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PTAB Update! USPTO Proposes New Rules and SOP4 on Internal Circulation and Review of PTAB Decisions

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The USPTO published a Notice of Proposed Rulemaking (NPR) on Friday proposing new rules governing pre-issuance internal circulation and review of decisions within the PTAB. 88 Fed. Reg. 69578-69583 (Oct. 6, 2023). The Office also released a new standard operating procedure (SOP 4) providing specific procedures for pre- and post-issuance optional decision review. The NPR and SOP 4 continue the Director's goal of providing increased clarity and transparency concerning the scope of permissible communications between panels and those within the PTAB who are permitted to review such decisions. They also provide guidance on related issues such as the paneling and repaneling of PTAB panels and the possible selection of decisions for *sua sponte* Director review. Below is a high-level summary of the NPR and SOP 4. Comments on the NPR are due by December 5, 2023 and can be submitted at www.regulations.gov.

Notice of Proposed Rulemaking

- The NPR would codify processes and standards to govern the internal pre-issuance circulation and review of decisions within the PTAB.
- Proposes adding new 37 CFR Part 43, "Decision Circulation and Review within the Patent Trial and Appeal Board"
- No Director Involvement. Precludes the Director, Deputy Director, Commissioner for Patents, and Commissioner for Trademarks from communicating, directly or indirectly, with any member of a PTAB panel regarding a decision before it issues.
- Assigning Panels. Specifies that the Chief APJ or his/her delegate shall designate (assign) PTAB panels on behalf of the Director. The Director is not permitted to direct or influence the paneling or repaneling of any specific proceeding prior to issuance of a panel decision. When reviewing or rehearing an issued panel decision, however, the Director may direct the repaneling consistent through an Order entered in the record.
- Optional Review. Provides that no Management Judge or employee can initiate communication with a panel, but a panel may optionally seek input from one or more Management Judges or non-Management Judges. If a panel requests review by one or more non-Management judges, such judges are not permitted to discuss any circulated decisions with any Management Judges. The procedure for review by non-Management judges is laid out in SOP 4.

- Indicates that a panel has sole discretion on whether to adopt any edits, suggestions, or feedback provided by any Management or non-Management Judges.
- Requires that all USPTO policies and guidance must be written and made public.

Standard Operating Procedure 4 (SOP 4)

- Generally. Provides the procedure for (i) optional internal circulation and review of PTAB decisions prior to issuance by peer judges or PTAB management, and (ii) review of PTAB decisions post-issuance.
- Circulation Judge Pool (CJP). Established for optional non-management review of draft decisions by peer judges. The CJP will comprise at least 6 judges and each CJP will typically serve a one-year term. CJP review will typically include review by two of the CJP judges. A red-lined draft and information concerning potential conflicts or inconsistencies with relevant authority is sent to the panel for consideration. The CJP is also tasked with periodically meeting with PTAB Executive Management to discuss issued decisions and notable issues. This information may then be shared with the Director to consider updating policies, guidance, and for possible Director Review.
- PTAB Management Pre-Issuance Optional Review team (MPIOR team). Established for optional managerial review of a draft decision. The MPIOR team include a Vice Chief Judge, a Senior Lead Judge, Lead Judges, and those acting any of the foregoing positions. The process for MPIOR review is generally similar to CJP review, discussed above.
- PTAB Post-Issuance Review team (PIR team). Established for reviewing issued PTAB decisions and flagging certain decisions to consider, for example possible candidates for *sua sponte* Director Review or policy clarification. The PIR team may include a Vice Chief Judge, a Senior Lead Judge, Lead Judges, and those acting in any of the foregoing positions.
- No Director Involvement. Provides that the Director, Deputy Director, Commissioner for Patents, and Commissioner for Trademarks will not be involved pre-issuance, directly or indirectly, in directing or otherwise influencing any panel decisions unless they are a panel member.
- Conflicts of Interest. If a member of the CJP, the MPIOR team, or the PIR team has a conflict of interest, they shall notify the other members of their respective team and will recuse themselves from any discussion or analysis of that decision.

Practitioner Takeaway:

In response to recent concerns by the patent bar over alleged panel tampering and outcome manipulation, the USPTO's new NPR and SOP4 would provide increased clarity and transparency concerning how PTAB panels are formed and on how panels optionally may seek internal review of draft Board decisions by peers (CJP) or by PTAB management (MPIOR). The Director is now fully insulated from reviewing draft decisions but may review issued decisions and potentially issue *sua sponte* Director Review orders.