Before the
United States Patent and Trademark Office
Alexandria, VA

In 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

COMMENTS OF
COMPUTER & COMMUNICATIONS INDUSTRY ASSOCIATION

The Computer & Communications Industry (CCIA)[1] submits the following comments in response to the U.S. Patent and Trademark Office's Request for Comments on Director Review, Precedential Opinion Panel Review, and Internal Circulation and Review of Patent Trial and Appeal Board Decision.[2]

CCIA is an international, not-for-profit trade association representing a broad cross section of communications and technology firms. For nearly fifty years, CCIA has promoted open markets, open systems, and open networks. CCIA members employ more than 1.6 million workers, invest more than $100 billion in research and development, and contribute trillions of dollars in productivity to the global economy.

CCIA members are at the forefront of research and development in technological fields such as artificial intelligence and machine learning[3], quantum computing[4], and other computer-related inventions. CCIA members are also active participants in the patent system, holding approximately 5% of all active U.S. patents and significant patent holdings in other jurisdictions such as the EU and China.

I. Summary

CCIA members suggest that the United States Patent and Trademark Office's Interim Director Review process should, with certain changes, be adopted as a rule.[5] However, CCIA strongly urges that the Director Review process should not be used as a policymaking mechanism. Notice and comment rulemaking is the appropriate means for creating new generally applicable rules and policy. Therefore, decisions resulting from Director Review should not be

[1] A list of CCIA members is available online at https://www.ccianet.org/about/members.
[2] Request for Comments on Director Review, Precedential Opinion Panel Review, and Internal Circulation and Review of Patent Trial and Appeal Board Decisions, 87 F.R. 43249 (July 20, 2022).
[3] USPTO, *Inventing AI*, Fig. 6 (Oct. 2020), https://www.uspto.gov/sites/default/files/documents/OCE-DH-AI.pdf.
[4] *See* Elliott Mason, *Trends in quantum computing patents* (May 24, 2021), https://quantumconsortium.org/blog/trends-in-quantum-computing-patents/.
[5] https://www.uspto.gov/patents/patent-trial-and-appeal-board/interim-process-director-review

designated as precedential. Furthermore, CCIA members believe that the Precedential Opinion Panel (POP) review process should be eliminated.

II. Initiation and Scope of Director Review

A. When should Director review be permitted?

Director review should not be limited to review of final decisions. While *Arthrex* requires that the Director be able to review final decisions, it does not limit Directorial authority to only final decisions. Further, as the Director is the party that is required to make institution decisions by statute[6], they inherently have the authority to review the decisions their delegates—the Board—make on their behalf. Particularly given the lack of appellate review for institution decisions, availability of a second level of review for institution decisions is highly important. As a result, CCIA strongly suggests that the Director Review process cover both institution and final written decisions in AIA trials.

CCIA suggests that requests for Director review extend to factual errors and errors of law identified by the requesting party. While review should also extend to misapplication of Office policy, such a situation is best handled by Director-initiated review, as they are in the best position to recognize such misapplications.

Requesting Director Review should not foreclose the ability to request a hearing by the merits panel. Parties should be permitted to request both rehearing and Director review at the same time, permitting the USPTO to determine which path, if any, is the appropriate path for review. However, if the Director elects to review the panel decision, the merits rehearing request should be mooted in order to limit concurrent or consecutive reviews. Director review of decisions resulting from a rehearing by a merits panel should be available at the Director's discretion in order to ensure that the Director's responsibility for the ultimate decisions of the Office remains in force, but parties should not be permitted to request such a review to minimize repetitive review.

B. What selection criteria should Director review apply?

Criteria for Director review should vary slightly depending on the posture of the case. While *sua sponte* Director review must always remain available regardless of case posture or facts of the case in order to meet the Constitutional obligations set down in *Arthrex*, there is no obligation that review happen in any given case. Thus, stated criteria for a party to request review or for the Director to initiate review *sua sponte* may be narrower.

In factual error situations, CCIA suggests that the standard should be clear factual error by the Board. They have reviewed briefs and deposition transcripts, held hearings, and are generally best placed to make factual determinations. However, in proceedings where errors of law or misapplication of Office policy by the Board are alleged, a de novo review by the Director is appropriate.

CCIA also suggests that all PTAB institution decisions that make a discretionary denial be reviewed, regardless of whether a factual error or misapplication of law is identified. Discretionary denial is definitionally not mandatory and represents the judgment of the Director. Given the unavailability of any additional review for denials of institution and the non-

[6] 35 U.S.C. § 314.

mandatory nature of discretionary denials, this additional scrutiny is needed in order to ensure that meritorious proceedings are not being dismissed without strong reasons to do so and to ensure that the Board is not exceeding the Director's discretion under § 325(d).

