

COMMENTS OF THE PUBLIC INTEREST PATENT LAW INSTITUTE ON DIRECTOR REVIEW, PRECEDENTIAL OPINION PANEL REVIEW, AND INTERNAL CIRCULATION AND REVIEW OF PTAB DECISIONS

Docket Number: PTO-P-2022-0023

The Public Interest Patent Law Institute (“PIPLI”) is grateful for the opportunity to provide comments regarding the United States Patent and Trademark Office’s (“USPTO”) procedures for Director review, Precedential Opinion Panel (“POP”) review, and internal circulation and review of Patent Trial and Appeal Board (“PTAB”) decisions, Docket No. PTO-P-2022-0023.

PIPLI is a nonprofit, nonpartisan public interest organization dedicated to ensuring the patent system promotes innovation and access for the benefit of all. Many Americans contribute to and depend on advances in science and technology, but do not participate directly in the patent system. These constituencies include research scientists, open source developers, organic farmers, graphic designers, and doctors. Their lack of participation makes it more difficult for the patent system to adequately address their interests. PIPLI’s mission is to enhance public participation in the patent system so that it can more effectively and equitably serve everyone who depends on it. In service of its mission, PIPLI conducts research; engages in educational outreach; provides free counseling to those affected by the patent system, advocates for greater transparency and equity; and submits amicus briefs and comments to courts, government agencies, and standard-setting organizations.

I. OVERVIEW

The public must be able to trust in the accuracy, impartiality, and integrity of PTAB decisions. Procedures for rehearing requests are important mechanisms for achieving these goals. So are the procedures governing the designation of PTAB decisions as precedential. Because the USPTO’s questions raise issues related to those procedures, and the public has not had an opportunity to comment on them, the general comments below focus on those procedures and provide recommendations for improving them in important respects. Following those recommendations are specific comments that respond directly to questions the USPTOs enumerated in the Federal Register. The recommendations in both sections seek to improve these procedures in ways that help achieve the goals of the America Invents Act (“AIA”)—improving patent quality and providing a more accessible alternative to court litigation—and the patent system’s constitutional mandate—to promote scientific progress and the dissemination of its benefits to the public.

II. GENERAL COMMENTS

The USPTO’s questions about director review raise issues related to its procedures for designating PTAB decisions precedential. As discussed further below, the USPTO’s Standard Operating Procedures (“SOPs”), which govern precedential designations, (1) are shrouded in too much secrecy; (2) do not comply with the Administrative Procedures Act (“APA”); and (3) are at odds with precedential designation procedures of other federal agencies. They must change.

A. The USPTO's Standard Operating Procedures Should Not Be Secret.

The public should have access to the SOPs governing USPTO procedures. Even if the contents of some require secrecy (although it not clear what an appropriate justification would be), the public should know *how many* SOPs there are. Unfortunately, that is no possible given the information the USPTO currently makes public.

The USPTO's website provides access to SOPs 1, 2, and 9.¹ Where are SOPs 3 to 8? How many other SOPs exist? The public has no way to know.² In only knows that at least six SOPs exist which are not on the USPTO's website, and that the USPTO has refused to provide public access to four of them.

This needs to change. Even the Federal Circuit—whose internal decision-making processes are closely guarded—makes its standard operating procedures available to the public.³ We urge the USPTO to make all SOPs publicly available via its website.

If an SOP requires some degree of secrecy, the USPTO should use narrow redactions rather than blanket secrecy. Some parts of the SOPs—like their numbers—cannot possibly require secrecy, but would give public crucial information—like how many SOPs exist.

