

## The Pecuniary Interests of PTAB Judges – Empirical Analysis Relating Bonus Awards to Decisions in AIA Trials

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### ABSTRACT

Unlike Administrative Law Judges presiding over adjudications in administrative tribunals operated by other Federal agencies, Administrative Patent Judges (APJs) at the Patent Trial and Appeals Board (PTAB) of the U.S. Patent Office receive bonus awards of up to 20% of their base salary. This article details the features of the PTAB bonus plan and reports on an empirical analysis of the relationship between the annual bonus awards of individual APJs and the type of decisions they made in the year. The study found that in fiscal year 2016, PTAB judges involved in AIA trials earned a median of more than 14% of their base pay in bonus awards tied to their role as adjudicators. The article discusses case law holding that this substantial fraction *per se* implicates potential due process violation. In addition to these concerns, APJs appeared to have earned an average bonus of \$255 per decision when granting institution, but only an average of \$208 per decision when denying institution. They also appeared to have earned an average bonus award of \$314 per Final Written Decision when canceling patent claims, but only an average of \$2 per Final Written Decision when upholding all patent claims. It is shown that this resulted in an annual average APJ pecuniary bias totaling \$5,760 out of an average annual APJ bonus of \$21,166. A separate analysis of expanded panel decisions (decisions of panels with 4 or more APJs) revealed that on average, the select few APJs that participated in expanded panel decisions appeared to have been remunerated for decisions made in expanded panels with a “premium” of more than \$64 per decision above the bonus they received for just making the decision. This article reveals for the first time in public the existence of a secret extra-panel review committee of the PTAB called the AIA Review Committee (ARC). The ARC receives for review Final Written Decision drafts prior to issuance, reviews and provides comments to the APJ panel through *ex-parte* communications that are concealed from the parties. Finally this article also discusses the apparent effort of the PTO to mischaracterize and play down the large magnitude of the PTAB bonus awards.

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# 1 Introduction

*“He has made Judges dependent on his Will alone, for the tenure of their offices, and the amount and payment of their salaries.”*

---The Declaration of Independence, ¶11 (U.S. 1776).

For our Founding Fathers of the Revolutionary period, this was an indictment of King George’s usurpation of judicial independence and impartiality on account of his exclusive control of the judges’ remuneration. The experience of Massachusetts was still fresh in our Founders’ minds—an act of Parliament in 1773 had decreed that the salaries of judges would be paid by the King at his discretion, and forbade them from receiving salaries from the colony’s legislature.

In the United States today, we have a Federal administrative tribunal at the U.S. Patent & Trademark Office (PTO)—the Patent Trial and Appeals Board (PTAB)—with judges for whom base salary paygrades alone were set by the legislator. They are promoted in paygrade and additionally receive up to 20% of base salary in bonus awards at the discretion of an Executive Branch official (the PTO’s Director) and she has their awards set at levels that appear to influence the judges’ decisions in conformance with her “policies.”

The PTO admits that the ability of the Director to dictate the outcome of PTAB cases is a central feature driving administrative adjudication at the PTAB. In a recent U.S. Supreme Court decision in *U.S. v Arthrex Inc.*,<sup>2</sup> the Court held that the unreviewable authority wielded by Administrative Patent Judges (APJs) at the PTAB exercises authority of a “principal officer of the United States” and is incompatible with their appointment by the Secretary of Commerce to an “inferior office.” Instead of declaring their appointment unconstitutional, the Court’s remedial ruling was aimed at making PTAB judges “inferior officers.” It did so by a ruling interpreting 35 U.S.C. § 6(c) as enabling the PTO Director to “review decisions rendered by APJs,”<sup>3</sup> subordinating them to the Director’s full supervision.

The PTO’s position in the case was that APJs are already “inferior officers” because they are subject to “significant oversight, direction, and control” by the Director, who is a Senate-confirmed “principal officer.” The notion of PTAB judges’ subordination to the Director’s “significant oversight, direction, and control” as aspects of their “inferior officer” position was previously bolstered by the Federal Circuit’s *Arthrex* decision below, observing that “[n]ot only does the Director exercise administrative supervisory authority over the APJs based on his issuance

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<sup>2</sup> *United States v. Arthrex, Inc.*, No. 19-1434 (U.S. Jun. 21, 2021).

<sup>3</sup> *Id.* at \* 27 (“What matters is that the Director have the discretion to review decisions rendered by APJs. In this way, the President remains responsible for the exercise of executive power—and through him, the exercise of executive power remains accountable to the people.”)

of procedures, he also has authority over the APJs' pay."<sup>4</sup> The utility and efficacy of that financial lever—APJs' base salary—and the Supreme Court's requirement for Director's review of APJs' decisions, are touted as key solutions for making APJs "inferior officers." However, these are not nearly as powerful, direct, and agile as another lever for "significant oversight, direction, and control:" it is a lever which neither the PTO, the Federal Circuit, nor the Supreme Court ever acknowledged is actually at play in greater force—the PTAB *bonus system*, with discretionary awards of up to 20% of the PTAB judge's annual base salary.

Ironically, the very framework the PTO argued (and the Federal Circuit accepted) as saving the APJ appointment statute from Constitutional infirmity under the Appointments Clause—the Director's power to direct, supervise, and control APJs as "inferior officers" (thereby dictating the outcome of PTAB cases)—is also the very framework that likely undermines *another* Constitutional principle. That other principle is the requirement that PTAB adjudications be independent, impartial, and fair, in keeping with the due process clause of the Fifth Amendment of the U.S. Constitution.

This article focuses on the PTAB bonus system as the least transparent, but most powerful instrument wielded by the Director to exert "significant oversight, direction, and control" over APJs that appears to influence the decisions of PTAB panels. The empirical analysis in the following sections shows that this mostly secret rewards system includes structural incentives for PTAB senior officials and judges to conduct themselves in ways that may profoundly undermine adjudicators' independence, impartiality, and fairness. This article shows that the "cost" of a statutory construction that shoehorns the solemn role of an independent and impartial "principal officer of the United States" into that of an "inferior officer" who is subject to pecuniary influences is the potential for due process violations. One cannot avoid one constitutional infirmity by construing the statute to create another.

## **2 The PTAB judges' compensation and bonus award plans**

### **2.1 Base salary**

The patent statute at 35 U.S.C. § 3(b)(6) provides that the PTO Director "may fix the rate of basic pay for the administrative patent judges appointed pursuant to section 6 ... at not greater than the rate of basic pay payable for level III of the Executive Schedule under section 5314 of title 5." This ES-III base salary cap is the same cap that applies to any Administrative Law Judge (ALJ) serving on other Federal government tribunals. *See* 5 U.S.C. §5304(g)(2).

The patent statute at 35 U.S.C. § 3(c) requires that "Officers and employees of the Office shall be subject to the provisions of title 5," which provision also applies to all

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<sup>4</sup> *Arthrex, Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320, 1332-33 (Fed. Cir. 2019).

APJs compensation, including cash bonus awards. It is remarkable that Congress saw neither a need to ensure adjudication impartiality through the statutory safe harbor of ALJ appointments (see Section 2.5), nor the potential for pecuniary bias introduced by the eligibility of APJs to receive bonus awards tied to adjudications.