III. Director Review as Precedent

CCIA believes that there is no need to treat Director review as precedential, and there are real costs to doing so. Precedential status can be used as an end-run around the rulemaking process, allowing the Office to make policy without going through rulemaking.[7] Doing so avoids public input, resulting in decisions being made that are less informed than those made in rulemaking, as well as permitting the Office to cut agencies like OMB and OIRA out of the regulatory review process.

While a decision must of course be made in any given case, there is no obligation that that decision be given the legal force of a rule as would be the case if it were marked precedential. The judges of the Board, once informed of the Director's views regarding a legal issue, are unlikely to ignore those views whether or not the decision is officially designated precedential. A Director review decision not marked precedential still decides the issue for a given case and indicates to the Board what the Director believes the correct rule to be. And if, after Director review, an Administrative Patent Judge (APJ) continues to decide cases against policy, that can be corrected by additional internal processes. It also may be useful as an indicator for areas where the decision needs adjustment or extension, and for indicating to the Federal Circuit what other approaches may exist, providing benefits similar to those provided by circuit splits at the Supreme Court.

Precedential designation is thus unnecessary both for the case in which the decision is made and for informing the Board and practitioners of what the Office's policy is. The sole benefit to making a decision precedential is that it allows the Office to create a rule of general applicability outside of the rulemaking process. While this may be convenient, it produces inferior policy, excludes public input and input from other agencies, and should not be the ordinary path by which policy is made. Instead, where a Director reviews a decision and wishes to convert it into binding policy for the future, the decision could be used as the basis for a Notice of Proposed Rulemaking (NPRM), minimizing the additional burden on the Office while still ensuring a robust public and intra-governmental review of rules.

CCIA thus suggests removal of the entire category of precedential decisions, converting existing precedential decisions into either informative decisions or else into Notices of Proposed Rulemaking.

[7] *See, e.g.*, *Apple v. Fintiv*, IPR2020-00019 (Mar. 20, 2020); *cf*. OIRA Regulatory Review Docket RIN0651-AD47, *Amendments to the Rules of Practice for Trials Before the Patent Trial and Appeal Board* (proposed set of PTAB rules that was rejected during OIRA review based on OIRA's concerns about whether the PTO could permissibly make such rules.)

IV. Modifications to Other USPTO Procedures

A. Retention of the POP Review Process

Regardless of whether precedential opinions remain part of the system, the POP review process should be eliminated.[8] As mentioned above, CCIA members strongly believe the NPRM process is the primary and preferred process for creating new policy. Precedential decisions, whether by the Director or by the Board, are inferior. Given this, CCIA members believe that there is no need for the POP process. Any decision important enough to be designated as precedent should, at a minimum, receive Director review, and preferably be implemented through rulemaking. However, the Director Review process may find it valuable to incorporate portions of the existing POP process, such as consulting with senior Administrative Patent Judges (APJs) or other USPTO staff when reviewing decisions or requests for review.

B. Changes to the Interim PTAB Decision Circulation and Internal Review Processes

The *Arthrex* case effectively identifies two separate concerns—the need for political accountability of the Office's decisions to the President, and the concern regarding independence of APJs who are accountable to the Director. As Justice Sotomayor noted during oral argument, there is an apparent tension between this political accountability and the need for judicial independence. That tension can be resolved by providing Director review, ensuring political accountability, while avoiding any ability for the Director to influence the judges on a specific case behind the scenes.

The interim decision circulation and internal review processes, as they currently exist,[9] permit undue off-record influence on decisions.[10] While peer reviews are often valuable, preliminary findings from the GAO report found that judges often felt pressured by management to change aspects of their decisions.[11] To retain independence of the judges involved in a particular decision, APJs involved in the PTAB or agency management, as well as the Director, should not participate in internal review. And, to the extent that senior staff might remain involved in review processes, all communications between the merits panel and senior staff should be made part of the public record. This will ensure that the public can understand the source of any given decision, avoiding the due process problems of off-record influence on APJs.

Removing the Director and management APJs from the decision review processes would convert the current review programs into true peer reviews, ensuring high-quality decisions from the Board while avoiding the tension between accountability and due process.

V. Conclusion

CCIA appreciates the Director's efforts to respond to the *Arthrex* decision and to revamp Director review to ensure accountability and transparency. Taking the next step by moving the Office to a position where rulemaking is the favored approach to setting policy, with

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[8] https://www.uspto.gov/patents/ptab/precedential-informative-decisions; https://www.uspto.gov/patents/ptab/decisions-and-opinions/precedential.
[9] https://www.uspto.gov/interim-process-ptab-decision-circulation-and-internal-ptab-review
[10] GAO, Patent Trial and Appeal Board: Preliminary Observations on Oversight of Judicial Decision-making (July 21, 2022), https://www.gao.gov/assets/gao-22-106121.pdf.
[11] *Id.*

policymaking by decision limited to only where absolutely necessary, would be another step forward in strengthening the PTAB and the United States patent system.

Respectfully submitted,

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