B. SOP2 Does Not Comply with the Administrative Procedures Act.

1. Notice and Comment is the APA's Default Requirement.

The APA requires agencies to publish in the Federal Register, *inter alia*, “statements of the general course and method by which its functions are channeled and determined, including the nature and requirements of all formal and informal procedures available”; “rules of procedure”; “substantive rules of general applicability adopted as authorized by law”; “statements of general policy or interpretations of general applicability formulated and adopted by the agency”; and “each amendment, revision, or repeal of the foregoing.”⁴

If an agency fails to comply with this notice requirement, “a person may not in any manner be required to, resort to, or be adversely affected by, a matter required to be published in the Federal Register and not so published.”⁵ In other words, the APA's notice requirement is a prerequisite for agency rules to be effective against the public.

Although “[t]he default requirement for rulemaking procedure is that an agency can only bind the public through a regulation promulgated via notice-and-comment procedures, . . . there are several

¹ USPTO, *Standard Operating Procedures*, <https://www.uspto.gov/patents/ptab/resources/board-procedures#heading-1> (Sept. 20, 2018).

² In response to a FOIA request, the USPTO disclosed SOPs 4 and 5 to the requester, but has not made them available on the USPTO website. See David Boundy, *The PTAB Is Not an Article III Court, Part 3*, AIPLA QUARTERLY JOURNAL, Vol. 47, No. 1 (Winter 2019) (“Boundy III”) at 25, n.63.

³ U.S. Court of Appeals for the Federal Circuit, *Internal Operating Procedures*, <https://cafc.uscourts.gov/home/rules-procedures-forms/internal-operating-procedures/> (July 22, 2022).

⁴ 5 U.S.C. § 552(a)(1); see also Boundy III at 14–15 (quoting *id.*).

⁵ 5 U.S.C. § 552(a)(1)(E).

exemptions.”⁶ For example, agencies have relatively free rein to make rules that affect only agency personnel (“housekeeping” rules) through informal processes.⁷ Agencies may also issue “interpretive rules” without notice and comment, but doing so “comes with a price for the agency: until they’ve been blessed by an Article III court, ‘interpretative’ rules (promulgated through less than notice-and-comment procedure, and not currently expressed as ‘regulations’) are . . . not the last word on the subject—the agency must entertain arguments for alternative interpretations.”⁸

But when an agency rule “affect[s] individual rights and obligations,”⁹ it “must conform with [the] procedural requirements imposed by Congress” in the APA.¹⁰

2. SOP2 Is Subject to the APA’s Notice and Comment Requirements Because It Affects the Rights of Individuals Other than USPTO Personnel.

SOP2 governs “the designation of a Precedential Opinion Panel in adjudications before the [PTAB].”¹¹ The current version allows a PTAB decision to be designated precedential either (1) by a Precedential Opinion Panel (“POP”), whose members the Director has sole authority to select, and whose decisions the Director must approve;¹² or (2) by the Director “in his or her sole discretion without regard to the procedures set forth herein.”¹³ However designated, a precedential decision “set[s] forth binding agency authority.”¹⁴

By making precedential decisions binding authority, SOP2 makes those decisions binding on PTAB judges and the public alike. The PTAB’s predecessor court, the Board of Patent Appeals and Interferences, made that crystal clear in *Ex Parte Gary Lynn Campbell & Susan Lynn Stucki*, No. 111507,979, 2012 WL 2090379 (BPAI, June 7, 2012). According to the BPAI, SOP2 obligated it to follow a precedential decision and reject a party’s argument on that basis alone:

In broadly but reasonably construing Appellants’ claims, we relied particularly on the holding of *Ex parte Nehls*, 88 USPQ2d 1883, 1887-90 (BPAI, June 7, 2012) (precedential). As a precedential opinion, under agency authority (SOP 2), *Nehls* is

⁶ Boundy III at 8.

⁷ See 5 U.S.C. § 301 (“The head of an Executive department or military department may prescribe regulations for the government of his department, the conduct of its employees, the distribution and performance of its business, and the custody, use, and preservation of its records, papers, and property.”); see also David Boundy, *The PTAB Is Not an Article III Court, Part I: A Primer on Agency Rulemaking*, LANDSLIDE: A PUBLICATION OF THE ABA SECTION OF INTELLECTUAL PROP. L., Vol. 10, No. 2 (November/December 2017) (“Boundy I”), at 10.

