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June 17, 2024

*Via Federal eRulemaking Portal at www.regulations.gov
Docket No. PTO-P-2024-0014*

Attn: Thomas Krause, Director Review Executive; Kalyan Deshpande, Vice Chief Administrative Patent Judge; and Amanda Wicker, Acting Vice Chief Administrative Patent Judge

Re: Request for Comments on Notice of Proposed Rulemaking for Rules Governing Director Review of Patent Trial and Appeal Board Decisions

I write on behalf of the PTAB Bar Association (the “Association”) to respond to the request by the United States Patent and Trademark Office (“the Office”) for public comments in response to the Office’s Notice of Proposed Rulemaking for Rules Governing Director Review of Patent Trial and Appeal Board Decisions (“NPRM”), published at 89 Fed. Reg. 26807 (PTO-P-2024-0014, April 16, 2024).

The Association is a voluntary bar association of over 700 members engaged in private and corporate practice and in government service. Members represent a broad spectrum of individuals, companies, and institutions involved in practice before the Patent Trial and Appeal Board (“PTAB” or “Board”) and in patent, administrative and appellate law more generally. Per its bylaws, the Association is dedicated to helping secure the just, speedy, and inexpensive resolution of every PTAB proceeding. Accordingly, the Association strives to present a neutral perspective representing all parties with an interest in PTAB proceedings.

The Association provides the following comments on the various proposed rules in the NPRM. Although the Association has endeavored to comment on several of the proposed rules in the NPRM, to the extent any proposed rule is not specifically addressed below, such silence should not be construed as support for that proposed rule, nor construed as an indication that such proposed rule is noncontroversial.

I. Comments on USPTO NPRM 0651-AD79: Rules Governing Director Review of Patent Trial and Appeal Board Decisions

§ 42.75 Director Review.

(a) *Director Review Generally.* In a proceeding under part 42, the Director may review any decision on institution under 35 U.S.C. 314 or 324, any final written decision under 35 U.S.C. 318 or 328, or any decision granting rehearing of such a decision. In the course of reviewing an

institution decision, a final written decision, or a rehearing decision, the Director may review any interlocutory decision rendered by the Board in reaching that decision. The phrase “any interlocutory decision rendered by the Board in reaching that decision” shall be construed broadly to include any interlocutory decision that plausibly affected the outcome of the proceeding.

The *Arthrex* mandate is that the buck stops with the Director; hence, any agency action that plausibly affected the outcome of a final agency action must be open to Director review. The proposed construction of the phrase “any interlocutory decision rendered by the Board in reaching that decision” is intended to allow the Director broad discretion to review interlocutory decisions from the Board, and may form the basis of a showing by the requester that the decision warrants Director review.

(1) *Timing.* The request must be filed within the time period set forth in § 42.71(d) unless an extension is granted by the Director upon a showing of good cause. No response to a Director Review request is permitted absent Director authorization. Within 30 days of the filing date of the request, the Director shall issue a decision granting, denying, or delegating the request, or otherwise indicating that the request may merit further consideration. For any granted request, the Director shall issue a written opinion within 3 months of the filing date of the request, as set forth in part (e)(2) herein, or in lieu of such a written opinion during that 3-month period and upon a showing of good cause, an order providing a date by which such a written opinion shall be issued.

The PTAB Bar Association maintains that the USPTO should establish a default decision date (suggested 30 days from the date of the request) for the Director to issue, at a minimum, a single-line order granting, denying, or delegating the request, or in the context of a request that raises many and/or complex issues, otherwise indicating that the request may merit further consideration. This proposed procedure would promote efficiency in the Director Review process and avoid unnecessary delay. This proposed procedure also increases the Office’s transparency with respect to the anticipated timing of Director Review decisions. The Association includes a “may merit further consideration” category to provide an exception to the normal procedure, but recommends that this category be used sparingly.

In addition, we maintain that the USPTO should establish a default goal for Director Review completion (suggested 3 months from the date of the request), even if the intended goal is not judicially enforceable. To the extent that the USPTO uses its fee-setting authority to impose a \$400 fee for Director Review (see Ref. Docket No. PTO-P-2022-0033), that new fee should permit adequately staffing the review function, making delay less excusable.

