



American Intellectual Property Law Association

June 17, 2024

Thomas Krause
Director Review Executive
U.S. Patent and Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450

Submitted electronically via: Federal eRulemaking Portal (www.regulations.gov)

Re: Docket No. PTO-P-2024-0014 Notice of Proposed Rulemaking on Rules Governing Director Review of Patent Trial and Appeal Board Decisions

Dear Mr. Krause:

The American Intellectual Property Law Association (“AIPLA”) is pleased to have the opportunity to present its views to the United States Patent and Trademark Office (“Office”) in response to the Notice of Proposed Rulemaking on “Rules Governing Director Review of Patent Trial and Appeal Board Decisions,” 89 Fed. Reg. 26807 (April 16, 2024) (hereinafter the “NPRM”).

Founded in 1897, the American Intellectual Property Law Association is a national bar association of approximately 7,000 members who are primarily lawyers and patent agents 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 formalize the process of Director Review from decisions of the Patent Trial and Appeal Board (“PTAB”) using formal rulemaking, which increases the likelihood of reaching a rule set that is as transparent, equitable, and consistent as possible through the consideration of public input.

AIPLA previously provided its response to the Office’s Request for Comments on Director Review, POP Review, and the internal circulation and review of PTAB decisions. 87 Fed. Reg. 43249 (July 20, 2022).¹ In its response, AIPLA addressed the questions that have been duplicated in the NPRM. While the proposed rules can be largely reconciled with AIPLA’s

¹ AIPLA letter to USPTO on RFC on Director Review, Precedential Opinion Panel Review, and Internal Circulation and Review of PTAB Decisions (October 18, 2022) available at https://www.aipla.org/docs/default-source/advocacy/aipla-comments-to-uspto-on-ptab-director-review_final.pdf.

responses to the earlier Request for Comment (“RFC”), AIPLA takes this opportunity to comment on the specific proposal in the NPRM in view of the background provided by the Office in the NPRM.

Standard of Review

Question 6 of the July 20, 2022 RFC, replicated in the NPRM, reads, “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?”

In its previous response, AIPLA recommended 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. AIPLA further recommended a deferential standard such as abuse of discretion for *sua sponte* review of decisions granting institution, which are by definition preliminary decisions.²

In addressing the comments on Question 6, the Office noted the following:

In response to Question 6, some commenters suggested that the Director should apply *de novo* review for all issues on review. These commenters suggested that a standard that is deferential to the Board panel would not provide clear guidance. Other commenters favored *de novo* review on the basis that *Arthrex* requires the Director to substitute the Director’s own judgment.

Yet neither the rules nor the Office’s further remarks ultimately address the standard of the review, beyond recapping the comments received. Nor do the notes address AIPLA’s specific proposal of a split standard of review for final written decisions, or abuse of discretion for preliminary decisions.

To reiterate, AIPLA’s proposed split standard of review for final written decisions (*de novo* review for questions of law and clear error for questions of fact) 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.

² *Id.* at pp. 4-5.

If the omission is intended to be read as the Director exercising *de novo* review in all instances, it would nevertheless be helpful for the rules to clarify the standard in the interest of transparency and consistency.

Availability of Director Review for Institution Decisions

Question 3 of the July 20, 2022 RFC, replicated in the NPRM, reads, “Should requests for Director Review be limited to final written decisions in IPR and PGR? If not, how should they be expanded and why?” While recommending that the Director should maintain the authority and discretion to review *sua sponte* any PTAB decision, including final written decisions and institution decisions, AIPLA recommended that requests for Director Review should be limited to final written decisions.

In particular, AIPLA argued that limiting requests for Director Review to only final written decisions addresses the constitutional requirements established 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 that such requests become common—particularly as it relates to decisions on institution.

Regardless, AIPLA recommended that an abuse of discretion standard be applied 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. If the Office finalizes the proposed rules and permits requests for Director Review of institution decisions, AIPLA recommends that such requests also be considered consistent with an abuse of discretion standard for the same reasons.

Conclusion

AIPLA gratefully acknowledges the efforts by the USPTO to formalize the Director Review process through notice and comment rulemaking. We thank you for the opportunity to provide these comments, and are happy to discuss further.

Sincerely,

A handwritten signature in blue ink that reads "Ann M. Muetting". The signature is written in a cursive, flowing style.

Ann M. Muetting
President
American Intellectual Property Law Association