



## DEPARTMENT OF COMMERCE

### Patent and Trademark Office

#### 37 CFR Part 42

[Docket No. PTO-P-2024-0014]

RIN 0651-AD79

### Rules Governing Director Review of Patent Trial and Appeal Board Decisions

**AGENCY:** United States Patent and Trademark Office, Department of Commerce.

**ACTION:** Final rule.

**SUMMARY:** The United States Patent and Trademark Office (USPTO or Office) is adding a new rule to govern the process for the review of Patent Trial and Appeal Board (PTAB or Board) decisions in Leahy-Smith America Invents Act (AIA) proceedings by the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office (Director). The new rule promotes the accuracy, consistency, and integrity of PTAB decision-making in AIA proceedings.

**DATES:** This rule is effective [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

**FOR FURTHER INFORMATION CONTACT:** Thomas Krause, Director Review Executive; Kalyan Deshpande, Vice Chief Administrative Patent Judge; or James Worth, Acting Senior Lead Administrative Patent Judge, at 571-272-9797.

#### SUPPLEMENTARY INFORMATION:

##### Executive Summary

Following the decision of the U.S. Supreme Court in *United States v. Arthrex, Inc.*, 141 S. Ct. 1970, 1986 (2021) (“*Arthrex*”), on June 29, 2021, the USPTO implemented an interim process for Director Review of final written decisions in AIA proceedings. To promote the accuracy, consistency, and integrity of PTAB decision-

making in AIA proceedings, the USPTO then issued an updated “Interim Process for Director Review” on April 22, 2022. The updated interim process set forth guidance for parties who wished to request Director Review. This guidance increased clarity as the Office continued to update and improve the process based on experience and initial stakeholder feedback. The USPTO subsequently issued a Request for Comments (RFC) seeking public input on Director Review. 87 FR 43249-52 (July 20, 2022); 87 FR 58330 (Sept. 26, 2022) (extending comment period). Based on experience and in light of stakeholder feedback received in response to the RFC, on July 24, 2023, the USPTO modified the interim Director Review process to allow parties to request Director Review of decisions on institution in AIA proceedings. The USPTO then issued a Notice of Proposed Rulemaking (NPRM) on April 16, 2024, taking into consideration the feedback received in response to the RFC. Following the proposed rule and solicitation of public comments, 89 FR 26807 (Apr. 16, 2024), this final rule implements, in regulation, key aspects of the processes used for Director Review.

This final rule provides that a party to an AIA proceeding may request Director Review in that proceeding of any: (1) decision on institution, (2) final decision,<sup>1</sup> (3) decision granting rehearing of a decision on institution or a final decision, or (4) other decision concluding an AIA proceeding. In addition, the final rule provides that the Director may sua sponte (on their own initiative) initiate a review of such decisions. The final rule also sets forth the timing and format of a party’s request for Director Review. The final rule addresses the impact of Director Review on the underlying proceeding at the PTAB, as well as the time by which an appeal to the U.S. Court of Appeals for the

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<sup>1</sup> As discussed below, as used in the final rule, “final decision” is defined as both final written decisions under 35 U.S.C. 318, 328, for inter partes review and post grant review proceedings, and also final decisions under 35 U.S.C. 135, for derivation proceedings.

Federal Circuit must be filed. The final rule also provides that the Director may delegate a review.

## **Background**

On September 16, 2011, Congress enacted the AIA (Pub. L. 112-29, 125 Stat. 284 (2011)). The AIA established the PTAB,<sup>2</sup> which is made up of administrative patent judges (APJs) and four statutory members, namely the Director, the Deputy Director, the Commissioner for Patents, and the Commissioner for Trademarks. 35 U.S.C. 6(a). The Director is appointed by the President, by and with the advice and consent of the Senate. 35 U.S.C. 3(a)(1). APJs are appointed by the Secretary of Commerce in consultation with the Director. *Id.* section 6(a). The PTAB hears and decides *ex parte* appeals of adverse decisions by examiners in applications for patents, applications for reissue, and reexamination proceedings, and conducts proceedings under the AIA, including *inter partes* reviews (IPRs), post grant reviews (PGRs), and derivation proceedings, all in panels of at least three members. *Id.* sections 6(b), (c). Under the statute, the Director designates the members of each panel. *Id.* section 6(c). The Director has delegated that authority to the Chief Judge of the PTAB. See PTAB Standard Operating Procedure 1 (Rev. 16) (SOP 1), Assignment of Judges to Panels, available at [www.uspto.gov/sites/default/files/documents/sop1\\_r16\\_final.pdf](http://www.uspto.gov/sites/default/files/documents/sop1_r16_final.pdf).

35 U.S.C. 6(c) states that “[o]nly the Patent Trial and Appeal Board may grant rehearings” of Board decisions. In *Arthrex*, the Supreme Court held that the Appointments Clause of the Constitution (art. II, sec. 2, cl. 2) and the supervisory structure of the USPTO require the Director, a principal officer of the United States, to have the ability to review the PTAB’s final written decisions in IPR proceedings. See *Arthrex*, 141 S. Ct. at 1986. The Court determined that “35 U.S.C. 6(c) is unenforceable

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<sup>2</sup> The PTAB was previously known as the Board of Patent Appeals and Interferences.

as applied to the Director insofar as it prevents the Director from reviewing the decisions of the PTAB on [the Director's] own." *Id.* at 1987. The Court added that:

this suit concerns only the Director's ability to supervise APJs in adjudicating petitions for inter partes review. We do not address the Director's supervision over other types of adjudications conducted by the PTAB, such as the examination process for which the Director has claimed unilateral authority to issue a patent.