## 2.2 PTAB bonus awards

There is little doubt that in accepting the statutory task of forming a new administrative tribunal under the America Invents Act (AIA), the PTO after 2012 strived to recruit, train, and retain APJs that can deliver quality adjudications. Understandably, the Office created machinery centered on reviews, error-correction, and performance ratings derived from its experience in *ex parte* appeals and the examining corps.<sup>5</sup> A troubling aspect of the PTAB bonus system, however, is that what works for examiners in examining applications in *collaboration* with the applicant, does not necessarily work for trial judges engaged in arms-length neutral impartial adjudication between opposing private litigants. As a result, the PTAB bonus system includes structural incentives for PTAB senior officials and judges to engage in activities that bring into question the adjudicators' independence, impartiality, and fairness.

To begin with, the PTO considers the PTAB a “*business unit*” that generates its own revenues. Those are generated from fees paid by users dominated by its largest “customers”—the frequent patent challengers, some of whom have individually lodged hundreds of petitions to invalidate patents. The PTAB is a tribunal that is essentially funded by those who come to it for one particular result in adjudication—cancelling patent claims.<sup>6</sup> They pay a fee of about \$42,000 for the proceeding, where approximately half of these fees get refunded if there is no decision to institute an AIA trial. It is a business destined to shrink if it doesn't deliver results to its “customers.” That is, if the PTAB does not grant enough petitions to institute AIA trials, and does not cancel enough challenged patent claims to make it worthwhile for patent challengers, demand for its services will decline, revenues will shrink, and APJs would have to be laid off.

The PTO has argued in several court proceedings that it is Congress—not the PTO Director—that sets the agency's budget through the legislative appropriations process.<sup>7</sup> Counsel for the PTO represented to the Federal Circuit that “APJs lack control over not just USPTO's congressionally controlled budget, but even over the

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<sup>5</sup> See the standard examiner PAP in: Statement of Robert D. Budens before the House Committee on the Judiciary and the House Committee on Oversight and Government Reform, 113th Cong. 2nd Sess. *POPA Testimony on USPTO Telework*, at PDF p28 (November 18, 2014).

<sup>6</sup> Rob Sterne & Gene Quinn, “PTAB Death Squads: Are All Commercially Viable Patents Invalid?” *IPWatchdog* (March 24, 2014).

<sup>7</sup> *E.g.* Brief of the U.S. Doc. 54 at 26-27, *Mobility Workx, LLC v. Unified Patents, LLC*, No. 20 1441 (Fed. Cir. November 9, 2020).

President's budgetary proposal to Congress."<sup>8</sup> This statement belies operational realities, as the Performance Appraisal Plan (PAP) for top PTAB officials (Chief, Deputy Chief, and Vice Chief APJ's), expressly state that they "*prepare[ ] budget requests with justifications.*"<sup>9</sup> Among the Chief APJ's missions is to apply "business acumen" in running a *growing* business "through continuing expansion with further appropriate growth in number of judges and addition of other personnel."<sup>10</sup> As these top PTAB officials must recognize, this cannot happen without maintaining a robust rate of trial institution decisions and making the PTAB an attractive venue for patent challengers in obtaining favorable Final Written Decisions to cancel patent claims.

In any event, the PTO's appropriation argument appears purely semantic because PTO user fees are segregated from Treasury's general fund and credited to the "[PTO] Appropriation Account,"<sup>11</sup> and thus designated for appropriation to the PTO. Even collections that exceed the amount appropriated are similarly secured for the PTO's future use.<sup>12</sup> The reality is simple: except for rare government shutdown circumstances, Congressional appropriations track fee revenues and if those were to decline appreciably, so would the PTAB budget, and a reduction in budget would inevitably lead to APJ layoffs.

Indeed, the PTAB bonus system's architects have approached it like any commercial enterprise's employee incentive plan, and the PTO's adoption of terms used in such private sector plans are not accidental. For example, the PTO has publicized "*gain-sharing* bonuses" as a benefit available to PTAB judges in its recruiting brochure.<sup>13</sup> This matches the inevitable conclusion (also borne out in this empirical study) that PTAB judges are financially rewarded for helping to generate revenue "*gains.*" The PTAB PAPs also use the term "shareholders" found only in commercial business incentive plans;<sup>14</sup> contain a critical element called "Business Acumen,"<sup>15</sup> and reward senior PTAB officials that "[e]nsure the most *valuable* PTAB employees are

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<sup>8</sup> *Id.*

<sup>9</sup> See Table 3 and Table 4.

<sup>10</sup> See Table 4.

<sup>11</sup> See 35 U.S.C. § 42(b).

<sup>12</sup> 35 U.S.C. § 42(c) ("If fee collections by the [PTO] for a fiscal year exceed the amount appropriated to the Office for that fiscal year, fees collected in excess of the appropriated amount shall be deposited in the Patent and Trademark Fee Reserve Fund. To the extent and in the amounts provided in appropriations Acts, amounts in the Fund shall be made available until expended only for obligation and expenditure by the Office in accordance with paragraph (3).")

<sup>13</sup> See PTO's [PTAB hiring brochure \(April 14, 2014\)](#).

<sup>14</sup> [Lead APJ PAP \(FY 2018\)](#), at 11, 12 (rating element III, "Supporting the Mission of the Board/Leadership," the rating depends on "interpersonal behavior toward all internal and external *shareholders.*"); *Id.* at 15 (rating element IV, "Internal/External Stakeholder Interactions," the rating depends on "providing presentations to external *shareholders* generally,").

<sup>15</sup> See critical element III in Table 2 through Table 4.

rewarded.”<sup>16</sup> Because the term “valuable” as an attribute of a judge is unusual at best, one cannot avoid the reasonable conclusion that those crafting the PAP consider a “*valuable*” judge as one that helps generate “value” to the PTAB—revenue “*gains*” to sustain PTAB operations.

In a manner similar to that used at the PTO’s examiner corps, the PTAB administers an annual employee PAP for every APJ and senior PTAB executive. Pursuant to the authority in 5 U.S.C. §§ 4302, 4503.5, and 5307(d), the U.S. Office of Personnel Management (OPM) promulgated Performance Appraisal Regulations for Federal agencies,<sup>17</sup> requiring that the PAP appraisal period shall generally be 12 months.<sup>18</sup> Moreover; the PAP “shall be provided to employees at the beginning of each appraisal period (normally within 30 days);”<sup>19</sup> it must be provided to employees in writing;<sup>20</sup> and the PTO must maintain such PAP records for OPM audits.<sup>21</sup> In addition, 5 C.F.R. § 430.209(a) requires that the PTO “submit to OPM for approval a description of its [PAP and] any subsequent changes that modify any element of the agency's [PAP] system(s).”

In regulating such cash awards to Federal employees, 5 C.F.R. § 451.104(h) requires that “granting performance-based cash awards on the basis of a rating of record at the fully successful level ... must make meaningful distinctions based on levels of performance.” Such meaningful distinctions for APJ’s cash awards can only be made if justified by a numeric rating entry and a corresponding percentage of the APJ’s salary to be awarded in cash. A box for such numerical entry is provided in the Performance Rating section of the PAP.<sup>22</sup>

Agencies have discretionary authority to grant an employee a lump-sum cash award based on a “fully successful” or better rating of record. Awards based on the rating of record can be up to 10 percent of salary, or up to 20 percent for “exceptional performance.”<sup>23</sup> Senior Executive Service members are also eligible for performance bonuses of up to 20 percent of their base salary.<sup>24</sup>

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<sup>16</sup> See critical element II in Table 2. (Emphasis added).

