**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**

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Request for Comments on Director Review, Precedential Opinion Panel Review, and Internal Circulation and Review of Patent Trial and Appeal Board Decisions

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**Docket No. PTO–C–2022–0033**

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# COMMENTS OF THE HIGH TECH INVENTORS ALLIANCE

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## STATEMENT OF INTEREST

The High Tech Inventors Alliance (HTIA) represents leading technology providers and includes some of the most innovative companies in the world. HTIA member companies are global leaders in software, ecommerce, cloud computing, artificial intelligence, quantum computing, digital advertising and marketing, streaming, networking and telecommunications hardware, computers, smartphones, and semiconductors. HTIA includes four of the top six software companies in the world, two of the top ten providers of 5G network infrastructure, three of the ten largest tech hardware companies, and three of the ten largest semiconductor companies in the world.

HTIA exists to promote innovation and American jobs through equitable patent policies and a more efficient, effective, and inclusive patent system. HTIA's member companies are some of the world's largest funders of research and development, collectively investing more than $146 billion in these activities annually. They are also some of the world's largest patent owners and have collectively been granted nearly 350,000 patents.

HTIA and its members have a strong interest in a patent system that fairly balances the rights of patent owners with the interests of those who face infringement accusations. As large patent owners, HTIA's members rely on the AIA's standards and rulemaking processes to provide clarity and predictability. As frequent defendants, they also support the availability of robust and balanced patent review procedures.

## COMMENTS

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

Director review and other ad hoc decision-making mechanisms, such as the POP process and the issuance of guidance memos, should be limited in their scope and should not be used as a substitute for notice and comment rulemaking.

Any change to PTAB rules that is substantive, that affects access to the proceedings, or that is otherwise controversial should be adopted only through the formal rulemaking process. Formal rulemaking ensures that the USPTO has relevant information before it when it makes final decisions about new policies. It also ensures that participants in PTAB proceedings have advance notice before new policies are applied to the proceedings.

In recent years, several damaging policies have been imposed on PTAB trials without any advance notice to the public. As a result, stakeholders were denied an opportunity to comment on these policies or explain to the responsible decision makers the harm that these policies would cause.[1]

Director review should be restricted to resolving disputes about the proper interpretation of existing statutes, rules, or judicial precedents. Under no circumstances should it be used to enact new policies or rules.

Consistent with these principles, the PTAB discretionary denial policies that were implemented in 2019-2020 without advance notice through "precedential decisions" should be withdrawn.[2] These policies are illegal under the statute, are opposed by broad segments of the patent community, and were adopted in derogation of APA requirements. If the USPTO nevertheless believes in the merits of these policies—if it concludes that the public interest is served by cutting off review of invalid patents, and that the policies are consistent with statutory deadlines—then it should initiate a formal rulemaking and adopt the policies as regulations. In the absence of such rulemaking, the policies are illegitimate.

Regardless of what formal constraints the USPTO places on Director review, the continued application of the discretionary denial policies would create concern about how Director review will be

[1] The USPTO did seek comment on the PTAB discretionary denial policies on October 20, 2020, long after those policies had been implemented. The USPTO received comments from representatives of multiple industrial sectors that strongly opposed the *Fintiv* policy of denying PTAB review in favor of having patent validity decided in a civil jury trial. *See* Patent Progress, Comments on USPTO's Newest Regulation Overall Oppose Discretionary Denial Rules (Dec. 9, 2020). On January 19, 2021, the USPTO published an "Executive Summary" of these comments that ignored the comment letters from scores of businesses and trade associations that expressed grave concern about the *Fintiv* policy. *See* USPTO, Executive Summary: Public Views on Discretionary Institution of AIA Proceedings, p. 4, Jan. 2021. The report presents a false impression of the "public views" on *Fintiv*. Yet it has been cited by the Justice Department in litigation over the legality of the *Fintiv* rule. HTIA requests that this report be withdrawn. It is not consistent with the high standards that the public expects from the USPTO.