*Id.* The Court thus held that "the Director has the authority to provide for a means of reviewing PTAB decisions" in IPR proceedings and "may review final PTAB decisions and, upon review, may issue decisions . . . on behalf of the Board." *Id.* Additionally, the Court in *Arthrex* made clear that "the Director need not review every decision of the PTAB," nor did it require the Director to accept requests for review or issue a decision in every case. *Id.* at 1988. Instead, "[w]hat matters is that the Director have the discretion to review decisions rendered by APJs." *Id.*; see *Arthrex, Inc. v. Smith & Nephew, Inc.*, 35 F.4th 1328, 1338 (Fed. Cir. 2022) (noting same); *CyWee Grp. Ltd. v. Google LLC*, 59 F.4th 1263, 1268 (Fed. Cir. 2023) ("[T]he Appointments Clause was intended to prevent unappointed officials from wielding too much authority, not to guarantee procedural rights to litigants, such as the right to seek rehearing from the Director." (quoting *Piano Factory Grp., Inc. v. Schiedmayer Celesta GmbH*, 11 F.4th 1363, 1374 (Fed. Cir. 2021))).

Following the *Arthrex* decision, on June 29, 2021, the USPTO implemented an interim process for Director Review of final written decisions in IPR or PGR proceedings and published *Arthrex* Questions and Answers (Q&As), available on a USPTO webpage.<sup>3</sup> On April 22, 2022, the USPTO published two webpages to replace the *Arthrex* Q&As. Specifically, the USPTO published an "Interim Process for Director Review" webpage,<sup>4</sup>

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<sup>3</sup> This webpage was superseded by the "Revised Interim Director Review Process" webpage, discussed below, but remains available at [www.uspto.gov/patents/patent-trial-and-appeal-board/procedures/arthrex-qas](http://www.uspto.gov/patents/patent-trial-and-appeal-board/procedures/arthrex-qas).

<sup>4</sup> This webpage was also superseded by the "Revised Interim Director Review Process" webpage.

setting forth more details on the interim process and additional suggestions and guidance for parties who wish to request Director Review. The updated interim process guidance increased clarity as the Office continued to update and improve the interim Director Review process based on experience and initial stakeholder feedback. The USPTO also published a webpage providing the status of all Director Review requests, available at [www.uspto.gov/patents/patent-trial-and-appeal-board/status-director-review-requests](http://www.uspto.gov/patents/patent-trial-and-appeal-board/status-director-review-requests) (status webpage). The Director Review status webpage includes a spreadsheet that is updated monthly and presents additional information about the proceedings in which Director Review has been granted.

On July 20, 2022, the USPTO issued an RFC<sup>5</sup> on Director Review, Precedential Opinion Panel (POP) review,<sup>6</sup> and the internal circulation and review of PTAB decisions. 87 FR 43249-52.<sup>7</sup> Based on experience and in light of stakeholder feedback received in response to the RFC, on July 24, 2023, the USPTO modified the interim Director Review process to allow parties to request Director Review of decisions on institution in AIA proceedings, and to introduce a process by which the Director may delegate review of a Board decision to a Delegated Rehearing Panel (DRP). See “Revised Interim Director Review Process” webpage (available at [www.uspto.gov/patents/ptab/decisions/revised-](http://www.uspto.gov/patents/ptab/decisions/revised-)

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<sup>5</sup> Request for Comments on Director Review, Precedential Opinion Panel Review, and Internal Circulation and Review of Patent Trial and Appeal Board Decisions. 87 FR 43249-52 (July 20, 2022).

<sup>6</sup> The USPTO established the POP review process in 2018 and set forth that process in the Board’s Standard Operating Procedure 2, revision 10. The POP process was used to establish binding agency authority concerning major policy or procedural issues, or other issues of exceptional importance in the limited situations where it was appropriate to create such binding agency authority through adjudication before the PTAB. The USPTO retired the POP process on July 24, 2023, in view of the interim Director Review process.

<sup>7</sup> Available at [www.federalregister.gov/documents/2022/07/20/2022-15475/request-for-comments-on-director-review-precedential-opinion-panel-review-and-internal-circulation](http://www.federalregister.gov/documents/2022/07/20/2022-15475/request-for-comments-on-director-review-precedential-opinion-panel-review-and-internal-circulation).

interim-director-review-process) (Director Review webpage)<sup>8</sup>; “Delegated Rehearing Panel” webpage (available at [www.uspto.gov/patents/ptab/decisions/delegated-rehearing-panel](http://www.uspto.gov/patents/ptab/decisions/delegated-rehearing-panel)). The USPTO made additional updates to the interim Director Review process on September 18, 2023, (updating processes related to Director Review of PTAB decisions on remand from the Director), January 19, 2024, (updating processes related to requests for rehearing of Director Review decisions), and April 16, 2024, (providing step-by-step instructions on how to file a request for Director Review).

### *Request for Comments*

As noted above, on July 20, 2022, the Office published an RFC on Director Review, POP review, and the internal circulation and review of PTAB decisions. 87 FR 43249-52. The USPTO received 4,377 comments from intellectual property organizations, trade organizations, other organizations, and individuals, on all aspects of the RFC, including twelve specific responses to questions 2–12 related to Director Review or POP review. All comments are publicly available at the Federal eRulemaking Portal at [www.regulations.gov/docket/PTO-P-2022-0023/comments](http://www.regulations.gov/docket/PTO-P-2022-0023/comments). A summary of the pertinent comments is available in the NPRM at [www.regulations.gov/document/PTO-P-2024-0014-0001](http://www.regulations.gov/document/PTO-P-2024-0014-0001). 89 FR 26807 (Apr. 16, 2024).

### **Proposed Rule: Comments and Responses**

On April 16, 2024, after careful consideration of the public input received in response to the RFC, the USPTO published a notice of proposed rulemaking to set forth key aspects of the processes used for Director Review. See 89 FR 26807. The notice of proposed rulemaking provided for a 60-day comment period.

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<sup>8</sup> As used herein, the term “Director Review webpage” encompasses both the Revised Interim Director Review Process webpage and the new Director Review webpage. The Revised Interim Director Review Process webpage remains in effect until the effective date of this rule, after which the new Director Review webpage will publish and become effective.

The Office received a total of 12 comments from eleven organizations and one individual. The Office appreciates the thoughtful comments representing views from various public stakeholder communities. The comments are publicly available at the Federal eRulemaking Portal at [www.regulations.gov/document/PTO-P-2024-0014-0001](http://www.regulations.gov/document/PTO-P-2024-0014-0001).