<sup>17</sup> 5 C.F.R. § 430.206.

<sup>18</sup> *Id.* § 430.206(a)(2).

<sup>19</sup> *Id.* § 430.206(b)(2).

<sup>20</sup> *Id.* § 430.206(b)(3).

<sup>21</sup> *Id.* § 430.209(f).

<sup>22</sup> *E.g.* See APJ PAP (FY 2008) p 18, “Performance Rating.”

<sup>23</sup> See 5 U.S.C. § 4505a(a)(2) (“A cash award under this section shall be equal to an amount determined appropriate by the head of the agency, but may not be more than 10 percent of the employee’s annual rate of basic pay. Notwithstanding the preceding sentence, the agency head may authorize a cash award equal to an amount exceeding 10 percent of the employee’s annual rate of basic pay if the agency head determines that exceptional performance by the employee justifies such an award, *but in no case may an award under this section exceed 20 percent* of the employee’s annual rate of basic pay.”) (Emphasis added); 5 C.F.R. § 451.104; See generally 5 U.S.C. §§ 4302, 4503.

<sup>24</sup> 5 U.S.C. § 5384.

Notwithstanding these provisions, the PTO has no *independent* authority to award *large* bonuses to APJs. Under OPM regulation in 5 C.F.R. § 451.106(b), when the agency recommends a bonus award that “would grant more than \$10,000 to an individual employee, the agency shall submit the recommendation to OPM for approval.” OPM may require records from PTO in support of such requests for approval, including under 5 C.F.R. § 451.106(h).

### 2.3 The PTAB PAPs for determining bonus levels

| APJ PAP (FY 2018)   | Lead APJ PAP (FY 2018)   |
|---|--|
| Critical Performance Element (Weight)   | Critical Performance Element (Weight)  |
| <b>I. Quality (35%).</b> Ensuring quality decision-making by the PTAB.  | <b>I. Quality (30%).</b> Ensuring quality decision-making by the PTAB  |
| <b>II. Production (35%).</b> Efforts to manage the Board's production needs. Point ratings received by Decisional Units (DU) per year:<br>5: Outstanding: ≥ 100 DU<br>4: Commendable: ≥ 92 DU<br>3: Fully Successful: ≥ 84 DU<br>2: Marginal: ≥ 75 DU<br>0: Unacceptable: < 75 DU | <b>II. Production (20%).</b> Efforts to manage the Board's production needs. Point ratings received by Decisional Units (DU) per year:<br>5: Outstanding: ≥ 50 DU<br>4: Commendable: ≥ 46 DU<br>3: Fully Successful: ≥ 42 DU<br>2: Marginal: ≥ 37 DU<br>0: Unacceptable: < 37 DU |
| <b>III. Supporting the Mission of the Board/Leadership (10%).</b> Assisting in the effective operation of the PTO and the PTAB by providing leadership for supporting the missions of the PTO and PTAB.   | <b>III. Supporting the Mission of the Board/Leadership (30%).</b> Assisting in the effective operation of the PTO and the PTAB by providing leadership for supporting the missions of the PTO and PTAB.  |
| <b>IV. Internal/External Stakeholder Interactions (20%).</b> Ensure responsive assistance to internal and external customers, and the public, to the extent permitted by law and regulation.  | <b>IV. Internal/External Stakeholder Interactions (20%).</b> Ensure responsive assistance to internal and external customers, and the public, to the extent permitted by law and regulation.   |

Table 1. Summaries of APJs and Lead APJ PAPs. *Source:* US Inventor FOIA page (links to [APJ](#), and [Lead APJ](#)).

The PTO created specific PAPs for each PTAB employee type, differing in the critical elements and their weights used for overall rating the respective employee. As the summary in Table 1 shows, APJs and their immediate supervisors, Lead APJs, have identical PAP elements that differ only in relative weight, and wherein the Lead APJ's production goals are half of those set for APJs.

The number of Decisional Unit (DU) credits that APJs earn depends on the type of proceeding and the decision made, as detailed in the DU tables provided in the PAP Support Document in Appendix C. For example, the most recent table specifies that a decision in an *ex parte* appeal is worth 1.1 DU (1.5 DU for a decision involving 35 U.S.C. § 101); credit for a decision on institution of an IPR is 5.5 DU; Final



Written Decision in IPR, 6.5 DU; institution of PGR/CBM, 6 DU; and Final Written Decision in PGR/CBM is worth 7.5 DU.<sup>25</sup>

APJs normally receive no DU credit for submitting dissenting or concurring opinions. They must ask permission from a Vice Chief APJ to receive any credit for that work.<sup>26</sup> This apparent bias predates AIA trials and a 2009 internal Board memorandum explains the reasons:

“Concurrences, dissents, and remands are not normally efficient mechanisms for securing the ‘just, speedy, and inexpensive’ resolution of an appeal before the Board. As indicated in the PAPs, a productivity credit is not automatically earned for a concurring opinion, dissenting opinion, or remand. Accordingly, justification is required to explain the need to undertake the extra work and occasion the extra delay in order to ensure efficient and proper utilization of our resources.”<sup>27</sup>

As a result, the PTAB issues unanimous decisions 98% of the time (institution decisions & FWDs), compared to the Federal Circuit, a court that also uses 3-judge panels but that must additionally defer to the fact finding of lower courts, stands at roughly 88%.<sup>28</sup> A commentator observed that “a policy that discourages dissent deprives the parties of true panel consideration, and robs the Federal Circuit of the ability to be informed by the contrary views of an APJ that disagrees with the majority.”<sup>29</sup>

More than one PTAB official may serve as Vice Chief APJ. The summary of their PAP is shown in Table 2. The critical elements used for rating them do not include production goals, but instead include leadership goals and affirmative goals for timely completion of proceedings in compliance with the statute.

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<sup>25</sup> PAP Support Document, Appendix C, at 42-43.

<sup>26</sup> PAP Support Document, Appendix C, at 12 (“If a Judge works on a concurrence, dissent, or decision on remand, the Judge may submit a request for [DU credit], if appropriate, depending on the nature of the concurrence, dissent, or decision on remand and the amount of work involved.”)

<sup>27</sup> James T. Moore, “Policy Clarification on Dissents, Concurrences and Remands.” [Internal BPAI email. \(May 7, 2009\)](#).

<sup>28</sup> Scott McKeown, “Judicial Independence & The PTAB,” [Patents Post-Grant Blog \(December 12, 2017\)](#).