⁸ Boundy III at 9 (citing *Perez v. Mortgage Bankers Assn.*, 575 U.S. 92, 97 (2015) (“The absence of a notice-and-comment obligation makes the process of issuing interpretive rules comparatively easier for agencies than issuing legislative rules. But that convenience comes at a price: Interpretive rules do not have the force and effect of law and are not accorded that weight in the adjudicatory process.”) (citations omitted)).

⁹ *Chrysler Corp. v. Brown*, 441 U.S. 281, 302 (1979) (internal quotation marks and citations omitted).

¹⁰ *Id.* at 303.

¹¹ PTAB, SOP2 (Rev. 10) at 1, https://www.uspto.gov/sites/default/files/documents/SOP2_R10_FINAL.pdf.

¹² *Id.* at 4.

¹³ *Id.* at 1.

¹⁴ *Id.*; see also USPTO’s Supp. Br. in Resp. to Court’s Questions at Hr’ing on Mot. to Dismiss, *Daichi Sankyo, Inc. v. Hirshfeld*, No. 1:21-cv-899 (LMB/JFA) (EDVA Feb. 11, 2022), ECF No. 36, at 2–3 (“Regardless of how obtained, once designated as precedential, the decision is binding Board authority in subsequent matters involving similar facts or issues.”) (internal quotation marks and citation omitted).

binding on all members of the Board, and by extension, is also binding authority on every member of the public who files an appeal to the Board.¹⁵

The BPAI could not have been any clearer that “a precedential opinion, under agency authority (SOP 2) . . . is *binding authority on every member of the public* who files an appeal to the Board.”¹⁶

Although SOP2 was revised in 2018, those revisions did not change its status as binding on the PTAB and public. In addition to stating that, “[u]nless otherwise designated, Precedential Opinion Panel decisions will set forth binding agency authority,”¹⁷ the PTAB has interpreted it the same way that its predecessor court did in *Campbell*.

For example, it repeatedly followed the *Fintiv* decision, designated precedential pursuant to SOP2,¹⁸ and relied on it to reject arguments without considering them—in particular, arguments that *Fintiv*’s discretionary denial factors should not apply to International Trade Commission proceedings. For example, in *Nintendo Co. Ltd. v. Gamevice, Inc.*, IPR2020-01197, Paper 13 (PTAB Jan. 12, 2021), at 11, the PTAB gave no reason for rejecting the petitioner’s arguments other than the fact that “*Fintiv* expressly addresses ITC investigations, and the Board has considered ITC investigations in weighing whether or not to exercise its discretion under 35 U.S.C. § 314.”). Similarly, in *Garmin International, Inc. v. Koninklijke Philips N.V.*, IPR2020-00754, Paper 11 (PTAB Oct. 27, 2020) at 10, the PTAB concluded that “*Fintiv* applies here,” because the PTAB had already “considered ITC proceedings in weighing if exercising discretion is warranted,” and without considering the petitioner’s counterarguments.

In *Campbell*, *Nintendo*, and *Garmin*, SOP2’s application deprived individuals of “[t]he fundamental requirement of due process”—“the opportunity to be heard ‘at a meaningful time and in a meaningful manner.’”¹⁹

3. SOP2 Should Not Apply to Unappealable Decisions—i.e., those Denying Institution of IPR or PGR Review.

SOP2’s is most offensive to fundamental notions of fairness when applied to an unappealable decision that diversely affects a member of the public, like the decisions denying review in *Nintendo* and *Garmin*.

When applied to appealable decisions, parties have an opportunity to be heard (and errors corrected) at the appellate stage. Even when applied to unappealable decisions to grant institution of IPR or PGR proceedings, patent owners have a chance to persuade the Federal

¹⁵ *Ex Parte Gary Lynn Campbell & Susan Lynn Stucki*, No. 111507,979, 2012 WL 2090379 (BPAI. June 7, 2012), at *1 (emphasis added).