Commenters were generally supportive of the proposed rule and agreed that the rule would promote the accuracy, consistency, and integrity of PTAB decision-making in AIA proceedings. Some commenters suggested expanding the scope of Director Review, for example, to include decisions on ex parte appeals and reexamination appeals. A summary of the comments and the Office's responses are provided below. The Office's responses address the comments that are directed to the proposals set forth in the NPRM. Any comments directed to topics beyond the scope of the NPRM are not addressed.

*Comment 1:* Four commenters suggested adding formal standards of review to the rule, with various standards proposed. Two commenters recommended expressly incorporating the standards of review currently set forth in the interim Director Review process. A third commenter recommended a de novo standard of review for any questions of law and a more deferential standard of clear error for questions of fact with respect to final written decisions. The same commenter also recommended applying a deferential standard, such as abuse of discretion, for review of decisions granting institution. A fourth commenter recommended the rule specify de novo review for all Director Review decisions.

*Response:* The Office appreciates these thoughtful comments, but does not adopt the suggestions at this time. The Supreme Court's *Arthrex* decision necessitates that the Director be able to review decisions in AIA proceedings but *Arthrex* does not limit or prescribe the manner or standard by which the Director conducts that review. Moreover, the comments identify different standards of review and do not identify a single consensus approach. The rule provides the Director with flexibility as to the standards of review to be applied in the Director Review process. The Office will continue to provide

guidance on any applicable standard through the Director Review webpage consistent with the final rule.

*Comment 2:* One commenter suggested adding a provision to the rule to state that Director Review decisions will be made precedential only when the Director determines that there is a compelling need to set binding policy. Another commenter likewise expressed support for a rule that Director Review decisions are not precedential by default.

*Response:* The Office appreciates the comments, but does not adopt the suggestion to include a provision in the rule related to the designation of Director Review decisions. Currently, Director Review decisions are, by default, routine decisions as set forth in Standard Operating Procedure 2, and are designated precedential only at the Director's determination. See PTAB Standard Operating Procedure 2 (Rev. 11) (SOP 2), Designation or De-designation of Decisions as Precedential or Informative, available at [www.uspto.gov/sites/default/files/documents/20230724\\_ptab\\_sop2\\_rev11\\_.pdf](http://www.uspto.gov/sites/default/files/documents/20230724_ptab_sop2_rev11_.pdf); see also Revised Interim Director Review Process webpage section 5.B. To date, the Office has designated only seven Director Review decisions as precedential. The rule provides the Director with flexibility as to designation of Director Review decisions.

*Comment 3:* One commenter suggested adding a provision to the rule requiring that a request for Director Review set forth the reason(s) why the requester believes the decision for which review is sought presents an: (a) abuse of discretion, (b) important issue of law or policy, (c) erroneous finding of material fact, and/or (d) erroneous conclusion of law. The commenter suggested that the requester be required to highlight issues of exceptional importance, conflicts between Board decisions, or issues relating to application of law to matters before the Board.

*Response:* The Office appreciates the comment, but does not adopt the suggestion. Although issue identification by a requester is helpful and encouraged, especially where a



Director Review request presents multiple issues, the Office does not find it necessary to impose such a requirement by rule. Implementation details relating to the manner of filing a request for Director Review, including possible issues to address in a Director Review request, are provided on the Director Review webpage and will continue to be reflected on a new Director Review webpage consistent with the final rule.

*Comment 4:* One commenter recommended limiting sua sponte Director Review to issues of exceptional importance, resolving conflicts between Board decisions, and/or matters of certainty and consistency in the application of law to matters before the Board.

*Response:* The Office appreciates the comment, but declines to limit the Director's ability to grant sua sponte review by rule. Consistent with *Arthrex*, the rule provides the Director with flexibility in initiating sua sponte review. The Office will continue to provide guidance on any applicable standard for sua sponte review through the Director Review webpage consistent with the final rule.

*Comment 5:* One commenter recommended adding a provision to the rule to explain that the phrase "any interlocutory decision rendered by the Board in reaching that decision," in § 42.75(a), shall be construed broadly to include any interlocutory decision that plausibly affected the outcome of the proceeding before the Board. The commenter suggested that such actions must be open to Director Review and that the Director must have broad discretion to review interlocutory decisions from the Board.

*Response:* The Office appreciates the comment, but does not adopt the recommendation. Consistent with the comment, the final rule expressly states that the Director may review "any interlocutory decision rendered by the Board" in reaching a decision for which Director Review may be requested or initiated. Further clarification of the phrase, or its broad language "any," is unnecessary.

*Comment 6:* Several commenters suggested revising the rule to allow parties to request Director Review of proceedings other than inter partes review and post grant review including, e.g., derivations and appeals from ex parte examination, ex parte reexaminations, and reissue applications, potentially with different pages limits for these requests. Two commenters identified public policy benefits associated with expansion of Director Review, in part because the Director is a principal officer of the United States. One commenter promoted merging the Appeals Review Panel<sup>9</sup> and Director Review procedures. Another commenter suggested that the Supreme Court’s *Arthrex* decision requires Director Review of ex parte PTAB decisions, and cited to the Supreme Court’s remand of *In re Boloro Glob. Ltd.*, 963 F.3d 1380 (Fed. Cir. 2020), *In re Bottomline Techs. (de), Inc.*, No. 2020-1161 (Fed. Cir. Aug. 4, 2020), and others, in support.

*Response:* The Office appreciates these comments regarding the types of proceedings for which Director Review may be requested and the Office adopts these suggestions in part at this time. The Supreme Court’s decision in *Arthrex* concerned AIA trial proceedings. 141 S. Ct. 1970, 1987. This rule is promulgated under Chapter 42, directed to trial practice before the Board. Consistent with current practice, the rule permits Director Review of derivation proceedings. The rule has been amended to expressly reference the derivation statute. Additionally, consistent with these comments regarding expansion, the Office has further amended the rule to expressly indicate that Director Review is available for any other decision concluding an AIA proceeding such as, for example, a decision terminating the proceeding, e.g., due to a grant of adverse judgment, or a dismissal of the proceeding. This expansion is consistent with the reasoning of *Arthrex*, which requires the Director to be able to review final decisions of the Board in AIA proceedings. The Office does not adopt the suggestion to expand Director Review to

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<sup>9</sup> The Appeals Review Panel may be convened by the Director sua sponte to review PTAB decisions in ex parte appeals, re-examination appeals, and reissue appeals. See [www.uspto.gov/patents/ptab/appeals-review-panel](http://www.uspto.gov/patents/ptab/appeals-review-panel).

include review of PTAB decisions in appeals of ex parte examination (including appeals from reexamination or reissue applications) or reexamination at this time.

