

Request for Comments on a Proposed Pilot Program Exploring an Alternative Approach to Institution Decisions in Post Grant Administrative Reviews, 80 Fed. Reg. 51540-51542 (Aug. 25, 2015)

Question 1

Should the USPTO conduct the single-APJ institution pilot program as proposed herein to explore changes to the current panel assignment practice in determining whether to institute review in a post grant proceeding?

Answer to Question 1

There is no dispute that 35 U.S.C. § 6(c) requires that a final written decision in a post-grant review and an IPR be rendered by a panel of at least three APJs. Because neither the patent statute nor the PTAB rules expressly requires a trial institution decision be made by a panel of more than one APJ, the USPTO feels that a response to Comment 196 in a Federal Register Notice (i.e., *Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions*, 77 Fed. Reg. 48612, 48647 (Aug. 14, 2012)) provides support for the use of a single APJ to make trial institution decisions in an IPR. In the noted response to Comment 196, the Office agreed with the questioner that final written decisions under 35 U.S.C. §§135(d) and 318(a) will be entered by a panel of at least three members of the Board. With respect to decisions other than a final written decision, the Office stated in the response to Comment 196 that “the AIA does not require a panel to decide petitions to institute a trial or motions.” The Office further stated in the response to Comment 196 that “[t]he authorities to determine whether to institute a trial and

conduct a trial have been delegated to a Board member or employee acting within the authority of the Board,” and “[a]s such, §42.2, as adopted in this final rule, also provides that, for petition decisions and interlocutory decisions, ‘Board’ means a Board member or employee acting within the authority of the Board.”

Interlocutory decisions are discussed under 37 CFR § 42.71(b). According to this rule, “[i]f a decision is not a panel decision, the party may request that a panel rehear the decision.” Since a single-APJ decision to institute a trial or not to institute a trial is an interlocutory decision under this rule, and not a panel decision by “at least three members of the Board” under 37 CFR § 42.2, both the petitioner and the patent owner “may request that a panel rehear the decision.” An interlocutory decision by a single judge to institute trial will most certainly lead to a request by the patent owner that at least a three-member panel rehear the decision. An interlocutory decision to not institute trial by the single judge will most assuredly lead to a request by the petitioner that at least a three-member panel rehear the decision. In other words, every action taken by the single judge will be met by a request from the losing party for a three-member panel rehearing. Under such a situation, any time gained via use of a single judge during the initial stage of the IPR will be more than lost from handling requests for rehearing from every losing party to the single judge’s interlocutory decisions.

Although 35 U.S.C. § 6(c) was expressly amended by AIA to include “derivation proceeding, post-grant review, and inter partes review” among the types of proceedings that “shall be heard by at least 3 members” of the PTAB, the Office is now relying on several paragraphs of commentary in the noted Federal Register Notice as a basis for a program that would use a single judge, as opposed to “at least 3,” to make a trial institution decision in an IPR. Nothing in 37 CFR §42.2 expressly states that a single judge can make a trial-institution decision for the

Board in an IPR. Under 37 CFR §42.71(c), a decision by a three-member panel of the Board is final and nonappealable. An interlocutory decision by the single judge would not only be non-final but also nonappealable under 37 CFR 42.71(b). It is inconceivable that the drafters of the AIA intended to slow down the IPR proceeding with a non-final and nonappealable interlocutory decision from the Board. In the absence of a more convincing rationale than commentary in the Federal Register about “a Board member or employee acting with the authority of the Board,” the expressly stated “at least 3 members” requirement of the statute should prevail over any Office interpretation of current rules.

The current Director of the Office is not the first USPTO head to consider the number of judges to be assigned to a panel. In *In re Alappat*, 33 F.3d 1526 (Fed. Cir. 1994), the Court sitting *en banc* reviewed the legality of a Board decision rendered by an expanded Board panel after an initial three-member decision. The initially assigned three-member panel reversed the Examiner’s 35 U.S.C. §101 rejection of claims 15-19. The Examiner requested reconsideration of the reversal based on the reasoning that the decision by the Board conflicted with PTO policy. The Examiner additionally requested that the decision be reconsidered by an expanded panel. The Office head, then referred to as Commissioner, agreed with the Examiner and expanded the original panel to include himself, the Deputy Commissioner, one of the Assistant Commissioners, the Board Chairman, and the Board Vice Chairman. The five new members of the expanded panel issued the majority decision affirming the Examiner’s 35 U.S.C. §101 rejection. The panel majority indicated that the decision on reconsideration was a “new decision” for purposes of requesting reconsideration or court review. The original three members filed a dissent for all of the reasons expressed in their original decision.

Besides the 35 U.S.C. §101 issue, the Court was asked to address the legality of the expanded panel reconsideration decision on appeal.

According to the Court, “the plain and unambiguous meaning of a statute prevails in the absence of clearly expressed legislative intent to the contrary.” Turning to 35 U.S.C. §7(b), the Court noted that “[e]ach appeal and interference shall be heard by *at least three members* of the Board of Appeals and Interferences, who shall be *designated by the Commissioner*” (emphasis added). The Court held *inter alia* that the statute plainly and unambiguously states that the Commissioner has the power to designate “*at least three*” Board members to hear an appeal. The Court further held that “Congress expressly granted the Commissioner the authority to designate expanded Board panels made up of *more than three* Board members” (emphasis added). In other words, the statutory language in 35 U.S.C. §7(b), now 35 U.S.C. §6(c), permits the Commissioner, now Director, to designate a panel greater than “at least 3 members.” On the other hand, no statutory language exists that permits the Director to designate a panel less than “at least 3 members.”

Nothing in the legislative history, the patent statute, the Rules or the case law supports the Office’s desire to use less than “at least 3 members” of the Board in the initial phase of an IPR. The number *three* for members assigned to a panel of the Board has been carried forward from the creation of the Board to the latest AIA revision of 35 U.S.C. §6(c). Thus, the at least *three* Board members serving on a Board panel is symbolic as well as historic. In addition, the at least *three* members on a panel have served through the years as both a legal as well as a technical quality check on the member assigned to write the decision for the panel. It is foreseeable that any lowering of the number of members of a Board panel to less than *at least three* will generate *Alappat*-type lawsuits challenging the legality of decisions rendered by such reduced panels.

Question 2

What are the advantages or disadvantages of the proposed single-APJ institution pilot program?

Answer to Question 2

I only see disadvantages to the proposed single-APJ institution pilot program. As indicated above, the single APJ can only issue interlocutory opinions. I also believe that the quality of a single APJ decision will not be as high as a decision rendered by a panel of “at least 3 members.”

Even if a designated panel is at least two APJs, a third APJ would have to be designated to decide a winning position when the two APJs cannot agree on an issue.

Question 5

Are there any other suggestions for conservation and more efficient use of the judicial resources at the PTAB?

Answer to Question 5

The PTAB could take a page from the Trademark Trial and Appeal Board (TTAB) and hire interlocutory attorneys to assist with the preliminary and non-final aspects of the post-grant proceedings.