<sup>29</sup> Gene Quinn, “Structural Bias at the PTAB: No Dissent Desired,” [IPWatchdog \(June 6, 2018\)](#).

| Vice Chief APJ PAP (FY 2017)   |
|--|
| <b>Critical Performance Element (Weight)</b>   |
| <b>I. Leading Change (10%).</b> Lead PTAB through continuing development, enhancement, and optimization of organizational structure, policies, and proceedings. Lead PTAB with further appropriate adjustments in number of judges and other personnel. Lead PTAB through further phases of issuing AIA Trial final decisions and enhancement of rules of practice, precedential opinion process, and guidance to stakeholders.  |
| <b>II. Leading People (10%).</b> Serve as Vice Chief Judge. Provide policy direction and guidance to the PTAB. Assist the Deputy Chief Judge and Chief Judge with Business Unit Head functions on the Executive Committee and Management Council of the Agency, and otherwise, as appropriate. Lead continuing activities directed at PTAB execution of duties given to the PTAB under the AIA. <b>Ensure PTAB employees are efficiently working on mission-critical tasks. Ensure the most valuable PTAB employees are rewarded.</b>  |
| <b>III. Business Acumen (10%).</b> Assesses, analyzes, acquires, and administers human, financial, material, and information resources in a manner that instills public trust and accomplishes the organization's mission. Uses technology to enhance processes and decision making. <b>Executes the operating budget; prepares budget requests with justifications; and manages resources.</b> Advance development of improved PTAB IT systems and system integration to meet stakeholder needs and to support USPTO's mission. Encourage electronic filing and eliminate paper where possible. Manage allocation of budget resources to accommodate business unit needs. <b>Ensure that user fees are used on only the most mission critical activities.</b> Further develop capabilities of larger management team. |
| <b>IV. Building Coalitions (10%).</b> Collaborate with other business units, where possible, to implement strategies for reducing <i>ex parte</i> appeals inventory <b>within limits imposed by AIA trial inventory and deadlines.</b> Coordinate and share information within PTAB and with other business units. Interact with public to instruct on PTAB AIA trial and appeal practice and procedures. Ensure clear and consistent messaging is coordinated internally and communicated to stakeholders. Enhance stakeholder outreach, engagement and customer service—including to small businesses and independent inventors.   |
| <b>V. Results Driven (60%).</b><br><u>AIA Trial Timeliness (\35%):</u> Maintain AIA trial completion in 12 months, or in 18 months in cases with extensions for good cause. Maintain issuance of AIA trial decisions on institution within statutory period of 3 months.<br><u>Ex parte Inventory/Pendency Reduction (\30%):</u> Achieve a reduction of <i>ex parte</i> appeal inventory and achieve substantial progress toward an appeal pendency of 12 months.<br><u>PTAB Decision Consistency (\35%):</u> <b>Facilitate and enhance regular extra-panel review of final AIA decisions</b> , excluding rehearing decisions, and <b>management review of ex parte appeals decisions.</b> Ensure clear and consistent legal and procedural positions are taken on behalf of USPTO by PTAB judges and attorneys.       |

Table 2 Summary of Vice Chief APJ PAP. Source: US Inventor FOIA page ([link](#))

| Deputy Chief APJ PAP (FY 2018)   |
|--|
| <b>Critical Performance Element (Weight)</b>   |
| <b>I. Leading Change (10%).</b> Lead PTAB through continuing appropriate development, enhancement, and optimization of organizational structure, policies, and proceedings. Make further appropriate adjustments in number of judges and other personnel. Lead PTAB through further phases of issuing AIA Trial final decisions and appropriate enhancement of rules of practice, precedential opinions, and guidance to stakeholders.   |
| <b>II. Leading People (10%).</b> Serve as Deputy Chief Judge. Provide policy direction and guidance to the PTAB. Assist the Chief Judge with Business Unit Head functions as appropriate. Lead continuing activities directed at PTAB execution of duties given to the PTAB under the AIA. <b>Ensure PTAB employees are efficiently working on mission-critical tasks.</b>   |
| <b>III. Business Acumen (10%).</b> Assesses, analyzes, acquires, and administers human, financial, material, and information resources in a manner that instills public trust and accomplishes the organization's mission. Uses technology to enhance processes and decision making. <b>Executes the operating budget; prepares budget requests with justifications; and manages resources.</b> Advance development of improved PTAB IT systems and system integration to support PTAB's mission. <b>Manage allocation of budget resources to accommodate business unit needs.</b>   |
| <b>IV. Building Coalitions (10%).</b> Collaborate with other business units, where possible and appropriate, to implement strategies for achieving USPTO objectives or PTAB objectives such as reducing <i>ex parte</i> appeals inventory/pendency <b>within limits imposed by AIA trial inventory and deadlines.</b> Interact with public to collect feedback and to inform on PTAB AIA trial and appeal practice and procedures. Ensure clear and consistent messaging is coordinated internally and communicated to the public.   |
| <b>V. Results Driven (60%).</b><br><u>AIA Trial Timeliness (\25%):</u> Achieve AIA trial completion in compliance with applicable legal requirements in 12 months from institution, or in 18 months from institution in cases with extensions for good cause, for 95% of all AIA trials not subject to joinder. Achieve issuance of AIA petition decisions on institution in compliance with applicable legal requirements within statutory period of 3 months for 95% of all AIA petitions.<br><u>Ex parte Inventory/Pendency Reduction (\25%):</u> Achieve progress toward a reduction in the average time from jurisdiction passing to the Board to decision on regular <i>ex parte</i> appeals, or achieve progress toward a reduction of <i>ex parte</i> appeal inventory by issuing decisions in accordance with applicable legal requirements.<br><u>PTAB Decision Consistency (\25%):</u> In accordance with law and regulations, ensure that PTAB judges render clear and consistent decisions for proceedings before the PTAB. <b>Ensure review of 25% of final AIA decisions</b> , excluding rehearing decisions, and <b>2% of regular ex parte appeals decisions.</b><br><u>Federal Circuit Remand Decision Timeliness (\25%):</u> Ensure completion of decisions on remand in compliance with applicable legal requirements from the Federal Circuit in 12 months from issuance of the Federal Circuit's mandate for 50% of all such remands. |

Table 3 Summary of Deputy Chief APJ's PAP. *Source:* US Inventor FOIA page ([link](#))

In a critical rating element "Results Driven," the PAPs for all top PTAB officials including Vice Chief APJ, Deputy Chief APJ, and Chief APJ (see Table 2, Table 3, and Table 4) includes statutory AIA trial completion requirements of 12 months from institution, or in 18 months from institution in cases with extensions for good cause,<sup>30</sup> and issuance of AIA petition decisions on institution within statutory period of 3 months following the Patent Owner's reply to the petition.<sup>31</sup> In all three

<sup>30</sup> 35 U.S.C. §§ 316(a)(11) and 326(a)(11).

<sup>31</sup> 35 U.S.C. §§ 314(b) and 324(c).

PAPs, these statutory deadlines are paramount, and the stated goal of reducing pendency and backlog of *ex parte* appeals decisions is subordinated “within limits imposed by AIA trial inventory and deadlines.” Important components of these PAPs that are further discussed in the following sections of this article are emphasized in the table in boldface.

