

A To-Do List For New USPTO Director Kathi Vidal

By Ryan Davis

Law360 (April 6, 2022, 10:21 PM EDT) -- Following her confirmation Tuesday as director of the U.S. Patent and Trademark Office, Kathi Vidal faces a long list of issues that demand her attention, from the Patent Trial and Appeal Board's discretionary denial policy to the office's efforts to promote diversity in innovation.

The patent office has been without a Senate-confirmed leader since January 2021, which has put it in a kind of limbo where significant policy changes couldn't be implemented, and numerous agency officials have had to fill in vacant positions in an acting capacity.

"I imagine that there are a lot of people at the USPTO breathing a big sigh of relief right now," said Nathan Kelley of Perkins Coie LLP, the agency's former solicitor.

Vidal, a former Winston & Strawn LLP litigator, will now have a substantial agenda, and a tight window to take action, given that she was confirmed well into President Joe Biden's term, Kelley noted.

"The new director has got to think in terms of a 2½-year timeline at this point, and that's pretty quick," Kelley said, especially since the agency rulemaking process can take more than a year. He added that Vidal is "going to have to come up to speed fast, and I'm confident she will, but she's going to be busy."

Here's a rundown of what attorneys say will be key issues Vidal will need to tackle.

PTAB Denials

The PTAB's so-called Fintiv policy, which was put in place by former director Andrei Iancu and allows the board to use its discretion to refuse to review patents if there is an upcoming trial in district court, has become a lightning rod, generating litigation, debate and more than 800 public comments.

One of the most closely watched decisions Vidal will make as the new director is whether to maintain the policy, as patent owners have advocated for, revise it or abolish it, as patent challengers are seeking. Those on both sides made their case Wednesday.

Beau Phillips, executive director of U.S. Manufacturers Association for Development and Enterprise, said that the rule "needs to be rolled all the way back. There's no good policy rationale for it whatsoever."

The group, which counts companies such as Ford and Samsung among its members, maintains that the

policy protects poor-quality patents by shielding them from review. Phillips said that "since this morass was created by administrative fiat, we'd like the director to start a process administratively to undo it."

Likewise, Joseph Matal of Haynes and Boone LLP, who served as the interim USPTO director in 2017 and 2018, said that reviewing the public comments about discretionary denials and "deciding what to do with those controversial policies will be job No. 1."

Since the office sought public comments at the end of 2020, the rules "have only become more chaotic and unpredictable," he said. "It is basically impossible these days to know, when you're filing an [inter partes review] petition, whether that petition will be considered on the merits."

In contrast, the Innovation Alliance, which represents patent owners such as Qualcomm and AbbVie, would like to see the Fintiv policy remain in place, and "we would love to see a continuation of how director Iancu approached his job," said executive director Brian Pomper.

Since Vidal has been an attorney on both sides of patent cases, "we trust that she will be a fair-minded, even-handed steward of the patent system," Pomper said.

Director Reviews

During the 14-month interlude when there has not been an official director of the patent office, the U.S. Supreme Court gave the position more power in its *U.S. v. Arthrex* decision, which held that the director can review and overturn PTAB decisions.

The agency's interim director, commissioner for patents Drew Hirshfeld, has been conducting those reviews, which has led to disputes over whether that is legally permissible. But with Vidal officially in place, attorneys will be watching how she wields the power granted by the justices.

While it may not be used often, "the *Arthrex* authority is potentially a means to implement substantive changes at PTAB," said Nicholas Matich of McKool Smith, who was the USPTO's acting general counsel in 2020.

"She can shake up any case and issue a decision in her own name saying this is how this issue should come out," which could then be binding on the board's judges going forward, he noted.

Diversity

The USPTO has launched several initiatives in recent years aimed at promoting diversity in innovation, following studies showing that only small percentages of patents are issued to women and minorities, and advocates say Vidal is well-suited to advance those efforts.

Vidal has been on the board of ChIPs, short for "Chiefs in IP," a nonprofit group for women in law and technology, and has worked on diversity initiatives at Winston & Strawn. "With that background, we expect her to play a leadership role on these issues," said Holly Fechner, a partner at Covington & Burling LLP and executive director of Invent Together, a group dedicated to closing diversity gaps in invention and patenting.

Fechner said there are many ways Vidal can have a major impact in her new role, including helping set a national strategy for improving diversity in the innovation ecosystem through the U.S. Department of

Commerce's Council for Inclusive Innovation and expanding the USPTO's pro bono program and outreach efforts.

Vidal discussed her diversity work at her Senate confirmation hearing, and Fechner said, "You could see just from the way that she spoke about it that this is an authentic commitment that she has expressed throughout her career and that she's very excited to bring to her role at the USPTO."

Patent Eligibility

The perennially contentious state of the law on what types of inventions are eligible for patenting under Section 101 of the Patent Act drew more than 100 sharply divided comments to the USPTO last fall. Vidal now has an opportunity to put her own stamp on how the office handles the issue.

Since Vidal has on-the-ground experience seeing how disputes over patent eligibility play out in litigation, she can bring a unique perspective to how the USPTO puts out guidance on the issue going forward, said Ian Blum of Cozen O'Connor.

"We as attorneys need a lot of clarification on how the patent office is going to be handling 101 issues," he said. "It'll be interesting to see what she will bring to the table as a litigator."

The USPTO itself can only implement guidance on how examiners can apply the law and court decisions, but the director is in a position to help shape policy on patent eligibility more broadly.

"Director Vidal appears to have made a commitment to work with Congress on 101 reform, and that is a good thing," Matal of Haynes and Boone said. "The director could play an important role in assisting Congress and helping to achieve consensus on this complex issue."

More Issues

While the above issues have made headlines, there are many other things the USPTO director has to handle that have important repercussions for the patent system.

Those include topics that may have flown under the radar, such as the agency's review of whether patentability requirements should be revised to protect digital designs that encompass new and emerging technologies, including virtual and augmented-reality designs.

"The office solicited public comments in December 2020, but has yet to provide any substantive commentary on this issue since," said Tracy-Gene G. Durkin of Sterne Kessler Goldstein & Fox PLLC. "We look forward to the new agency director addressing this and other outstanding policy reviews that impact industry and innovation."

There are also broader issues where the director has a key role. For instance, the Supreme Court has asked for the government's views in four pending patent cases, and Vidal is now in a position to help shape those responses.

The justices requested a brief in one case involving patent eligibility nearly a year ago, and attorneys speculated that the request may have remained outstanding for so long because the government wanted to have a director in place before filing, although there is no way to know.

The official job title of the USPTO director also includes "Under Secretary of Commerce for Intellectual Property," which means that the director advises the administration on issues that don't necessarily involve the office, such as the intersection of intellectual property with antitrust and international trade.

Since Vidal has been in the trenches in litigation and understands IP at a "visceral level," she's ideally suited for that part of the job, said Pomper of the Innovation Alliance.

"Having the voice of someone with her level of experience sitting at the table when decisions are made that involve intellectual property is a really important thing for America," he said.

--Editing by Jay Jackson Jr. and Michael Watanabe.

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