October 19, 2022

The Honorable Kathi Vidal
Under Secretary of Commerce for Intellectual Property and Director
U.S. Patent and Trademark Office
600 Dulany St.
Alexandria, VA 22314

Via www.regulations.gov

Dear Director Vidal:

Intellectual Property Owners Association ("IPO") submits the following comments and suggestions in response to the USPTO's "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).

IPO is an international trade association representing a "big tent" of diverse companies, law firms, service providers and individuals in all industries and fields of technology that own, or are interested in, intellectual property (IP) rights. IPO membership includes over 125 companies and spans over 30 countries. IPO advocates for effective and affordable IP ownership rights and offers a wide array of services, including supporting member interests relating to legislative and international issues; analyzing current IP issues; providing information and educational services; supporting and advocating for diversity, equity, and inclusion in IP and innovation; and disseminating information to the public on the importance of IP rights.

IPO's vision is the global acceleration of innovation, creativity, and investment necessary to improve lives. The Board of Directors has adopted a strategic objective to foster diverse engagement in the innovation ecosystem and to integrate diversity, equity, and inclusion in all its work to complement IPO's mission of promoting high quality and enforceable IP rights and predictable legal systems for all industries and technologies.

In brief, IPO recommends that the USPTO continue to follow the Interim Director Review process that the USPTO established following the Supreme Court's decision in *United States v. Arthrex*. We encourage the USPTO to adopt procedures to increase transparency in its paneling and decision-making process. We suggest that requests for Director review continue to be limited to final written decisions and that the Director consider the same criteria and same standard of review for granting Director review as set forth in the USPTO's Interim Director Review process. Responses to each of the questions presented in the Request for Comments are below.

QUESTIONS RELATING TO DIRECTOR REVIEW

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

The USPTO should formalize the existing, interim Director review process largely as-is. The interim process does not, however, set a deadline by which director review must conclude.

Proposed legislation would set a 120-day time limit for the conclusion of director review. Even absent legislative changes, setting a time limit would provide parties with certainty regarding the time on which a proceeding will end for purposes of an appeal to the Federal Circuit or the lifting of a stay that may have been instituted by a district court.

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?

Third-party requests for Director review should not be permitted. This consistent with the existing process that permits only parties to a proceeding to request Director review and promotes judicial economy and efficiency.

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?

The current interim process limits party requests for Director Review to final written decisions. The Director retains discretion to review institution decisions and final written decisions *sua sponte*. That policy strikes the right balance by providing the necessary supervisory review of final agency action while also permitting the parties and the Board to conclude the proceeding by the statutory deadline.

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?

The existing interim process requires a party to choose between Director review and rehearing by the merits panel. This policy strikes the right balance because it would be inefficient for the panel and the Director to analyze a FWD in separate, parallel efforts and would create the risk of inconsistent outcomes. To the extent a party requests both, it would conserve the Director's resources if the panel decided the merits of the rehearing request first, if that could be done in sufficient time to permit the conclusion of Director Review by any time limit.

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

Under *Arthrex*, the Director has discretion to review any PTAB panel decision. The interim procedure currently lists the following criteria for the Director to consider in deciding whether to grant Director review, which we believe are appropriate considerations: 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 additional issues sparingly, if at all.

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?

The interim process provides that all issues of law and fact are reviewed de novo, which is appropriate. The Director should also review any policy decisions made by the panel *de novo.*

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?

Under *Arthrex*, the Director has discretion to review any institution decision and should apply the same criteria for *sua sponte* review as the criteria listed in the interim procedure (see response to Question 5 above). The Director may reasonably limit *sua sponte* review of institution decisions to those that present matters of significant importance to the USPTO or the patent community.

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?

The existing interim process sets a time limit of 30 days by which a Party must request rehearing by the Director. To the extent this question is asking if there should be a time limit on the Director's ability to initiate Director Review *sua sponte*, we agree there should be a time limit, and suggest that an appropriate time limit is 30 days.

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?

Under the existing process, decisions made on Director review are not precedential by default and instead are made and marked precedential only upon designation by the Director pursuant to SOP2. That policy strikes the right balance by giving the Director freedom to issue review decisions as precedential, informative, or routine decisions, as appropriate.

Designating Director Review decisions precedential by default could create a thicket of precedential decisions unnecessarily, which would either impose on the judges the additional burden of trying to remain consistent with a growing body of precedent or impose on the Director the additional burden of subsequently de-designating decisions.

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

Although we suggest Director review should continue to be the exception, not the rule, the Director should exercise discretion to review decisions as needed to promote fairness, efficiency, transparency, and consistency of PTAB proceedings. If the Director wishes to solicit amicus briefs in a case, the briefing deadlines should allow third parties and trade organizations sufficient time to consider the issue and prepare and file briefs. We suggest that the Director provide third parties with at least 30 days to prepare and file amicus curiae briefs. *See, e.g.*, *OpenSky Industries, LLC v. VLSI Technology, LLC*, IPR2021-01064, Paper 47 (PTAB July 7, 2022).

QUESTIONS REGARDING THE POP REVIEW PROCESS

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

The POP review process for designating panel opinions as precedential or informative should remain in effect. Because party requests for Director review should be limited to final written decisions, POP review will continue to provide a mechanism by which anyone can request review and designation of other types of decisions, such as institution decisions or decisions in ex parte appeals. However, the SOP should be clarified to eliminate the suggestion that the Director or any other USPTO or PTAB management personnel can assign or replace the judges on a panel to obtain a predetermined result in any given case.

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

The USPTO should consider making the process more transparent, for example, by importing the paneling transparency requirements from SOP1 into SOP2.

QUESTIONS REGARDING THE INTERIM PROCESS FOR PTAB DECISION CIRCULATION AND INTERNAL PTAB REVIEW

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

At the inception of the ARC and AIA Management Review processes, the Board was growing rapidly to address an immense volume of post-grant petitions. APJs were new to the job, the Board's body of decisions was growing rapidly, and the Federal Circuit had not yet clarified some issues. In those circumstances, feedback about potential inconsistencies with other authority or Board decisions was often helpful to panels and ensured the quality and consistency of decisions that would be reviewed by the Federal Circuit.

A decade on, however, the Federal Circuit has clarified numerous issues, the Board's precedential decisions have clarified others, and APJs have years of experience with the relevant statutes, rules, and case law. The interim process clarifies that the feedback is coming from non-management judges and that the Director is not involved pre-issuance, which arguably addresses Congress's concern with undue, pre-issuance influence by the Director. However, it is not clear that the value of the CJP's feedback to the experienced panels of today outweighs the suspicion and mistrust of the process, however it is reformed. We suggest abandoning the interim PTAB decision circulation and internal review process and entrusting APJs with ensuring the consistency of their decisions with authority and other PTAB decisions.

If decisions issue that are in conflict or inconsistent with relevant authority, which should be rare, a party request for rehearing or Director Review should provide a sufficient and transparent recourse.

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

See 13.

We thank you for considering IPO's comments and welcome any further dialogue or opportunity to provide additional information to assist your efforts.

Sincerely,

Karen Cochran
President