| <b>Chief APJ PAP (FY 2016)</b>   |
|--|
| <b>Critical Performance Element (Weight)</b>   |
| <b>I. Leading Change (10%).</b> Lead PTAB through continuing expansion with further appropriate growth in number of judges and addition of other personnel. Lead PTAB through appropriate expansion of judge corps and hearings in regional offices. Lead PTAB through further phases of issuing AIA Trial final decisions. Lead upgrade in quality of support staff.  |
| <b>II. Leading People (10%).</b> Serve as Chief Judge. Provide policy direction and guidance to the PTAB. Perform Business Unit Head functions on the Policy Council, Management Council and Executive Committee of the Agency, and otherwise, as appropriate. Lead continuing activities directed at PTAB execution of new duties given to the PTAB under the AIA. Motivate PTAB to keep tackling substantial <i>ex parte</i> appeal case backlog.  |
| <b>III. Business Acumen (10%).</b> Assesses, analyzes, acquires, and administers human, financial, material, and information resources in a manner that instills public trust and accomplishes the organization’s mission. Uses technology to enhance processes and decision making. <b><i>Executes the operating budget; prepares budget requests with justifications; and manages resources.</i></b> ... Advance development of improved IT systems and system integration. Manage reallocation of budget resources to accommodate geographic and human resources expansion. Drive confidence in management of Board by further developing capabilities of larger management team.                                   |
| <b>IV. Building Coalitions (10%).</b> Collaborate with other business units, where possible, to implement strategies for reducing <i>ex parte</i> appeals inventory <b><i>within limits imposed by AIA trial inventory and deadlines.</i></b> Interact with public to instruct on new PTAB jurisdiction and procedures.  |
| <b>V. Results Driven (60%).</b><br><u>AIA Trial Timeliness (\35%):</u> Reach AIA trial completion in 12 months, or in 18 months in cases with extensions for good cause.<br><u>PTAB Expansion/Ex parte Inventory Reduction (\30%):</u> <i>Facilitate Judge appointments with the submission to the Under Secretary of a sufficient number of proposed new APJs between May 22, 2016 and September 30, 2016, to achieve a reduction of ex parte appeal inventory by 10%.</i><br><u>PTAB Decision Consistency (\35%):</u> <b><i>Facilitate regular extra-panel review of at least 25% of final AIA decisions, excluding rehearing decisions, and management review of at least 5% of ex parte appeals decisions.</i></b> |

Table 4. Summary of Chief APJ’s PAP. *Source:* US Inventor FOIA page ([link](#))

It appears that the “AIA Trial Timeliness” elements in the PAPs were largely met. As shown in Figure 1, as of July 2020, the PTAB has met the statutory deadline in 94% of all AIA trials, and 98% of trials have been completed within 15 months.

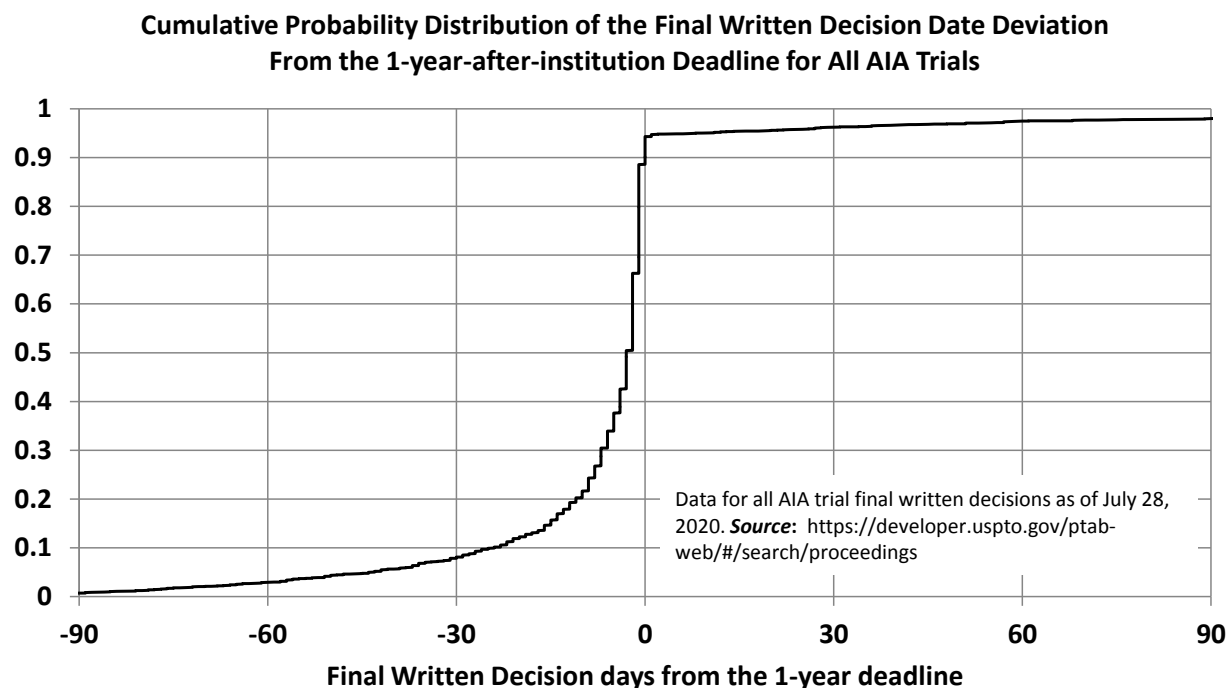


Figure 1. Distribution of time deviation from the 1-year deadline to Final Written Decision. *Source:* PTAB Database (source link shown in figure).

The importance of timely completion of AIA trials must not be underestimated. It relates to “the importance of quiet title to patent owners,”<sup>32</sup> as lengthy proceedings undermine the patent holder’s ability to develop, protect, or license the patented technology.

#### 2.4 Extra-panel reviews

The advantages described above come with some serious infirmities. Unfortunately, the PTAB bonus system includes structural incentives for PTAB senior officials and judges to engage in activities that may profoundly undermine adjudicators’ independence, impartiality, and fairness.

Starting at the Chief APJ’s PAP (Table 4), it includes in critical element V the facilitation of “regular extra-panel review of at least 25% of final AIA decisions, ... , and management review of at least 5% of *ex parte* appeals decisions.” A similar goal is articulated in critical element V in the PAPs of the Deputy Chief APJ and the Vice Chief APJ. See Table 2 and Table 3. These top PTAB officials are thusly rewarded for creating and maintaining systems and procedures that cause persons *other than* the APJs named on the panel to influence the outcome of trial decisions in at least one fourth of all cases.

Not until the end of May 2021, when the PTO finally disclosed under the Freedom of Information Act (FOIA) the PAP Support Document (Appendix C), that more

<sup>32</sup> H.R. Rep. No. 112-98, pt. 1, at 48 (2011) (emphasis added).

details about such “extra-panel review” process became known. This recent disclosure revealed that at the PTAB judge level, APJ’s are incentivized through critical element IV of their PAP with factors that deal with “circulation” of their drafts and “review.” The PAP Support Document (at 4)<sup>33</sup> provides examples of factors that APJs should consider for improving ratings under element IV of their PAP: “judges should make every effort to respect the time of their colleagues in maintaining an even workflow and to allow other judges a sufficient amount [of time] for *review* taking into account that there may be other pressures on a *reviewing* judge’s time.” It is also plausible that “extra-panel review” occurs when junior judges on a panel are “mentored” by senior PTAB judges off the panel. “Mentoring” entitles these senior judges to improved rating under element IV of the APJ PAP. See “mentoring” in the PAP Support Document (at 3-4). This support document further adds (at 38) how complying with time limits for commencing decisions “circulation” can earn better ratings under PAP element IV:

“Statutory deadline cases should be circulated at least 12 business days in advance of the deadline to the panel and at least 6 business days in advance to ARC. Additionally, reexam and reissue appeals should be handled with special dispatch and reviewed before *ex parte* appeals.”

What is the ARC and why is it in the loop of issuing all panel decisions? Who in “management” reviews with “special dispatch” reexam and reissue appeal decisions before *ex parte* appeals?

#### 2.4.1 *The secret AIA Review Committee*

The ARC, an acronym for the “AIA Review Committee,” is a secret committee of the PTAB having a role and membership that have never been publically disclosed. According to the PAP Support Document (at 34), for volunteering to serve on the ARC, APJs can earn credit under critical elements II and III of the PAP, as “participation in the AIA Review Committee can count toward both Production and Supporting the Mission of the Board.” It is unknown, however, how many DUs members of the ARC receive for each decision they review and comment on. It follows from the “circulation” quote above that the ARC receives *every* draft decision for review no later than 6 business days after it is received by other members of the panel. Whereas the fraction of decisions that the ARC actually reviews and comments on is unknown, as explained below, all its work product is conveyed to the APJ panels for consideration.