[2] The most problematic of these recent precedential decisions are: *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019 (Mar. 20, 2020); *NHK Spring Co., Ltd. v. Intri-Plex Techs., Inc.*, IPR2018-00752 (Sept. 12, 2018); *Valve Corp. v. Elec. Scripting Prods., Inc.*, IPR2019-00062 (Apr. 2, 2019); and *Valve Corp. v. Elec. Scripting Prods., Inc.*, IPR2019-00064 (May 1, 2019).

used in the future. The maintenance of these policies would suggest that Director review could again be used to implement problematic or unlawful policies and that such policies would be "grandfathered in" going forward. We would respectfully urge the USPTO to abandon its current discretionary denial policies or to promulgate through notice and comment rulemaking.

To restore confidence in the USPTO's internal appellate review mechanisms, the USPTO should make clear that Director review will be limited in scope and will not be used to evade APA rulemaking, and the USPTO should suspend recent policies that do not respect these limits.

**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?**

A third party should not be permitted to independently request review. The progress of a case and decisions as to whether it should be appealed should be left up to the parties to the case, not to disinterested third parties.

If a party to the case seeks Director review, however, third parties should be permitted to file amicus papers in support of Director review (and in support of any opposition that is filed by a party).

**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?**

Director review should be expanded to include institution decisions. Such requests and any review, however, should not be allowed to disrupt the AIA's statutory timelines. Such review should be conducted in parallel with the AIA trial, if one has been instituted.

**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?**

No. Parties should be required to choose one or the other option. Allowing pursuit of both would be inefficient and would raise difficult questions of how to coordinate consideration of two parallel requests for review.

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

The criteria established in the interim guidance appear to be appropriate. ("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.")

**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?**

De novo review should be applied to review of all types of decisions. Presumably, if an issue is important enough that it merits the Director's personal consideration, it is of broader significance to the agency and not simply a factual dispute. There is no reason for the Director to defer to a Board panel in such cases, particularly if questions of USPTO policy or interpretations of statutes or regulations are at issue.

**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?**

The criteria used in the interim guidance (*see* question 5) would appear to also suit sua sponte decisions as well as both discretionary- and merits-institution issues. Presumably, though, in addition to those criteria, the issue would need to be important enough to merit the Director's attention. This suggests a higher bar for reviewing purely factual errors than legal or policy errors.

**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?**

Yes. HTIA proposes that a decision on a request to reconsider a petition denial should be made within 6 months.

**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?**

Decisions should not be made precedential by default. Instead, there should be a clear process and objective criteria for determining whether a decision should be made precedential. Such a process should also include a determination of whether the question presented in the review should be resolved through formal rulemaking.

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

As noted in HTIA's answer to the first question, Director review should be limited in scope and should not supplant formal rulemaking.

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

POP review should be eliminated. It is duplicative of Director review and unnecessary. In addition, its unlimited scope has led to the improper designation of institution decisions as precedential and to abuses such as the *NHK-Fintiv* rule.

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

If POP review is to remain in place, the stages of the process should be subject to clear time limits.

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

See response to question 14.

**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 ensure that the PTAB decision circulation and internal review processes guard against political interference in PTAB decision making, concerns about which were highlighted in a

recent congressional hearing.[3] Any review of or change to a panel's decision should occur transparently, on the public record, and only after the panel decision has been issued.

APJs should be insulated from pressure by senior leaders or front office staff to alter the contents of their decisions, which could be accomplished in part by prohibiting such personnel from reviewing panel decisions before they issue or discussing pending cases with members of the panel. To maintain public confidence in and the legitimacy of the proceedings, the APJs must be allowed to decide cases as independent and unbiased adjudicators who are not subject to political influence, coercion, or interference.

[3] *See* *The Patent Trial and Appeal Board After 10 Years, Part II: Implications of Adjudicating in an Agency Setting*, Hearing Before the House Committee on the Judiciary, Courts, IP, and the Internet Subcommittee, July 21, 2022.