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The Honorable Michelle K. Lee
Under Secretary of Commerce for Intellectual Property and
Director of the U.S. Patent and Trademark Office
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Via e-mail to PTABTrialPilot@uspto.gov

Re: *Comments On Proposed Pilot Program Exploring An Alternative
Approach To Institution Decisions in Post Grant Administrative Reviews*

Dear Director Lee:

Oblon, McClelland, Maier & Neustadt L.L.P. (“Oblon”) appreciates the opportunity to comment on the U.S. Patent and Trademark Office’s (“USPTO”) proposed pilot program pertaining to the institution and conduct of post grant administrative trials published in the Federal Register on August 25, 2015. 80 F.R. No. 164 at 51540. The following specific comments are based on our review and understanding of the proposed program and the questions posed in the Federal Register.

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?

Oblon does not support a single-APJ institution pilot program for several reasons. First, institution decisions are not reviewable by the U.S. Court of Appeals for the Federal Circuit outside of very limited circumstances. *See, e.g., St. Jude Medical, Cardiology Div. Inc. v. Volcano Corp.*, 749 F.3d 1373, 1375–76 (Fed. Cir. 2014); *see also In re Dominion Dealer Solutions, LLC*, 749 F.3d 1379 (Fed. Cir. 2014) (holding that a writ of *mandamus* is inappropriate to challenge a PTAB decision not to institute a trial); *cf. Versata Dev. Group, Inc. v. SAP Am., Inc.*, 793 F.3d 1306, 1315 (Fed. Cir. 2015) (reviewing CBM eligibility permitted). Individual judges may consider the lack of appellate review as a factor weighing in favor of institution, which would be likely unwelcome by patent holders. By the same token, coupling

the lack of reviewability as noted above with a lack of accountability to peers, might foster inconsistency—which could, in turn, chill the efficacy of this critical alternative to high-cost patent infringement litigation. These concerns are especially heightened given the significant influx of new judges to the PTAB Trial Section. Finally, given the limited review of the proposed pilot program, it is likely that pilot program institution decisions would be disproportionately subject to requests for rehearing in comparison to standard three-APJ institution decisions. Thus, any gain in efficiency would almost certainly be offset by the increased rehearing workload, especially if additional judges are offered for such rehearsings (which may be necessary to safeguard against inconsistent rulings).

Second, consistency in decisions to institute (or not institute) a PTAB trial is a growing concern given the success of the PTAB and the expanding appeal of PTAB trial proceedings to patent litigants. Simply stated, the single-APJ institution pilot program would likely create an unwarranted perception of “cutting-corners.” Oblon respectfully suggests a compromise may be to explore a two-APJ institution pilot program (discussed below in response to Question 5).

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

Clearly, there are administrative advantages to lessening the demand on APJs at the institution stage. Additionally, the administrative trial proceedings might be perceived as more balanced when new judges are introduced post-institution. That is, patentees may feel like they have a better chance of convincing judges not “invested” in the institution decision if a trial is instituted.

Potential disadvantages are addressed above. Namely: decreased patentee and petitioner confidence in the ability of the PTAB to perform a balanced appraisal of petition merit; perception of “cutting-corners” due to increased demand; and an increase in the rehearing workload. Another unintended consequence might be decreased agency revenue. That is, assuming that a single-APJ or hybrid pilot is advanced, the filing fees may need to be adjusted downward because the current fees were calculated based on 100 hours of judge time (presumably across three judges). *See* 77 F.R. No. 157 at 48619.

3. How should the USPTO handle a request for rehearing of a decision on whether to institute trial made by a single APJ?

To allay consistency concerns in a single-APJ institution pilot program, one additional judge should be assigned to a rehearing (and perhaps a third in the case of disagreement). This would also dissuade concerns about the high denial rate of rehearing requests, as at least one different judge would be hearing the arguments rather than the same APJ. Of course, dissatisfied

parties would have nothing to lose in seeking additional APJ review on rehearing (*i.e.*, a default, expanded panel in the case where additional judges are included), likely increasing the rehearing workload as discussed above.

4. What information should the USPTO include in reporting the outcome of the proposed single-APJ institution pilot program?

Oblon respectfully suggests including the following information: (1) comparison of rehearing statistics (numbers of requests and outcomes) with non-pilot cases; (2) statistical differences in grant/denial rate; (3) average tenure of single-APJ panels (that is, newer judges should be excluded from any single-APJ institution pilot program); and (4) PTAB efficiency gains.

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

As noted above, consistency is a growing concern given the expanding PTAB workload, relatively few precedential decisions, and utilization of newly hired judges with limited experience. As such, a possible compromise may be to explore a two-APJ institution pilot program. In this model, where there is disagreement between the two assigned judges, the case could be removed from the program to the traditional three judge track. Of course, switching tracks will require earlier consideration of the petition, but this is already contemplated in the pilot proposal. 80 F.R. No. 164 at 51541. A two-APJ institution pilot program would better protect against inconsistency and decrease the likelihood of increased rehearing requests. It is respectfully submitted that a two-judge, hybrid approach would be received more favorably by stakeholders. While efficiency gains would be less pronounced with this hybrid approach, the participation of a second APJ is a necessary safeguard.

Ideally, only senior judges would be eligible for inclusion in any pilot program. If a two-APJ institution pilot program is implemented, one judge could be more junior than the other to benefit from being teamed with a senior judge. However, relatively equal experience may be more practical to avoid undue deference being shown to the more senior judge. Alternatively, a practice could be adopted where the more junior judge presents his or her opinion first in the after-hearing conference to avoid the more senior judge influencing the more junior judge (it is our understanding that the Federal Circuit operates in this manner).

Because a single-APJ institution pilot program review will likely be strongly disfavored with petitioners and patentees alike, the USPTO may consider offering incentives for voluntary participation to expand the program. Examples of such incentives could include a decreased

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petition fee, modest page limit expansion, or ensuring an institution decision within two months of any preliminary response.

Very truly yours,

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