¹⁶ *Id.*

¹⁷ SOP2 at 1.

¹⁸ *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper No. 11 (issued Mar. 20, 2020; designated precedential May 5, 2020).

¹⁹ *Mathews v. Eldridge*, 424 U.S. 319, 333 (1976) (quoting *Armstrong v. Manzo*, 380 U.S. 545, 552 (1965)) (citing *Grannis v. Ordean*, 234 U.S. 385, 394, (1914)).

Circuit to review the PTAB’s decision. No such opportunity exists for unsuccessful IPR and PGR petitioners.

The events surrounding the *Nintendo* decision demonstrate how harmful and unjust the application of SOP2 to decisions denying institution can be. After the PTAB relied on *Fintiv* to deny Nintendo’s petition, the Director issued a memorandum effectively agreeing with Nintendo’s position that *Fintiv* should not apply to ITC proceedings. According to the memorandum: “the plain language of the *Fintiv* factors is directed to district court litigation and does not apply to parallel [ITC] proceedings, as the ITC lacks authority to invalidate a patent and the ITC’s invalidity rulings are not binding on the Office or on district courts.”²⁰

It is commendable that the Director has corrected this error. In light of SOP2, it is also understandable that the PTAB treated *Fintiv*’s discussion of ITC proceedings as binding. But it was harmful and unfair. After the PTAB denied institution, the ITC concluded the patent Nintendo attempted to challenge was not infringed and was invalid. But, as the Director’s memorandum acknowledges, ITC proceeding do not bind district courts, and for that reason, Gamevice continued to assert the same patent in district court.²¹

Because the ITC presumes patents are valid and imposes a higher burden on challengers, it is reasonable to assume the PTAB would also have found the patent invalid if it had not treated *Fintiv* as binding authority. That could have led to the patent’s cancellation and prevented the wasteful expenditure of time, money, and court resources on a needless district court proceeding. By facilitating inefficiency, waste, and the assertion of an invalid patents, SOP2’s application did exactly what the AIA was designed to prevent.

SOP2’s application to institution denials is not only practically contrary to the AIA’s goals; it is contrary to the language and structure of the statute. Congress explicitly made institution decisions unappealable. In so doing, it explicitly prohibited the Federal Circuit (and Supreme Court) from issuing precedential decisions on matters related to institution. It is not reasonable to read the AIA as silently authorizing the USPTO to do what its explicit prohibition prevented Article III courts from doing—issuing precedential decisions on matters related to institution.

C. The USPTO’s Precedential Designation Procedures Are Unlike Those of Any Other Federal Agency that Designates Adjudicatory Decisions Precedential.

In an APA challenge of *Fintiv*’s application to PGR petitions, the district court asked the parties for supplemental briefing on precedential designation procedures of other federal agencies. The challenger’s brief highlighted three key differences:

²⁰ Mem. of Director Vidal to Members of the PTAB, *Interim Procedure for Discretionary Denials in AIA Proceedings with Parallel District Court Litigation*, June 21, 2022, at 3, https://www.uspto.gov/sites/default/files/documents/interim_proc_discretionary_denials_aia_parallel_district_court_litigation_memo_20220621.pdf.

²¹ THE NAT’L L. REV., *Too Many Bites at the Apple?*, July 27, 2022, <https://www.natlawreview.com/article/too-many-bites-apple>.