*Comment 7:* One commenter suggested that the Director entirely delegate the Director Review function to a delegatee office, similar to how petitions to the Director are handled during the patent examination process. The commenter expressed concern that involvement by the Director in disputes between private parties overly politicizes patents, causes a loss of confidence in the patent system, and takes up too much of the Director's time. The commenter suggested that the Director should rarely, if ever, intervene in individual cases. The commenter recommended that review by the Director be reserved for rare cases where perceived defects could not be adequately corrected by the delegatee office.

*Response:* The Office appreciates the comment, but does not adopt the suggestion at this time. The rule allows the Director to delegate review at the Director's discretion. In order to provide the Director a flexible approach to delegation, the Office declines to require delegation of all cases, or to a specific delegatee Office.

*Comment 8:* One commenter suggested limiting requests for Director Review to only final written decisions to avoid straining Office and party resources. Another commenter suggested limiting requests for Director Review of decisions under 35 U.S.C. 314 or 324 to only denials of institution to prevent disruption of the AIA trial process, when trial has been instituted, and to provide an option for review in cases where appeal is not available.

*Response:* The Office appreciates these thoughtful comments regarding the available scope of Director Review; however, these suggestions are not adopted. The Office modified the interim Director Review process to allow parties to request Director Review of all decisions on institution under 35 U.S.C. 135, 314, or 324 in AIA proceedings on July 24, 2023. Since then, as of August 1, 2024, the Office has received requests for

Director Review of 49 final written decisions and 115 decisions on institution. Of the 115 requests for decisions on institution, 74 requests were directed to denials of institution and 41 requests were directed to grants of institution. The Office's experience with the interim Director Review process indicates that the Office is not strained or overburdened by permitting parties to request Director Review of institution decisions. Even with the addition of requests for Director Review of institution decisions, the Director has continued to issue decisions as to whether to grant or deny the request for Director Review, on average, in less than two months.

Further, the Office declines to limit requests for Director Review of institution decisions to denials of institution. Providing both parties the opportunity to request Director Review following an institution decision best aligns with the Office's priority to promote the accuracy, consistency, and integrity of PTAB decision-making in AIA proceedings.

*Comment 9:* Two commenters suggested adding various time limits for Director Review. One commenter recommended adding a 30-day deadline within which the Director shall issue a decision granting, denying, or delegating a party's request for Director Review. The same commenter also recommended establishing a three-month deadline from the date of the Director Review request for completion of Director Review but allowing exceptions upon a showing of good cause. A second commenter also recommended adding a deadline by which Director Review must conclude, but did not propose a specific time limit. The same commenter suggested that a rule setting forth a time limit would provide parties with timing certainty, e.g., for purposes of an appeal or to lift a stay in a parallel proceeding.

*Response:* The Office appreciates these comments, but does not adopt the suggestions at this time. The rule allows parties to request Director Review from the Board's decision on institution, final decision, grant of rehearing of such a decision, or other decision

concluding an AIA proceeding. Given the breadth of issues that may be presented for Director Review, a uniform time limit for Director Review, whether for determinations to grant Director Review or for the issuance of Director Review decisions, would not be appropriate. Although some requests for Director Review can be disposed of within a predictable timeframe, others require more time, as dictated by the facts of the proceeding. The rule, therefore, provides the Director with necessary flexibility to carefully review and decide Director Review requests. The Office notes that the rule provides a time frame in which the Director will typically initiate sua sponte Director Review, providing the parties guidance regarding whether the Director will review a Board decision absent a request. The Office further notes that since it expanded the interim Director Review process to permit requests from institution decisions, the Director has issued decisions as to whether to grant or deny the request for Director Review, on average, in less than two months. The Office will continue to provide status updates as to pending requests for Director Review on the Director Review status webpage.

*Comment 10:* One commenter suggested amending the rule to require that the Director remand a decision denying institution of a PGR to a different panel if the Director identifies an abuse of discretion, failure to address an issue, or an erroneous finding of fact or law.

*Response:* The Office appreciates the thoughtful comment but does not adopt this suggestion. The final rule sets forth the Director Review process, but does not address paneling or repaneling procedures at the Board. Thus, the suggested procedure for repaneling cases is outside the scope of the rule. Further, the Director's involvement in the paneling or repaneling of any specific proceeding before the PTAB prior to issuance of a decision is controlled by PTAB SOP 1 and 37 CFR 43.3(d). In particular, the Director's authority under 35 U.S.C. 6(c) has been delegated to the PTAB Chief Judge

and the Director is not involved in directing or otherwise influencing the paneling or repaneling of any specific proceeding before the PTAB prior to issuance of the panel decision. See SOP 1, 37 CFR 43.3(d).

*Comment 11:* One commenter requested that the Office provide a mechanism for parties seeking a good cause extension of time under § 42.75(c)(1).

*Response:* The Office appreciates the suggestion but declines to implement it in the rule. The rule allows for an extension of time upon a showing of good cause and, consistent with Board practice, the burden is on the requesting party to provide good cause as to why the extension should be granted. *Cf.* 37 CFR 42.20(c) (“The moving party has the burden of proof to establish that it is entitled to the requested relief.”). Also consistent with Board practice, any request for an extension of time must be made sufficiently in advance of the due date for submitting a Director Review request.

*Comment 12:* One commenter suggested amending the rule to permit amicus briefing whenever the Director grants a request with respect to an important issue of law or policy. Another commenter suggested adopting a policy to presumptively allow the filing of amicus briefs in Director Review cases. These commenters suggest that routinely allowing amicus briefs will ensure that any member of the public with an interest in an issue can provide input. In the commenters’ view, members of the public may be in a better position to perceive potential impacts and policy implications raised by a request.