Importantly, the ARC’s extra-panel review and comments influence panel decisions because APJ’s are rewarded for adopting the ARC comments in their critical element I of their PAP. The PAP Support Document (at 19) includes guidance on earning credit under the Quality element with heading titled “ARC Comments.” It states: “ARC comments are not binding, but instead suggestions that a panel may consider in preparing decisions.” Had the PTO not intended for the ARC’s extra-

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<sup>33</sup> Because the PAP Support Document contains multiply-paginated subdocuments, all further references herein to page numbers are to the PDF page numbers.

panel review to have material influence on the panel's decision, it would not have included it as a factor in the "Quality" element of the PAP. While not mandatory, earning higher "Quality" rating necessarily follows from greater conformity with the ARC recommendations.

#### 2.4.2 *The PTAB ex parte communication system may raise substantial concerns*

Though it is unknown what communications occur in these extra-panel reviews, the entire system described above raises an appearance of an improper *ex parte* communication system because of the coupling of the PTAB bonus system with the ARC review. From the top PTAB officials who are rewarded for formulating and expanding the extra-panel review system, to the originators of the *ex parte* communication, and to its recipient APJs on panels, all are incentivized to work through and maintain this opaque *ex parte* adjudicatory system that may undermine independence and impartiality to levels that in some cases raise legal and even due process concerns.

First, whereas the "extra-panel review" material communicated to judges on the panel may have material influence on their decision, none of that material is provided to the parties for an opportunity to respond, rebut, or deny components thereof. This pervasive *ex parte* communication review system appears to contravene the prohibition against *ex parte* communication with a Board panel under the PTAB's own regulation.<sup>34</sup> This *ex parte* communication regulation does not exclude agency personnel from the prohibition. Indeed, it proscribes *communication* by *any* party where parties are denied "an opportunity to be involved in the communication." In a formal adjudication, like AIA trials, the APA imposes particular procedural requirements on the PTO.<sup>35</sup> The agency must timely inform the parties of "the matters of fact and law asserted,"<sup>36</sup> give all interested parties opportunity for "consideration of facts, arguments, ... or proposals of adjustment,"<sup>37</sup> and allow a party "to submit rebuttal evidence."<sup>38</sup> To the extent the input to the panel from the ARC, or any other PTO "extra-panel reviewer," provides new information invoking a "law asserted," or "arguments, ... or proposals of adjustment" without informing the parties, not giving them the opportunity for "consideration of facts, arguments," or without permitting them "to submit rebuttal

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<sup>34</sup> 37 C.F.R. § 42.5(d) ("Ex parte communications. Communication regarding a specific proceeding with a Board member defined in 35 U.S.C. 6(a) is not permitted unless both parties have an opportunity to be involved in the communication.")

<sup>35</sup> *Dell Inc. v. Accelaron, LLC*, 818 F.3d 1293, 1301 (Fed. Cir. 2016) (Vacated the Board's cancellation of a claim and remanded because the patent owner was denied the right under the APA to address a matter presented only in oral argument.); *see also EmeraChem Holdings, LLC v. Volkswagen Grp. of Am., Inc.*, 859 F.3d 1341, 1348 (Fed. Cir. 2017).

<sup>36</sup> 5 U.S.C. § 554(b)(3).

<sup>37</sup> *Id.* § 554(c)(1).

<sup>38</sup> *Id.* § 556(d).

evidence” to counter that new information, such *ex parte* communication violates the APA.

Second, a Federal Circuit case on point addressed *ex parte* communication *within the agency* in an employee removal case. The deciding (adjudicating) official at the agency received *internal ex parte* memoranda from a senior official at the agency raising new charges and information, and recommending removal of an employee without an opportunity for the employee to respond to the internal memoranda.<sup>39</sup> The Federal Circuit held that “[t]he introduction of new and material information by means of *ex parte* communications to the deciding official undermines the public employee's constitutional due process guarantee of notice ... and the opportunity to respond.”<sup>40</sup>

*Stone* made clear that the appellant’s due process claim depended upon having a property right.<sup>41</sup> While it is well established that AIA trials at the PTAB involve the Patent Owner’s property right, not every *ex parte* communication violates due process. In *Stone*, the Federal Circuit provided three factors for determining whether *ex parte* communications violate due process: (1) whether the *ex parte* communication introduces new or merely “cumulative” information; (2) whether the adversely impacted party knew of and had a chance to respond to the communication; and (3) whether the communication was “of the type likely to result in undue pressure upon the deciding official to rule in a particular manner.”<sup>42</sup> When *ex parte* communications satisfy these criteria, they constitute a due process violation, and such a “violation is not subject to the harmless error test.”<sup>43</sup> Instead, the impacted party is automatically entitled, at a minimum, to an “entirely new” and “constitutionally correct” proceeding.<sup>44</sup>

A determination whether such *ex parte* communication violated a party’s due process right in any PTAB case would be fact and case-specific. However, there is substantial likelihood that the *Stone* factors may be present in many cases with prejudice to Patent Owners’ property rights due to the role of the bonus incentives in such communications. The fact that APJs presumptively receive higher bonus awards for conforming with such *ex parte* communication—essentially manifesting “undue pressure upon the deciding official to rule in a particular manner,” may generate at least an *appearance* of due process violation. It is therefore expected that multiple Patent Owners who were, or stand to be, adversely affected by PTAB

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<sup>39</sup> *Stone v. FDIC*, 179 F.3d 1368 (Fed. Cir. 1999).

<sup>40</sup> *Id.* at 1377.

<sup>41</sup> *Id.* at 1374 (“[The appellant]’s “federal constitutional due process claim depends on his having a property right in continued employment. ... If [the appellant] does possess such a property interest, then the government cannot deprive him of this property without due process.”)

<sup>42</sup> *Id.* at 1377.

<sup>43</sup> *Id.*

<sup>44</sup> *Id.*



FWDs would be entitled to discovery of material related to the secret extra-panel review in their case.

## 2.5 APJs compared with Administrative Law Judges

There is a stark difference in safeguards for judicial independence when comparing the PTAB APJs to ALJs serving on administrative tribunals in other Federal agencies. Objective indicia of the appropriate standards for impartiality and independence can be inferred from comparing how APJs are compensated and retained at the PTAB to the standards set by statute and OPM regulations for their ALJs counterparts.

First, ALJs salaries are set by an outside agency whereas the Director of the PTO has the power to “fix the rate of basic pay for the administrative patent judges.”<sup>45</sup> In contrast with the PTO’s APJs, ALJs may *not* be rated on job performance, nor receive performance appraisal reviews or related bonus awards.<sup>46</sup> Second, unlike the PTO’s authority in dealing with APJs, agencies have only circumscribed ability to discipline and remove ALJs.<sup>47</sup> Agencies may generally do so, including reduction in pay, “only for good cause established and determined by the Merit Systems Protection Board [a body independent of the agency] on the record after opportunity for hearing before the Board.”<sup>48</sup> Otherwise, ALJs essentially have life tenure because they do not serve for a period of set years in office—an ALJ receives “a career appointment and is exempt from the probationary period requirements.”<sup>49</sup> In contrast, “[i]n the first year of the probationary period, new [APJs] must demonstrate increased productivity during their first year at the Board.”<sup>50</sup> Moreover, APJs may be influenced through their discussion with agency superiors, particularly when asked to serve on expanded PTAB panels, whereas ALJs are generally prohibited from having *ex parte* contacts (including with agency officials) concerning a fact at issue.<sup>51</sup>

The PTAB does not have a formal procedural mechanism for parties to move to disqualify APJs for conflict or bias. The APA provides that parties may move to exclude for “personal bias or other disqualification of a presiding or participating

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<sup>45</sup> 35 U.S.C. § 3(b)(6).