- Other federal agencies adopted precedential designation mechanisms “through notice-and-comment regulations, not through an internal agency memorandum [as the USPTO did with SOP2], often modifying their proposed process in response to public comments.”²²
- “Precedential decisions issued by other federal agencies are typically subject to judicial review. By contrast, the PTO claims that its *NHK* and *Fintiv* decisions (as well as decisions applying the *NHK-Fintiv* rule) are immune from judicial scrutiny (except by the extraordinary remedy of mandamus).”²³
- The other agencies with precedential decision procedures are “‘unitary’ agenc[ies] where adjudicative and rulemaking powers are vested in a single administrator”—the head of the agency. The USPTO, however, is “a ‘split’ agency where Congress separated adjudicative and rulemaking functions” between the PTAB and Director, and as such, “the adjudicative body is not permitted to engage in rulemaking through adjudication.”²⁴

The USPTO’s supplemental brief did not identify any agencies with precedential designation procedures that are similar to its own in those (or any other) respects. In fact, the USPTO identified the same differences—i.e., the use of notice-and-comment to promulgate such procedures and the availability of appellate review.²⁵

D. Recommendations

To help harmonize SOP2 with the APA, procedures of other agencies, and text and intent of the AIA, we strongly recommend that the USPTO: (1) promulgate regulations for precedential designation procedures through a notice-and-comment process; (2) designate only appealable decisions as precedential or, at a minimum, exclude decisions denying IPR or PGR petitions; and (3) classify any unappealable decisions currently designated precedential as “informative.”

III. SPECIFIC COMMENTS

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

The process should be changed to provide a mechanism for Director review of decisions denying institution of IPR or PGR proceedings. Because decisions denying institution are unappealable, there is a heightened potential for errors in those decisions to go uncorrected and cause the type of harm the AIA intended to prevent. That potential becomes even greater when denials are based on precedential denials that were never subject to appellate review—as Nintendo’s example demonstrates. When those precedents or the agency’s interpretation is flawed—as with

²² Pls. Supp. Br. in Resp. to the Court’s Request During the Feb. 4, 2022 Hr’ing, *Daichi Sankyo, Inc. v. Hirshfeld*, No. 1:21-cv-899 (LMB/JFA) (EDVA Feb. 21, 2022), ECF No. 37, at 2.

²³ *Id.*

²⁴ *Id.*

²⁵ USPTO Supp. Br., *supra* note 14, at 4–6.

Fintiv's application to the ITC--correction already depends entirely on the Director. There should be a former mechanism to request Director review of such decisions directly.

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 should be allowed in limited circumstances. For example, when a decision is designated precedential or relies on such a decision, members of the public should be able to request Director review. They should not be forced to make losing arguments in subsequent cases to ensure legal errors are corrected. At the least, members of the public who can demonstrate that they have been or will plausibly be affected by a precedential decision should be able to request Director review when the precedential designation is made or when the decision is given the force of law in subsequent cases.

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?

No. As discussed above, the potential for decisions denying review to be erroneous yet immune from review is enormous and harmful in ways that undermine the AIA's goals by allowing counterproductive litigation to proceed and wasteful litigation costs to mount. Director review should be extended to decisions denying review to ensure otherwise irremediable errors can be corrected. At a minimum, Director review should be extended to decisions denying review that are designated precedential or rely on such decisions without considering the parties' arguments.

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?

Yes. The procedures should interplay in the same way en banc and panel rehearing proceedings do in the Federal Circuit.²⁶ Applied to the PTAB, that would mean every request should be treated as a request for panel rehearing unless it expressly seeks Director rehearing. If a request seeks only Director hearing, it should be treated as such. If a request seeks both Director and panel rehearing, it should first be treated as a request for panel rehearing, and if the panel declines or does not act by the end of a limited time period (such as 10 to 14 days), the petition should be forwarded to the Director for consideration.

This procedure strikes an appropriate balance between efficiency and flexibility. It limits parties to one filing, but allows them to choose to request either or both types of rehearing. At the same time, it prevents overlapping or duplicative rehearing decisions. When a party requests both types of rehearing, either the panel or the Director will consider the request at any given time; they will never consider the same petition at the time. This procedure also ensures that the Director need only consider a request when a party is not seeking panel rehearing or when a

²⁶ See Fed. Cir. IOP#12 ("Unless a petition expressly asks for en banc action, it will be deemed to request only rehearing by the panel. Petitions for rehearing en banc and combined petitions for panel rehearing and for rehearing en banc are first processed as petitions under this IOP and thereafter may be processed under IOP #14 [as a petition for en banc rehearing].")

panel has already declined rehearing. This ensures combined requests for rehearing will not unduly burden the Director.