*Response:* The Office appreciates these thoughtful comments, but the suggestions are not adopted. Although the Office agrees that amicus briefs may provide helpful input on important issues of law and policy, Director Review decisions are generally based on the existing record of a proceeding and typically do not need amicus briefing. The Director retains the authority to request amicus briefing, where deemed appropriate, and has requested such briefing in certain cases. Permitting amicus briefing in all cases may introduce unnecessary delays in the Director Review process.

*Comment 13:* One commenter suggested increasing transparency in the Director Review process. The commenter specifically suggested that the Office provide additional detail regarding the Director's authority to delegate review under proposed § 42.75(f), the Director's decision-making process, and the identity of members of the Director's Advisory Committee.

*Response:* The Office appreciates the thoughtful comment but does not adopt this suggestion. The Director Review webpage provides details about the Director's delegation of review, the decision-making process, and the Advisory Committee. For example, as discussed on the Director Review webpage, the Director makes all Director Review decisions, unless the Director delegates review. When delegating review, the Director will expressly identify the delegated decision-maker(s). The Director may be assisted by an Advisory Committee during the Director Review process. The Director Review webpage describes, in detail, the role of the Advisory Committee and its composition. The Advisory Committee typically comprises members from various business units of the USPTO, including: Office of the Under Secretary (not including the Director or Deputy Director), Patent Trial and Appeal Board (not including members of the panel for each case under review), Office of the Commissioner for Patents (not including the Commissioner for Patents or any persons involved in the examination of the challenged patent), Office of the General Counsel (which includes the Office of the Solicitor), and Office of Policy and International Affairs. The Advisory Committee evaluates requests for Director Review and provides a single recommendation to the Director that includes a consensus recommendation from various business units of the Office, or notes differing views among the Advisory Committee members.

### **Changes from the Proposed Rule**

Upon careful consideration of the public comments, the Office adopts the provisions in the proposed rule with a few minor changes in the rule language, as discussed below.

In this final rule, the Office modifies § 42.75(a), (d), and (e) to expressly provide for Director Review of derivation proceedings under 35 U.S.C. 135. Such review is consistent with the interim process and the NPRM, although the specific statutory subsection was not identified in the rule language. Similarly, in the final rule, the Office modifies § 42.75(a) to expressly define “final decision” as including both final written decisions under 35 U.S.C. 318, 328, and also final decisions under 35 U.S.C. 135.

The Office also modifies § 42.75(a), (d), and (e) to expressly provide for Director Review of any other decision concluding a proceeding brought under 35 U.S.C. 135, 311, or 321, consistent with the Supreme Court’s holding in *Arthrex*. See *Arthrex*, 141 S. Ct. at 1987 (“The Director accordingly may review final PTAB decisions and, upon review, may issue decisions [themselves] on behalf of the Board.”). For example, the Director may elect to review a Board decision that dismisses an AIA proceeding or terminates an AIA proceeding, e.g., through the grant of adverse judgment.

Finally, the Office modifies § 42.75(d) to provide that an underlying Board decision does not become final if there is an extension of time for a party to file a request for Director Review, in order to conform to the language of paragraph (d) with the language of paragraph (c)(1).

### **Discussion of Specific Rules**

This final rule amends part 42 to set forth regulations governing the procedures for Director Review of decisions in AIA proceedings. The USPTO issues this final rule to promote the accuracy, consistency, and integrity of PTAB decision-making in AIA proceedings.



The USPTO adds § 42.75(a) to set forth the general availability of Director Review for any decision on institution under 35 U.S.C. 135, 314, or 324, any final decision under 35 U.S.C. 135, 318 or 328, any decision granting rehearing of such a decision, or any other decision concluding a proceeding brought under 35 U.S.C. 135, 311, or 321; and to expressly define “final decision.”

The USPTO adds § 42.75(b) to set forth sua sponte Director Review.

The USPTO adds § 42.75(c) to set forth party requests for Director Review and the requirements of such requests.

The USPTO adds § 42.75(d) to specify the finality of decisions subject to Director Review.

The USPTO adds § 42.75(e) to specify the process for Director Review and the availability for appeal of a Director Review decision of certain Board decisions.

The USPTO adds § 42.75(f) to permit delegation of a review by the Director.

The USPTO adds § 42.75(g) to specify provisions regarding communications with the Office.

### **Final Rules and Interim Director Review Process**

Under the Director Review process set forth in this final rule, a party may only request Director Review of: (1) a decision on whether to institute an AIA trial, (2) a final decision in an AIA proceeding, (3) a panel decision granting a request for rehearing of a decision on whether to institute a trial or a final decision in an AIA proceeding, or (4) any other decision concluding an AIA proceeding, for example, a termination due to a grant of adverse judgment under 37 CFR 42.73(b). In accordance with this final rule, the Director may also grant review of those same decisions sua sponte.

The Director Review webpage further explains that parties must file their request for Director Review in the Patent Trial and Appeal Case Tracking System and must also send an email to the Director at [Director\\_PTABDecision\\_Review@uspto.gov](mailto:Director_PTABDecision_Review@uspto.gov). As

described on the Director Review webpage, third parties may not request Director Review or communicate with the USPTO concerning the Director Review of a particular case unless the Director invites them to do so.

As set forth in this final rule, in the course of reviewing such a decision on Director Review, the Director may review any interlocutory decision rendered by the Board in reaching that decision.

Moreover, under this final rule, parties are limited to requesting either:

(1) Director Review or (2) rehearing by the original panel, but may not request both. As described on the Director Review webpage, requests for both Director Review and panel rehearing of the same decision are treated as a request for Director Review only.

However, as set forth in this final rule, parties may request Director Review of a decision by a panel granting rehearing of a prior PTAB decision on institution or final decision.

“[G]ranting rehearing” here means that the rehearing decision modifies the holding or result of the underlying decision in some fashion. For example, where a Board panel changes the determination of a final written decision for certain claims from unpatentable to not unpatentable in a rehearing decision, the petitioner may file a Request for Director Review of that new determination as to those claims. As another example, rehearing is not “granted” if the panel: (1) provides a decision addressing the arguments in the request for rehearing but does not modify the underlying holding or result, or (2) denies the request for rehearing without further explanation. In this situation, Director Review of the rehearing decision is not available.