<sup>46</sup> 5 C.F.R. § 930.206(a)-(b).

<sup>47</sup> See *Butz v. Economou*, 438 U.S. 478, 513 (1978) (providing ALJs absolute immunity based on their quasi-judicial function and “more importantly” the statutory structures that “assure that the [ALJ] exercises his independent judgment on the evidence before him”)

<sup>48</sup> 5 U.S.C. § 7521(a)-(b).

<sup>49</sup> 5 CFR 930.204(a).

<sup>50</sup> [APJ PAP \(FY 2018\) at 6](#); PAP Support Document, Appendix C, at 24-25 (requiring ramping up from 30% in the first 3 months to 100% at the end of the first probationary year).

<sup>51</sup> 5 U.S.C. § 554(d)(1).

employee.”<sup>52</sup> ALJs “may not perform duties inconsistent with their duties and responsibilities as administrative law judges.”<sup>53</sup> In contrast, APJs are rewarded under the PTAB bonus plan for various on-the-job activities including tasks unrelated to, and “inconsistent with their duties and responsibilities as” APJs, such as charitable fundraising for the Combined Federal Campaign (CFC).<sup>54</sup>

### 3 Data and methods

The author necessarily employed a manual process for verifying APJ panel composition and *correctly* identifying the APJs who actually participated in each decision. Likewise, a manual process was used to lookup the APJs’ bonus levels in an online database. Given these manual-intensive tasks, this article reports only on the first phase of a multiyear study on the PTAB bonuses – one fiscal year. Fiscal year 2016 was selected for the first phase because that year marked a time wherein initial transients in petition queuing and decision flows have subsided and where PTAB workflow largely stabilized.

#### 3.1 Selection of cases

This study focuses on PTAB decisions in FY 2016 (October 1, 2015 through September 30, 2016) and bonus awards made that year to APJs involved in these decisions, including all AIA trial types: *Inter Partes* Reiew (IPR), Post Grant Review (PGR), and Covered Business Method Review (CBM). The author used two datasets, both from the Lex Machina PTAB database. The first includes 1,372 such AIA trial cases that had petition decisions made in FY 2016, with the two possible outcomes (granted, or denied institution) depicted in Figure 2 and Table 5. This count of institution decisions is slightly smaller than that obtained on the PTO’s PTAB statistics website.<sup>55</sup> It is believed that the difference is because the latter statistics also include cases that were petitioned but dismissed prior to an institution decision.

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<sup>52</sup> *Id.* § 556(b).

<sup>53</sup> *Id.* § 3105.

<sup>54</sup> The PAP Support Document, Appendix C, in a critical element called “Supports Effective PTAB Functioning,” provides (at 58) an example of credit for APJs by “[v]olunteering to work on the Combined Federal Campaign (CFC).” See [OPM’s website on the CFC](#) (“CFC is the world’s largest and most successful annual workplace charity campaign, with almost 200 CFC campaigns throughout the country and overseas raising millions of dollars each year. ... The Director of OPM has designated responsibility for day-to-day management of the program and to its CFC office.”) It is unclear how volunteering for charitable fundraising managed by OPM results in “Effective PTAB Functioning.” However, this CFC component does create the *appearance* that the PTO has agreed to have PTAB personnel spend user fee revenues to support OPM Director’s pet charity project, perhaps as a consideration for gaining OPM’s approval for an unusually rich PAP bonus plan.

<sup>55</sup> See [www.uspto.gov/sites/default/files/documents/aia\\_statistics\\_october2016.pdf#page=8](http://www.uspto.gov/sites/default/files/documents/aia_statistics_october2016.pdf#page=8). Verification that PTO’s category “denied institution” includes cases dismissed prior to institution decision is available at <http://developer.uspto.gov/ptab-web/#/search/decisions>

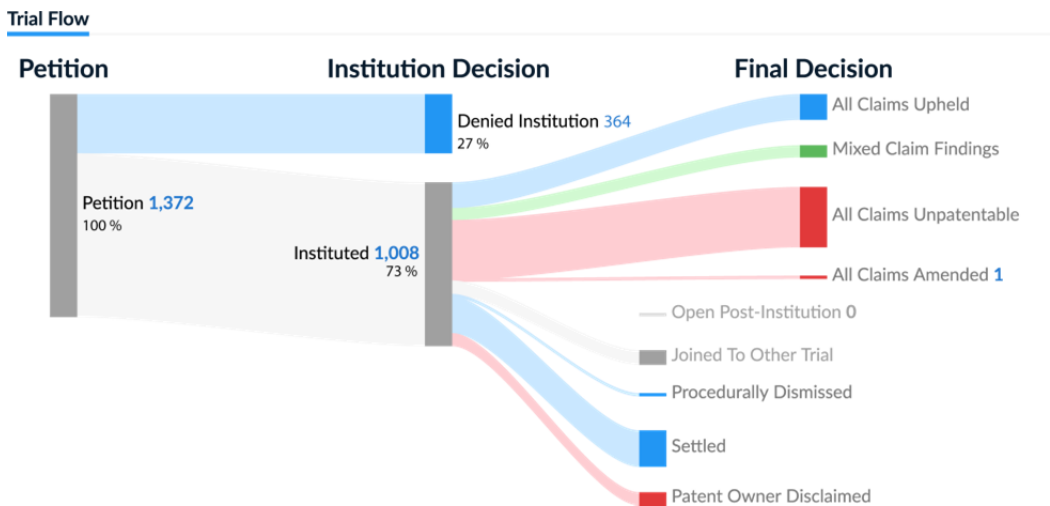


Figure 2. All AIA trial institution decisions made in FY 2016 (total of 1,372), of which 1,008 (73%) were granted and 364 (27%) were denied institution. *Source:* Legal Analytics, Lex Machina, Inc.

The second dataset included 582 AIA trial cases in which there were FWDs during FY 2016. The breakdown of those decisions on the merit is depicted in Figure 3 and Table 5. Note that there is little overlap between the 1,372 cases with institution decisions in FY 2016 and the 582 cases with FWD decisions in the same year; the ultimate disposition of the former cases (shown on the right hand side of in Figure 2) is not considered in the study except for very few cases that are already included in the latter cases. Furthermore, other decisions in the selected cases during these proceedings, including interlocutory decisions or decisions in motion practice, are not included in this study.