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

Criteria should include: (1) whether alternative mechanisms for review or appeal exist; (2) whether and to what extent the decision will affect members of the public beyond the parties; (3) whether and to what extent the decision will affect the AIA's goals of improving patent quality and providing a more efficient and affordable alternative to district court litigation; (4) whether the decision is inconsistent with prior PTAB decisions, Federal Circuit precedents, or Supreme Court precedents; and (5) whether the decision would be manifestly unjust to the parties or members of the public without Director review.

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 standard of review should change based on the type of issue (rather than decision) being reviewed, but should never be higher than the applicable standard of appellate review. For example, the Director should review (1) pure questions of law de novo; (2) questions about the interpretation or application of statutes or regulations de novo; (3) questions of fact for clear error; (4) and questions about the supervision or management of proceedings (e.g., the admission of evidence) under the arbitrary-and-capricious standard.

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?

In deciding whether to grant sua sponte review, the primary consideration should be whether the PTAB made "an error which directly and adversely affects the interest of the public generally, as that interest is declared in the statutes [e.g., the AIA] or Constitution."²⁷

Nevertheless, the Director should also consider whether sua sponte review will improve or facilitate appellate review and the efficiency of the proceeding as a whole.

The Supreme Court has recognized that "[t]here may always be exceptional cases or particular circumstances which will prompt a reviewing or appellate court where injustice might otherwise result, to consider questions of law which were neither pressed nor passed upon by the court or administrative agency below."²⁸ If the Director believes such circumstances exist, there is at least a reasonable likelihood that the Federal Circuit will too. Assuming the decision is appealable, the Director deciding the issue sua sponte in the first instance will create a record that can facilitate and enhance the appellate review process, including by giving the parties a chance to consider and brief the issue in full.

²⁷ Allan D. Vestal, *Sua Sponte Consideration in Appellate Review*, 27 FORDHAM L. REV. 477, 503 (1958), <https://ir.lawnet.fordham.edu/flr/vol27/iss4/1> (quoting *Ramsey v. Dunlop*, 146 Tex. 196, 202, 205 (1947)).

²⁸ *Hormel v. Helvering*, 312 U.S. 552, 557 (1941).

Director review may also meet this standard when the PTAB has not adequately explained its findings or its rationale for reaching them. The Federal Circuit has repeatedly remanded PTAB decisions for this reason.²⁹ When the Director notices that the PTAB has not clearly articulated the grounds for its decision, the Director should intervene so that appellate review can proceed. Nobody benefits from waiting for the Federal Circuit to decide the appeal only to issue a remand months or years later. The Director should instead grant review and ensure the record is sufficient to facilitate appellate review in the first instance, which can prevent a remand that would otherwise delay resolution by years.

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 Director should have a great deal of discretion over the timeframe for deciding whether to grant requests for review, including requests to review petition denials. Given that there is no other avenue for review of petition denials, it would be extremely unfair to give the Director less time to consider such requests. Even if there is a time limit, the Director should have discretion to extend the time (upon notice to the parties) when good cause exists.

That said, in light of the time limits Congress imposed and efficiency it intended, limits on the timeframe for deciding requests for Director review generally are appropriate. Based on the AIA's time limits for proceedings, we believe 3 months is appropriate and at least 1 month is necessary, in addition to a 1 to 3 month extension for good cause.

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?

As discussed above, the USPTO's process for designating decisions precedential needs to go through notice and public comment and, at a minimum, be changed to exclude unappealable decisions. Precedential designations of Director review decisions should be addressed as part of that process. Until then, all decisions made on Director review should remain non-precedential by default.