As set forth on the Director Review webpage, each request for Director Review is considered by an Advisory Committee that assists the Director. The Advisory Committee has at least 11 members and includes representatives from various business units within the USPTO who serve at the discretion of the Director. The Advisory Committee currently is chaired by a Director Review Executive and comprises members from the

Office of the Under Secretary (not including the Director or Deputy Director); the Patent Trial and Appeal Board (not including members of the original panel for each case under review); the Office of the Commissioner for Patents (not including the Commissioner for Patents or any persons involved in the examination of the challenged patent); the Office of the General Counsel (which includes the Office of the Solicitor); and the Office of Policy and International Affairs. The Advisory Committee meets periodically to evaluate each request for Director Review.<sup>10</sup> Advisory Committee meetings may proceed with fewer than all members in attendance, as long as a quorum of seven members is present. The Advisory Committee presents the Director with a recommendation. The recommendation includes either a consensus from the various members of the Advisory Committee, or notes differing views among the Advisory Committee members.

The Director also receives each Director Review request, the underlying decision, and associated arguments and evidence. The Director determines whether to grant or deny the request for Director Review, or to delegate the review of a Board decision. The Director may also consult others in the USPTO as needed, so long as those individuals consulted do not have a conflict of interest. Although the Advisory Committee and other individuals in the USPTO may advise the Director on whether a decision warrants review, the Director has sole discretion to resolve each request for Director Review. The Director's decision on each request will be communicated to the parties in the proceeding. Furthermore, Director Review grants and delegations will be posted on the Director Review status webpage. Other determinations, such as Director Review

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<sup>10</sup> No member of the Advisory Committee may participate in the consideration of a request for Director Review if that member has a conflict of interest under the U.S. Department of Commerce USPTO Summary of Ethics Rules, available at [www.uspto.gov/sites/default/files/documents/USPTO-Summary\\_of\\_Ethics\\_Rules-2022.pdf](http://www.uspto.gov/sites/default/files/documents/USPTO-Summary_of_Ethics_Rules-2022.pdf). PTAB APJs who are Advisory Committee members will also follow the guidance on conflicts of interest set forth in the PTAB SOP 1, and will recuse themselves from any discussion involving cases on which they are paneled.

denials, dismissals, and withdrawals, will be cataloged and posted on the Director Review status webpage spreadsheet.

Pursuant to this final rule, in addition to allowing parties to request Director Review of certain decisions, the Director may order sua sponte Director Review. Sua sponte Director Review is typically reserved for issues of exceptional importance, and the Director retains the authority to initiate review sua sponte of any issue in the proceeding, as the Director deems appropriate. As explained in SOP 4, an internal post-issuance review team at the PTAB reviews issued decisions and, if warranted, flags certain AIA decisions as potential candidates for sua sponte Director Review. See PTAB SOP 4,<sup>11</sup> at 1, 5. In addition, and as described on the Director Review webpage, the Director may also convene the Advisory Committee to make recommendations on decisions that the Director is considering for sua sponte Director Review. If the Director initiates a sua sponte review, the parties will be given notice and may be given an opportunity for briefing. The public will also be notified, and the Director may request amicus briefing. If briefing is requested, the procedures to be followed will be set forth.

The final rule sets forth that absent exceptional circumstances (which might include a remand from the Federal Circuit for the purpose of Director Review), the Director may initiate sua sponte review at any point within 21 days after the expiration of the period for filing a request for rehearing, pursuant to § 42.71(d), as appropriate to the type of decision (i.e., a decision on institution or a final written decision) for which review is sought.

The final rule also sets forth that a decision on institution, a final decision, a decision granting rehearing of such decision on institution of a final decision, or any other decision concluding an AIA proceeding shall become the decision of the agency

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<sup>11</sup> Available at [www.uspto.gov/sites/default/files/documents/ptab\\_sop\\_4-2023-oct.pdf](http://www.uspto.gov/sites/default/files/documents/ptab_sop_4-2023-oct.pdf).

unless Director Review is requested or sua sponte review is initiated. Moreover, upon denial of a request for Director Review of such a decision, the Board's decision becomes the final agency decision.

The final rule sets forth that, by default, a request for Director Review or the initiation of sua sponte Director Review resets the time for appeal until all issues on Director Review are resolved. A request for Director Review or the initiation of sua sponte Director Review does not stay or delay the time for the parties to take action in the underlying proceeding before the PTAB, unless the Director orders otherwise. The final rule sets forth that if the Director grants a Director Review, the Director will issue an order or decision that will be made part of the public record, subject to any confidentiality requirements. A grant of Director Review that is not withdrawn will conclude with the issuance of a decision or order providing the Director's reasoning in the case.

The final rule sets forth that a party may appeal a Director Review decision of a final decision, rehearing thereof, or other appealable decision concluding an AIA proceeding, to the United States Court of Appeals for the Federal Circuit using the same procedures for appealing other PTAB decisions under 35 U.S.C. 141(c), 141(d), 319. Director Review decisions on decisions on institution are not appealable.

The final rule set forth that the Director may, at their discretion, delegate the review of a Board decision in an AIA proceeding.

As described on the Director Review webpage, decisions made on Director Review are not precedential by default, but may be designated as precedential by the Director. See also SOP 2. Additional implementation details of the Director Review process are provided on the Director Review webpage. On the rule's effective date, a new Director Review webpage reflecting the content of the rule will supersede the Revised Interim Director Review Process page.

*Application of Director Review Process to Date*

As of August 1, 2024, the USPTO has received 382 compliant requests for Director Review under the interim process. Of those requests, the Director Review process was completed for 369 requests. Of the 369 completed requests, 24 requests were granted, two requests were delegated to the DRP, six requests were withdrawn, and the remaining 337 requests were denied. Additionally, sua sponte Director Review was initiated in 36 cases.

Since July 24, 2023, when the interim process for Director Review was expanded to allow for requests of decisions on institution, the majority of requests received have been from decisions on institution. Specifically, between July 24, 2023, and August 1, 2024, 49 requests were received for review of final written decisions and 115 requests for review of decisions on institution.