Finally, this proposal provides an “escape valve” for the Director Review process for those (presumably rare) occasions in which the review requires more than 3 months, but at the same time provides the parties with notice of when the review will be completed. This procedure is consistent with the PTAB’s showing of good cause for further delay (*cf.* 35 U.S.C. 316(a)(11), 326(a)(11)). The Association maintains that routine or unlimited delay undercuts Congress’ goal of having PTAB proceedings provide an efficient alternative to district court litigation.

(3) *Content.* Absent Director authorization, a request for Director Review may not introduce new evidence. The request shall set forth why the requester believes that the decision for which review is sought presents (a) an abuse of discretion, (b) important issues of law or policy, (c) erroneous findings of material fact, and/or (d) erroneous conclusions of law. When appropriate, the requester should highlight issues of exceptional importance (e.g., those involving agency

policy or procedure), on resolution of conflicts between Board decisions, and/or matters of certainty and consistency in the application of law to matters before the Board.

The PTAB Bar Association maintains that the rules should expressly incorporate current practice before the Board as set forth in the USPTO's Revised Interim Director Review Process, Part 3A. *See* <https://www.uspto.gov/patents/ptab/decisions/revised-interim-director-review-process> ("This list shall include an express identification of the alleged (a) abuse of discretion, (b) important issue of law or policy, (c) erroneous finding of material fact, and/or (d) erroneous conclusions of law, as appropriate to the type of decision for which review is sought."). This identification by the requestor will ensure that the basis of the requested review is clear to the Director, the Panel, the opposing party, and any third party.

Arthrex requires plenary review authority with respect to all issues, with no limitation to accepting review requests, while applying the appropriate standards for deciding institution. With respect to determining whether or not to grant *sua sponte* review, it would be appropriate for the Director to focus her efforts on issues of exceptional importance (*e.g.*, those involving agency policy or procedure), on resolution of conflicts between Board decisions, and/or matters of certainty and consistency in the application of law to matters before the PTAB.

(f) *Delegation.* The Director may delegate review of a decision on institution, a final written decision, or a decision granting rehearing of such a decision, subject to any conditions provided by the Director. In the event of any such delegation, a notice thereof shall be promptly issued and placed in the record.

The PTAB Bar Association commends the USPTO on its commitment to transparency in all aspects of agency action, including PTAB proceedings. We concur that transparency is important in all PTAB proceedings and should remain a vital goal of the USPTO. *Arthrex* explains the importance of Director political accountability. The Director is free to change an outcome from the Board, but without transparency the *Arthrex* accountability requirement would be frustrated.

(g) *Ex parte communications.* All communications from a party to the Office concerning a specific Director Review request or proceeding must copy counsel for all parties. In the event the Director grants the request with respect to an important issue of law or policy, any third party is authorized to submit an amicus brief to the Director with respect to that request within 30 days of the grant decision. Any such amicus brief must comply with the length limitations for motions to the Board provided in § 42.24(a)(1)(v). Communications from third parties regarding a specific Director Review request or proceeding, aside from authorized amicus briefing, are not permitted and will not be considered.

As a matter of efficiency and economy, requests for Director review should be limited to the parties. But because *Arthrex* contemplates political implications that could affect the Director's review and decision-making, presumably other non-parties (including at least members of the Executive branch, the FDA, and/or the FTC) would be able to weigh in on the issue(s) presented in a granted request. The public, including industry groups and other agencies, may uniquely perceive potential impacts and policy implications raised in a review request, and the Director should be afforded the opportunity to consider those points of view. Such amicus involvement should be public, at least for the sake of transparency. (*See* GAO-22-106121, PATENT TRIAL AND APPEAL BOARD: Preliminary Observations on Oversight of Judicial Decision-making).

II. Conclusion

The Association and its members are committed to improving all aspects of PTAB practice, and we look forward to continuing to work with the Director and the Office to improve PTAB procedures. We appreciate this opportunity to provide feedback on this important issue, and hope that these comments aid in the development of guidelines and/or regulations.

Submitted on behalf of the PTAB Bar Association, by:

A handwritten signature in cursive script, appearing to read "Monica Grewal".

Monica Grewal, President