When a Director's decision overturns or modifies a precedential PTAB decision, the precedential designation of the affected decision should be removed. For purposes of clarifying the law, it may also be appropriate for the Director's decision to be designated informative. But the

²⁹ See, e.g., *In re Sang Su Lee*, 277 F.3d 1338, 1346 (Fed. Cir. 2002) (remanding because "the Board's analysis . . . does not comport with . . . the requirements of the Administrative Procedure Act that the agency tribunal set forth the findings and explanations needed for reasoned decisionmaking." (internal quotation marks and citations omitted)); *Ariosa Diagnostics v. Verinata Health, Inc.*, 805 F.3d 1359, 1366 (Fed. Cir. 2015) (remanding because "the Board did not sufficiently articulate the . . . grounds for its rejection" of a petitioner's obviousness evidence).

decision should not be designated precedential unless and until the public has an opportunity to comment on those procedures and/or on the precedential designation of individual decisions.

Extending the precedential designation mechanism to Director decision requires caution. If the Director can make adjudicatory decisions, designate those decisions precedential, and apply those decisions prospectively, the Director is effectively assuming all three governmental functions: adjudicating legal disputes, making laws, and executing them. Merging the three types of functions in one office cannot be reconciled with the separation of powers principle is foundational to our system of government.

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

The USPTO should take into account how Director review would affect the AIA's goals of improving patent quality, creating a more efficient and affordable alternative to district court litigation, and reducing counterproductive litigation and unnecessary litigation costs.

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

As stated above, the POP review process—as well as processes for precedential designations by the Director alone—should go through a separate notice-and-comment process. Procedures for Director review and precedential designations raise very different concerns and each should receive independent consideration.

Director review serves a different purpose than precedential designation processes—ensuring public accountability as opposed to facilitating consistency among agency decisions. The Supreme Court's *Arthrex* decision held that the Director should have the opportunity to review final written decisions to ensure the public knows who to hold accountable.³⁰ *Arthrex* does not hold or suggest that the Director should take that opportunity to make rules that bind members of the public other than the parties to the decision under review.

If anything, *Arthrex*'s emphasis on clear lines of accountability suggests the Director should not perform that function. The public expects Congress to make laws, not agency heads. Combining those functions during Director review would blur the lines of political accountability *Arthrex* intended to clarify. Any consistency that precedential designations at that stage might achieve would be paid for by the loss of public accountability and trust.

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

As discussed above, the considerations the USPTO should take into account regarding precedential designation mechanisms are so important that they justify an independent notice-and-comment process. Above all, the USPTO should take into account the APA's requirements,

³⁰ *U.S. v. Arthrex*, 141 S. Ct. 1970, 1982 (2021) (rejecting arguments about the Director's informal control over the PTAB because "such machinations blur the lines of accountability demanded by the Appointments Clause").

the statutory limits of its own authority, and the public’s right to procedural and substantive due process.

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

We commend Director Vidal for making the PTAB’s internal circulation and review processes public.³¹ But it is not clear why they are necessary if there are formal mechanisms for panel rehearing and Director review in place. Nor is it clear how decision-making processes, in which parties cannot participate and which the public cannot observe, are consistent with restoring public confidence in and the integrity of the patent system.

Parties in proceedings before the PTAB should know who is making decisions, and they should have the opportunity to address those decisionmakers. Members of the public similarly know who is responsible for PTAB decisions so that they know who to hold accountable. The public should also be able to observe PTAB proceedings. As the Supreme Court has explained, “[p]ublic scrutiny . . . enhances the quality and safeguards the integrity of the factfinding process, with benefits to both the [parties] and to society as a whole,” “fosters an appearance of fairness, thereby heightening public respect for the judicial process,” and “serve[s] as a check upon the judicial process—an essential component in our structure of self-government.”³²