### **Rulemaking Considerations**

*A. Administrative Procedure Act:* The changes in this final rule involve rules of agency practice and procedure, and/or interpretive rules, and do not require notice-and-comment rulemaking. See *Perez v. Mortg. Bankers Ass'n*, 135 S.Ct. 1199, 1204 (2015) (explaining that interpretive rules “advise the public of the agency’s construction of the statutes and rules which it administers” and do not require notice-and-comment rulemaking when issued or amended); *Cooper Techs. Co. v. Dudas*, 536 F.3d 1330, 1336-37 (Fed. Cir. 2008) (stating that 5 U.S.C. 553, and thus 35 U.S.C. 2(b)(2)(B), do not require notice-and-comment rulemaking for “interpretative rules, general statements of policy, or rules of agency organization, procedure, or practice”); and *JEM Broadcasting Co. v. F.C.C.*, 22 F.3d 320, 328 (D.C. Cir. 1994) (explaining that rules are not legislative because they do not “foreclose effective opportunity to make one’s case on the merits”).

Nevertheless, the USPTO has chosen to seek public comment before implementing this rule to benefit from the public’s input.

***B. Regulatory Flexibility Act:*** For the reasons set forth in this final rule, the Senior Counsel for Regulatory and Legislative Affairs, Office of General Law, USPTO, has certified to the Chief Counsel for Advocacy of the Small Business Administration that the changes set forth in this final rule would not have a significant economic impact on a substantial number of small entities. See 5 U.S.C. 605(b).

This final rule sets forth expressly the rules governing Director Review. The changes do not create additional procedures or requirements or impose any additional compliance measures on any party beyond the interim process for Director Review, nor do these changes cause any party to incur additional costs. Therefore, any requirements resulting from these changes are of minimal or no additional burden to those practicing before the Board.

For the foregoing reasons, the changes in this final rule will not have a significant economic impact on a substantial number of small entities.

***C. Executive Order 12866 (Regulatory Planning and Review):*** This rulemaking has been determined to be not significant for purposes of Executive Order 12866 (September 30, 1993), as amended by Executive Order 14094 (April 6, 2023).

***D. Executive Order 13563 (Improving Regulation and Regulatory Review):*** The Office has complied with Executive Order 13563 (January 18, 2011). Specifically, and as discussed above, the Office has, to the extent feasible and applicable: (1) made a reasoned determination that the benefits justify the costs of the rules; (2) tailored the rules to impose the least burden on society consistent with obtaining the regulatory objectives; (3) selected a regulatory approach that maximizes net benefits; (4) specified performance objectives; (5) identified and assessed available alternatives; (6) involved the public in an open exchange of information and perspectives among experts in relevant disciplines, affected stakeholders in the private sector, and the public as a whole, and provided online access to the rulemaking docket; (7) attempted to promote coordination, simplification,

and harmonization across government agencies and identified goals designed to promote innovation; (8) considered approaches that reduce burdens and maintain flexibility and freedom of choice for the public; and (9) ensured the objectivity of scientific and technological information and processes.

***E. Executive Order 13132 (Federalism):*** This rulemaking pertains strictly to Federal agency procedure and does not contain policies with federalism implications sufficient to warrant the preparation of a Federalism Assessment under Executive Order 13132 (August 4, 1999).

***F. Executive Order 13175 (Tribal Consultation):*** This rulemaking will not: (1) have substantial direct effects on one or more Indian tribes; (2) impose substantial direct compliance costs on Indian Tribal governments; or (3) preempt Tribal law. Therefore, a Tribal summary impact statement is not required under Executive Order 13175 (November 6, 2000).

***G. Executive Order 13211 (Energy Effects):*** This rulemaking is not a significant energy action under Executive Order 13211 because it is not likely to have a significant adverse effect on the supply, distribution, or use of energy. Therefore, a Statement of Energy Effects is not required under Executive Order 13211 (May 18, 2001).

***H. Executive Order 12988 (Civil Justice Reform):*** This rulemaking meets applicable standards to minimize litigation, eliminate ambiguity, and reduce burden as set forth in sections 3(a) and 3(b)(2) of Executive Order 12988 (February 5, 1996).

***I. Executive Order 13045 (Protection of Children):*** This rulemaking does not concern an environmental risk to health or safety that may disproportionately affect children under Executive Order 13045 (April 21, 1997).

***J. Executive Order 12630 (Taking of Private Property):*** This rulemaking will not affect a taking of private property or otherwise have taking implications under Executive Order 12630 (March 15, 1988).



***K. Congressional Review Act:*** Under the Congressional Review Act provisions of the Small Business Regulatory Enforcement Fairness Act of 1996 (5 U.S.C. 801 et seq.), the USPTO will submit a report containing the rule and other required information to the United States Senate, the United States House of Representatives, and the Comptroller General of the Government Accountability Office. The changes in this rulemaking are not expected to result in an annual effect on the economy of \$100 million or more; a major increase in costs or prices; or significant adverse effects on competition, employment, investment, productivity, innovation, or the ability of United States-based enterprises to compete with foreign-based enterprises in domestic and export markets. Therefore, this rulemaking will not be a “major rule” as defined in 5 U.S.C. 804(2).

***L. Unfunded Mandates Reform Act of 1995:*** The changes set forth in this rulemaking do not involve a Federal intergovernmental mandate that will result in the expenditure by State, local, and Tribal governments, in the aggregate, of \$100 million (as adjusted) or more in any one year, or a Federal private sector mandate that will result in the expenditure by the private sector of \$100 million (as adjusted) or more in any one year, and will not significantly or uniquely affect small governments. Therefore, no actions are necessary under the provisions of the Unfunded Mandates Reform Act of 1995. See 2 U.S.C. 1501 et seq.

***M. National Environmental Policy Act of 1969:*** This rulemaking will not have any effect on the quality of the environment and is thus categorically excluded from review under the National Environmental Policy Act of 1969. See 42 U.S.C. 4321 et seq.

