice for filing amicus briefs in appropriate cases.

***13. Should any changes be made to the interim PTAB decision circulation and internal review processes, and if so, what changes and why?***

AIPLA reiterates the importance of transparency, consistency, and efficiency surrounding USPTO decision-making, as discussed in AIPLA's July 11 comments. While the Interim Process for PTAB Decision Circulation provides details that clarify the internal practices promoting consistency and quality in PTAB decisions, several aspects of the process could be further clarified. PTAB decisions must promote public's confidence in PTAB decision-making. Providing the additional transparency described below would emphasize that the Circulation Judge Pool (CJP) provides consistency and a fair but limited review of panel decisions.

The Interim Process for PTAB Decision Circulation is silent with respect to how the terms of individual judges on the CJP will start and end relative to one another. To the extent all judges on the CJP were to start their terms at the same time, it would potentially create inconsistencies in CJP feedback. Amending the Process for PTAB Decision Circulation to specify that the terms of the judges in the CJP are staggered would improve institutional knowledge and consistency within the CJP.

The Interim Process for PTAB Decision Circulation indicates that each decision is reviewed by at least two CJP judges. However, the Interim Process for PTAB Decision Circulation does not indicate the relationship between the technical/scientific subject matter of a patent subject to a decision and the technical/scientific backgrounds and legal experience representative of the at least two CJP judges reviewing the decision. Amending the Process for PTAB Decision Circulation to clarify how CJP judges are assigned for review would help promote consistency and quality in PTAB decisions.

The Interim Process for PTAB Decision Circulation indicates that each panel has the final authority and responsibility for the content of a decision and determines whether and how to incorporate feedback from the CJP, including information regarding potential conflicts or inconsistencies with relevant authority or other PTAB decisions. Amending the Process for PTAB Decision Circulation to provide an additional mechanism to resolve any potential conflicts or inconsistencies after CJP review but prior to issuance would promote consistency and fairness in PTAB decisions.

The Interim Process for PTAB Decision Circulation does not specify how judges serving on the CJP will be credited for their service on the CJP and whether they will also continue to maintain a full case docket. To ensure that the CJP provides the desired quality and consistency in PTAB decisions, the members of the CJP should be credited for their CJP work and given adequate time and resources to thoroughly review decisions. Specifying in the Process for PTAB Decision Circulation that judges on the CJP receive credit for time spent on their CJP tasks would incentivize them to dedicate appropriate time to the CJP.

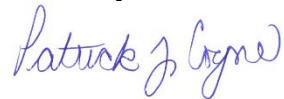
**14. Are there any other considerations the USPTO should take into account with respect to the interim PTAB decision circulation and internal review processes?**

AIPLA supports policies for decision-making that are efficient, transparent, and predictable. Frequent policy changes, particularly those driven by precedential decision-making rather than through notice and comment rulemaking, can create uncertainty in the patent process, devalue intellectual property, and even potentially limit the creation and/or public disclosure of important intellectual property developments.

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AIPLA appreciates the opportunity to provide feedback to the Office on the Process for Director Review and the Process for PTAB Decision Circulation. AIPLA looks forward to further dialogue with the Office with regard to the issues raised above.

Sincerely,



Patrick J. Coyne

President

American Intellectual Property Law Association