While the above quotations refer to the public’s right of access to criminal trials, the Supreme Court has also held that the public has “a general right to inspect and copy public records and documents,”³³ which extends beyond judicial proceedings, and “supports ‘the citizen’s desire to keep a watchful eye on the workings of public agencies.’”³⁴ Further, appellate courts have held that the public has a right of access to administrative adjudicatory proceedings because, like trials, they “involve[] both factfinding and legal decision making,” and therefore are “subject to the same dangers—whether willful or accidental—as a trial, dangers that can be reduced significantly by the kind of ‘public scrutiny . . . that enhances the quality and safeguards the integrity of the factfinding process.’”³⁵

Because PTAB proceedings involve factfinding and legal decision making, they are subject to the same dangers as judicial proceedings, and thus depend on public scrutiny to enhance their fairness, quality, and integrity too.

If internal circulation and review processes are necessary in addition to panel and Director rehearing processes, they should at least be as transparent to the parties and public as possible.

³¹ See U.S. GOV’T ACCOUNTABILITY OFFICE, *Patent and Trial Appeal Board: Preliminary Observations on Oversight of Judicial Decision-making*, July 21, 2022, at 8, <https://www.gao.gov/assets/gao-22-106121.pdf> (“ARC review was initiated informally in 2013 and was instituted officially as agency policy in 2019.23 Policy on ARC was not publicly available prior to May 2022.”).

³² *Globe Newspaper Co. v. Superior Ct. for Norfolk Cnty.*, 457 U.S. 596, 606 (1982) (citations omitted).

³³ *Nixon v. Warner Commc’ns, Inc.*, 435 U.S. 589, 597 (1978) (footnotes omitted).

³⁴ *Uniloc 2017 LLC v. Apple, Inc.*, 964 F.3d 1351, 1358 (Fed. Cir. 2020) (quoting *id.*) (citing *Ex parte Uppercu*, 239 U.S. 435, 439–41 (1915)).

³⁵ See *New York C.L. Union v. New York City Transit Auth.*, 684 F.3d 286, 302–03 (2d Cir. 2012) (quoting *Globe Newspaper*, 457 U.S. at 606).

For example, if the contents of internal deliberations are kept confidential, the public should have access to non-confidential facts about the procedures that took place—for example, whether a decision received internal review, when the review occurred, and whether it led to substantive changes. The USPTO is not entitled to keep its decision-making procedures secret. Both the parties and the public needs to know how decisions are being made to trust that they are being made impartially, accurately, and consistently.

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

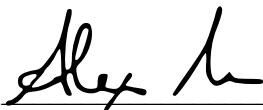
The USPTO should take into account the importance of protecting PTAB judges from improper, behind-the-scenes influence that could force them to choose between job security and fidelity to their judgment of the law and facts in any given case. The recent Government Accountability Office (“GAO”) report revealed that these forces have negatively affected PTAB judges in the past.³⁶

The best way to protect the integrity of PTAB decision-making processes and the prevent improper influence on PTAB judges to is to follow the example of Article III courts and make PTAB proceedings open to the public by default. The more of the PTAB’s process the public can observe, the more it will trust the PTAB’s decisions, including on the validity of granted patents. Greater procedural transparency will not only protect the integrity of PTAB proceedings, but also advance the AIA’s goal of creating an efficient alternative to district court litigation and restoring the public’s confidence in the validity granted patents.

IV. CONCLUSION

We are grateful for the opportunity to comment on these important issues. We are also grateful for the steps the USPTO has taken to welcome and thereby enhance public participation in the patent system. We look forward to further progress and improvements to the patent system’s ability to promote innovation effectively and equitably for the benefit of all.

Respectfully submitted,



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³⁶ See U.S. GOV’T ACCOUNTABILITY OFFICE, *Patent and Trial Appeal Board: Preliminary Observations on Oversight of Judicial Decision-making*, July 21, 2022, <https://www.gao.gov/assets/gao-22-106121.pdf>.