***N. National Technology Transfer and Advancement Act of 1995:*** The requirements of section 12(d) of the National Technology Transfer and Advancement Act of 1995 (15 U.S.C. 272 note) are not applicable because this rulemaking does not contain provisions that involve the use of technical standards.

***O. Paperwork Reduction Act of 1995:*** The Paperwork Reduction Act of 1995

(44 U.S.C. 3501-3549) requires that the Office consider the impact of paperwork and other information collection burdens imposed on the public. This rulemaking does not add any additional information requirements or fees for parties before the Board.

Therefore, the Office is not resubmitting collection packages to OMB for its review and approval because the revisions in the final rule do not materially change the information collections approved under OMB control number 0651-0069.

Notwithstanding any other provision of law, no person is required to respond to, nor shall any person be subject to, a penalty for failure to comply with a collection of information subject to the requirements of the Paperwork Reduction Act unless that collection of information displays a currently valid OMB control number.

***P. E-Government Act Compliance:*** The USPTO is committed to compliance with the E-Government Act to promote the use of the internet and other information technologies, to provide increased opportunities for citizen access to Government information and services, and for other purposes.

#### **List of Subjects in 37 CFR Part 42**

Administrative practice and procedure, Inventions and patents, Lawyers.

For the reasons set forth in the preamble, the USPTO amends 37 CFR part 42 as follows:

#### **PART 42—TRIAL PRACTICE BEFORE THE PATENT TRIAL AND APPEAL BOARD**

1. The authority citation for part 42 is revised to read as follows:

Authority: 35 U.S.C. 2(b)(2), 3, 6, 21, 23, 41, 134, 135, 143, 153, 311, 312, 314, 316, 318, 321-326, 328; Pub. L. 112-29, 125 Stat. 284; and Pub. L. 112-274, 126 Stat. 2456.

2. Add § 42.75 to read as follows:

**§ 42.75 Director review.**

(a) *Director Review generally.* In a proceeding under this part, the Director may review any decision on institution under 35 U.S.C. 135, 314, or 324, any final decision under 35 U.S.C. 135, 318, or 328, any decision granting rehearing of such a decision, or any other decision concluding a proceeding brought under 35 U.S.C. 135, 311, or 321. In the course of reviewing such a decision, the Director may review any interlocutory decision rendered by the Board in reaching that decision. For purposes of this section, the term “final decision” is defined as a “final decision” under 35 U.S.C. 135 as well as a “final written decision” under 35 U.S.C. 318 or 328.

(b) *Sua sponte Director review.* The Director, on the Director’s own initiative, may initiate sua sponte Director Review of a decision as provided in paragraph (a) of this section. Absent exceptional circumstances, any sua sponte Director Review will be initiated within 21 days after the expiration of the period for filing a request for rehearing pursuant to § 42.71(d).

(c) *Requests for Director review.* A party to a proceeding under this part may file one request for Director Review of a decision as provided in paragraph (a) of this section, instead of filing a request for rehearing of that decision pursuant to § 42.71(d), subject to the limitations herein and any further guidance provided by the Director.

(1) *Timing.* The request must be filed within the time period set forth in § 42.71(d) unless an extension is granted by the Director upon a showing of good cause. No response to a Director Review request is permitted absent Director authorization.

(2) *Format and length.* A request for Director Review must comply with the format requirements of § 42.6(a). Absent Director authorization, the request must comply with the length limitations for motions to the Board provided in § 42.24(a)(1)(v).

(3) *Content.* Absent Director authorization, a request for Director Review may not introduce new evidence.

(d) *Final agency decision.* A decision on institution, a final decision, a decision granting rehearing of such decision on institution or final decision, or any other decision concluding a proceeding brought under 35 U.S.C. 135, 311, or 321 shall become the final agency decision unless:

(1) A party requests rehearing or Director Review within the time provided by § 42.71(d) or an extension of time for a request for Director Review is granted pursuant to paragraph (c)(1) of this section; or

(2) The Director initiates sua sponte review as provided by § 42.75(b). Upon denial of a request for Director Review of a final decision, of a decision granting rehearing of a final decision, or of any other decision concluding a proceeding brought under 35 U.S.C. 135, 311, or 321, the Board's decision becomes the final agency decision.

(e) *Process—(1) Effect on underlying proceeding.* Unless the Director orders otherwise, and except as provided in paragraph (e)(3) of this section, a request for Director Review or the initiation of review on the Director's own initiative does not stay the time for the parties to take action in the underlying proceeding.

(2) *Grant and scope.* If the Director grants Director Review, the Director shall issue an order or decision that will be made part of the public record, subject to the limitations of any protective order entered in the proceeding or any other applicable requirements for confidentiality. If the Director grants review and does not subsequently withdraw the grant, the Director Review will conclude with the issuance of a decision or order that provides the reasons for the Director's disposition of the case.

(3) *Appeal.* A party may appeal a Director Review decision of a final decision under 35 U.S.C. 135, 318, or 328, a decision granting rehearing of a final decision under 35 U.S.C. 135, 318, or 328, or any other appealable decision concluding a proceeding brought under 35 U.S.C. 135, 311, or 321 to the United States Court of Appeals for the

Federal Circuit using the same procedures for appealing other decisions under 35 U.S.C. 141(c), 141(d), 319. Director Review decisions on decisions on institution are not appealable. A request for Director Review of a final decision, a decision granting rehearing of a final decision, or any other appealable decision concluding a proceeding brought under 35 U.S.C. 135, 311, or 321, or the initiation of a review on the Director's own initiative of such a decision, will be treated as a request for rehearing under § 90.3(b)(1) of this chapter and will reset the time for appeal until after all issues on Director Review in the proceeding are resolved.

(f) *Delegation.* The Director may delegate their review of a decision provided in paragraph (a) of this section, subject to any conditions provided by the Director.

(g) *Ex parte communications.* All communications from a party to the Office concerning a specific Director Review request or proceeding must copy counsel for all parties. Communications from third parties regarding a specific Director Review request or proceeding, aside from authorized amicus briefing, are not permitted and will not be considered.

**Katherine K. Vidal,**  
*Under Secretary of Commerce for Intellectual Property  
and Director of the United States Patent and Trademark Office.*

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