"USPTO Driven To Drop Rules Package And Get Trial Denial Input"
Managing IP
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The USPTO requested comments on whether to establish a formal notice-and-comment rule-making process at the Patent Trial and Appeal Board on Tuesday, October 20, the day after it withdrew a potentially controversial rules package from review.

Sources suggest that given the short time between these two events and that both documents allegedly concerned the rules for discretionary denials at the PTAB, there was probably a correlation between them, and that pressure from stakeholders on both sides compelled the office to change its plans.

"The USPTO got the message that there was a desire for more comment and that it wouldn't have been sufficient to push a rules package through without people commenting," says Jonathan Stroud, chief IP counsel at Unified Patents in Washington DC.

"There was a lot of pushback from stakeholders on both sides of the issue on this."

Managing IP reported in September that tech companies and other firms were concerned that a USPTO rules package pending at the Office of Information and Regulatory Affairs (OIRA) would inappropriately cement unpopular precedential decisions on discretionary denials at the PTAB.

Although the package had not been published, stakeholder fears had been stoked by rumours that it would codify precedential decisions such as Fintiv and General Plastic. More than 25 organisations, including Verizon, Dell, IEEE and Intel, scheduled meetings with the OIRA to discuss the package – a considerable amount of interest for an unpublished proposal.

The USPTO dropped its proposal (0651-AD47) on October 19, after which it published its request for comments in the federal register on the proposal to codify or modify its current policies and practices for instituting PTAB trials.

In its request for comments, the USPTO identifies several statutory sections which it relies on for the authority to prescribe rules guiding the PTAB's discretion. It sets out seven questions organised into categories of serial petitions, parallel petitions, proceedings in other tribunals and other considerations to help guide public comments.

The document has a 30-day comment period that will end on November 19.

Why drop the package?

Counsel suggest that pressure from the US government might have mounted as a result of interest in the unpublished rules package. They note that this pressure combined with the lawsuit

filed by Apple and others against the USPTO for its implementation of the NHK-Fintiv rule could have compelled the office to change direction.

“There are lots of indications, which are non-public facing, that the USPTO starting this review of discretionary denials and dropping its package review request at the OIRA are related,” says an executive for a tech industry interest group in Washington DC.

“The persistent rumour from well-placed sources has been that what was pending at the OIRA was a notice of proposed rule making that would have codified these discretionary denial decisions, but that was apparently too controversial so was dropped.”

Joshua Landau, patent counsel at the Computer & Communications Industry Association (CCIA) in Washington DC, adds: “The important thing to look at is the USPTO was working on proposing this as a rule, and as part of that a number of organisations including the CCIA went to the OIRA and explained our concerns with the PTAB’s discretionary denial process.

“The outcome of that seems to be that instead of proposing a rule, they were asked –presumably by the administration – to go and obtain input on whether such a rule is appropriate, which signals that there is some scepticism to this rule at the administration.”

Stroud at Unified Patents says: “I think the PTO made the decision internally not to go forward, just because of the pressure the OIRA is under to get everything else done that it wants to do before the end of the presidential term, and this package just looked like too much of a stakeholder concern to move forward.”

He adds that once a rules package is submitted it cannot be released to the public for comment, so the USPTO had to withdraw its application to publish a request for comments.

How will the review go?

Stroud at Unified Patents notes that the USPTO had seemed to be trying to rush the rules package through the OIRA before the end of the president’s term, in case of a changeover.

The office didn’t succeed in that goal, he says, but that failure doesn’t necessarily mean the rules package with its rumoured provisions couldn’t come back following feedback from the new consultation.

“The rules package could come back in three months or a year from now depending on the appetite,” he says. “And let’s say Biden wins, it is unclear whether his administration would be more or less predisposed to the USPTO’s current position on discretionary denials.

“The appointee to the USPTO is so far down the totem pole, but Senator Chris Coons is very widely known to be pro patent, and my understanding is that he is potentially being considered for cabinet positions.”

The USPTO would be compelled, of course, to follow the path laid out by commenters.

Kevin Rodkey, partner at Finnegan in Atlanta, explains that the notice set out a few options for a discretionary denials process. The USPTO could adopt a case-by-case analysis similar to what it

already developed in Fintiv and General Plastic or a different sort of case-by-case analysis, or could even take on bright-line rules.

“Given the open options and that they are likely to get a lot of comments, you’re probably going to see some sort of synthesis of the comments if they decide to proceed with the actual rule making,” says Rodkey.

Scott Hejny, principal at McKool Smith in Dallas, adds that factors featuring in the request-for-comment document certainly warrant consideration, but others he simply cannot see the USPTO losing.

“I can’t see them dropping the rules on serial petitions that attack the same patent or parallel petitions where multiple challenges are filed at the same time,” he says.

“But other factors, such as the dockets at the district courts and at the International Trade Commission, could have an impact on whether changes are made, absolutely.”

Landau at the CCIA agrees that the review will probably focus on the Fintiv, General Plastic and NHK-Spring line of precedential opinions. He also agrees that the way forward will depend heavily on the sort of input they receive.

Given the USPTO’s history on consultation timing, he adds, the formalisation of whichever rule-making process the office takes will happen in about a year.