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The PTAB Strategies and Insights newsletter provides timely updates and insights into how best to handle proceedings at the USPTO. It is designed to increase return on investment for all stakeholders looking at the entire patent life cycle in a global portfolio.

In this issue:

- Potential Pecuniary Interest In Instituting More AIA Proceedings Not Enough To Trigger A Due Process Violation
- President Biden nominates Kathi Vidal for next director of the U.S. Patent and Trademark Office

We welcome feedback and suggestions about this newsletter to ensure we are meeting the needs and expectations of our readers. So if you have topics you wish to see explored within an issue of the newsletter, please reach out to me.

Best,

Jason D. Eisenberg.

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**POTENTIAL PECUNIARY INTEREST  
IN INSTITUTING MORE AIA**

# PROCEEDINGS NOT ENOUGH TO TRIGGER A DUE PROCESS VIOLATION

By: [Jason D. Eisenberg](#) & Andrew P. Stevens

We previously published an [article](#) discussing patent owner's due process challenges based on alleged pecuniary interests of the Office and Administrative Patent Judges instituting cases to meet production goals and increase compensation. Since that article both cases, [New Vision Gaming v. SC Gaming, Inc. f/k/a Bally Gaming, Inc.](#) (Newman, Moore, Taranto) and [Mobility Workx v. Unified Patents, LLC](#) (Newman, Schall, Dyk), have been decided.

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## PRESIDENT BIDEN ANNOUNCES NEW USPTO DIRECTOR

On Tuesday, President Joe Biden nominated Kathi Vidal from Winston & Strawn LLP (Managing Partner of Silicon Valley office) to serve as the next director of the U.S. Patent and Trademark Office.

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# PTAB Strategies and Insights

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## POTENTIAL PECUNIARY INTEREST IN INSTITUTING MORE AIA PROCEEDINGS NOT ENOUGH TO TRIGGER A DUE PROCESS VIOLATION

By: [Jason D. Eisenberg](#) & Andrew P. Stevens

We previously published an [article](#) discussing patent owner's due process challenges based on alleged pecuniary interests of the Office and Administrative Patent Judges instituting cases to meet production goals and increase compensation. Since that article both cases, [New Vision Gaming v. SC Gaming, Inc. f/k/a Bally Gaming, Inc.](#) (Newman, Moore, Taranto) and [Mobility Workx v. Unified Patents, LLC](#) (Newman, Schall, Dyk), have been decided.

Both cases, in the end, were remanded under the Supreme Court *Arthrex* ruling. But while *New Vision Gaming* did not substantively address this due process challenge, *Mobility* did at length, including a Newman dissent that covered not only the due process issues, but also whether there continued to be an Appointments Clause issue because the same panel renders the institution decision and then conducts the trial.

The majority first addressed forfeiture as *Mobility* failed to raise the due process / pecuniary bias issue and associated evidence before the Board and rather first raised them on appeal. Slip Op., 5-8. The Court reiterated a recent sentiment that “agencies generally do not have authority to declare a statute unconstitutional,” (Slip Op, 5) and the Court has “discretion to consider new arguments for the first time on appeal...[especially] when they [do] not require resolution of any disputed factual issues” (Slip Op., 6). The Court also noted *Mobility* did not request a remand to develop a more comprehensive record in their opening brief (Slip Op, 6) and forbid them from doing so during the *Arthrex* remand (Slip Op., 8 fn. 2). Finally, the Court considered the issue on appeal because “neither the government nor Unified Patents is prejudiced by our decision to take judicial notice of these documents and to resolve the issues” since “[they] do not establish a due process violation.” Slip Op, 8.

For the first argument that “the structure and funding of the Board violates due process” the Court relied on three Supreme Court cases to find no violation: *Tumey v. Ohio*, 273 U.S. 510 (1927); *Dugan v. Ohio*, 277 U.S. 61 (1928); and *Ward v. Monroeville*, 409 U.S. 57, 60 (1972). The Court held that, unlike the mayors in these cases, “the Chief APJ, Deputy Chief APJ, and Vice Chief APJ do not have responsibility for the agency’s finances.” Slip Op, 11. And that “[t]he role of

the other APJs in the budgetary process is even more remote, and even less a due process problem.” Slip Op., at 12. The Court found that the President and Congress controlled the Patent Office’s budget and that control eliminates any argument under *Tumey*. Slip Op., 12-13. Due Process is not violated when “congressional control of the USPTO’s budget renders any agency interest in fee generation too tenuous.” Slip Op., 14.

The second argument that the APJs compensation (bonuses and salary increases) gives them an unconstitutional interest in instituting more proceedings equally failed. The Court held that “[e]ven accepting Mobility’s characterization” of the evidence, “APJs do not have a significant financial interest in instituting AIA proceedings to earn a bonus.” Slip Op., 15. One distinction was the APJs compensation was not based on the outcome of the case, just how many cases are handled, which was in “sharp contrast to *Tumey* and *Ward*.” *Id.* For one thing, APJs can take on as many ex parte appeals as they desire to increase their production units. Slip Op., 16. In the end, the Court found “Mobility has therefore failed to establish that APJs have an unconstitutional financial interest in AIA proceedings.” Slip Op. Dissent, 17. And quickly dismissed the “same panel” and “takings” constitutional attacks. Slip Op. Dissent, 17-18.

Newman’s dissent first addresses what she sees as a lingering Appointments Clause issue in the current PTAB procedures. Slip Op. Dissent, 2-9. In essence, Judge Newman finds that the PTAB should not be able to use the same panel of APJs for institution and trial as it ignores the Congressional safeguards spelled out in the AIA statute. *Id.* She finds the violation exacerbated by the fact the institution decision is final and nonappealable, such that inferior officers, APJs, are making final agency decision in violation of *Arthrex* and its predecessor decisions. Slip Op. Dissent, 6-7. And the fact that the statute separately defines the institution (investigative) phase from the trial (adjudicative) phase, meaning each phase should be conducted by separate parties. *Id.*, 4-9. She focuses on the Administrative Procedures Act in her analysis that it “[requires] that different persons should perform the investigative and the adjudicative functions of a given issue.” Slip Op. Dissent, 13-15. Finally, Judge Newman disagrees with the majority’s failure to address these issues head on and in the decision and believes the Court should have addressed these issues.

### **Takeaways**

To avoid waiver and forfeiture of issues and evidence needed for a successful appeal, practitioners must consider raising constitutional arguments before the Board in order to develop a more comprehensive evidentiary record. And if the issues are not raised before the Board the issues and all necessary evidence must be included in an opening brief at the Federal Circuit.

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