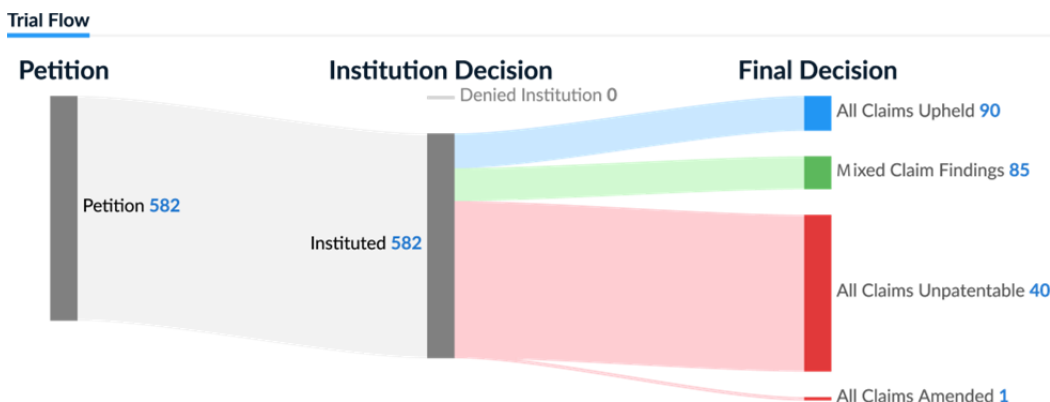


Figure 3. All Final Written Decisions made in AIA trials in FY 2016 (total of 582), which upheld all claims in 90 (15%) decisions, and cancelled claims in 492 decisions (all claims unpatentable or amended, or mixed claim findings). *Source:* Legal Analytics, Lex Machina, Inc.

Table 5 summarizes the cases of this study and the number of APJs taking part in the decisions. A single category of decisions adverse to Patent Owner wherein some or all of the patent’s original claims were cancelled is defined as “Cancelled Claims.” It includes FWD with “All Claims Unpatentable,” “Mixed Claims Findings” and one case with “All Claims Amended.”

| Oct. 1, 2015 through Sep. 30, 2016                                 | Institution Decisions | Final Written Decisions   |
|--|-----------------------|---------------------------|
| Total # of Cases   | 1,372                 | 582                       |
| # of cases by PTAB Panel Size                                      | Total [Inst., Denied] | Total [Cancelled, Upheld] |
| 3  | 1317 [956, 361]       | 549 [459, 90]             |
| 4  | 55 [52, 3]            | 23 [23, 0]                |
| 5  | --                    | 10 [10, 0]                |
| Granted Institution  | 1,008 (73%)           |                           |
| Denied Institution   | 364 (27%)             |                           |
| FWD Cancelled Claims   |                       | 492 (85%)                 |
| FWD All Claims Upheld  |                       | 90 (15%)                  |
| # APJs Involved on panels  | 121                   | 106                       |
| # APJs with ≥ 1 Inst. <u>AND</u><br>≥ 1 FWD <u>AND</u> Bonus info. |                       | 103                       |
| # APJs with ≥ 1 (Inst. <u>OR</u> FWD)<br><u>AND</u> Bonus info.    |                       | 122                       |

Table 5. Summary statistics of AIA trials with Institution Decisions and Final Written Decisions (FWD) by PTAB panel size, made in FY 2016. The statistical analysis covered such decisions made by 103 APJs who served on panels that made at least one decision on institution *and* at least one FWD in FY 2016. Aggregate bonus analysis covered 122 APJs who served on panels that made at least one decision on institution *or* FWD in FY 2016. *Source:* Legal Analytics, Lex Machina, Inc.

### 3.2 Identification of APJs involved in the decisions

While the list of cases in available datasets such as available from the Lex Machina PTAB database includes the full names of the APJs participating in adjudicating each case, the named APJs are listed per entire *proceeding*, and not separately for the specific decisions on institution or the FWD on the merit. As such, the list of APJs for each proceeding often included more than 3 APJs, even when a particular decision involved only 3 APJs on the panel. Because the study of each decision requires the specific list of APJs on *that decision*, a manual inspection of institution and final decisions in cases having more than 3 APJs listed in the proceeding was undertaken to determine which APJ's name(s) should be removed from that list for that specific decision. For example, a given proceeding shows a list of APJs named *Name1*, *Name2*, *Name3*, and *Name4*. Manual inspection of the institution decision (first cover page of the decision) revealed that only *Name1*, *Name2*, and *Name3* participated, whereas APJ *Name2* later dropped out and was replaced by APJ *Name4*. The FWD decision was verified as having APJs *Name1*, *Name3*, and *Name4*.

In some instances, expanded panels with more than 3 APJs made institution decisions or FWD. For the purpose of this study and for reasons explained in Section 3.4, each APJ received one count for such decision regardless of the panel's size.

### 3.3 Source for PTAB judges' bonus award information

The OPM maintains the Enterprise Human Resources Integration (EHRI) dataset, which contains records of most civilian employees of the U.S. Federal Government

including their paygrade, base salary, and bonus awards (if any) by year. A not for profit organization *FederalPay.org* has created an online search tool that allows public access to the OPM data through searching by agency, employee name, or job description. The searchable database contains records for all Federal employees who earn over \$100,000 per year, or who are in the highest paid 10% in their respective agencies.<sup>56</sup>

After verified name disambiguation for two judges, a search by the APJ names identified the FY 2016 salary and bonus information<sup>57</sup> for all but one of the PTAB Judges. Except for that APJ (who was excluded from the study), the APJ's base salaries and bonus awards for FY 2016 were tabulated alongside their PTAB decision counts for that year for use in the statistical analysis.

### 3.4 Empirical model for APJ bonus levels

This study focuses on only two decisional phases in AIA trials—the initial decision whether to institute the trial, and the Final Written Decision on the merits regarding the patentability of the patent claims. Although the APJ PAP indicates that APJs' performances are rated based on multiple factors, the production element—the number of Decisional Units (DUs) in the year—weighs only 35% in the overall rating of the APJ performance for bonus purposes. Nevertheless, senior PTAB officials review, and are aware of, the APJs' decisions and their nature. PTAB management's supervision and reward tools include the rating of APJs on other less tangible factors included in the APJ PAP: “ensuring quality decision-making by the PTAB” (Element I, 35%), “assisting in the effective operation of the PTO and the PTAB by providing leadership for supporting the missions of the PTO and PTAB” (Element III, 10%), and “ensure responsive assistance to internal and external customers, and the public, to the extent permitted by law and regulation” (Element IV, 20%). Moreover, PTAB senior officials' incentive structure in their own PAP require them to “[e]nsure the most valuable PTAB employees are rewarded.” Table 2 (Vice Chief APJ PAP, Element II, 10%). The composite effect of all these factors, and indeed the discovery of what PTAB considers a “valuable” APJ, may be determined by how APJs were “rewarded”—by “following the money.”

Empirical analysis of APJ's cash bonus awards' relation to the number and type of decisions they made was undertaken by multiple linear regression on the total number of each of the four decision types in which the APJs participated in FY 2016. Accordingly, the analysis is based on the following model specification:

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<sup>56</sup> Further information is available at [www.federalpay.org/articles/employee-lookup](http://www.federalpay.org/articles/employee-lookup).

<sup>57</sup> [www.federalpay.org/employees](http://www.federalpay.org/employees). In the section titled “Employee Lookup Tool,” *Select*: “All Years” the “Patent and Trademark Office” from the Agency field; and enter the APJ's name followed by clicking on “Search.” This results in a summary table display for the APJ. Click further on the APJ's name hyperlink to obtain a new table with compensation breakdown by salary and bonus award for this APJ.

$$(1) \text{ Bonus}_i = \alpha + \beta_D \left( \frac{\text{Institution}}{\text{Denials}_i} \right) + \beta_G \left( \frac{\text{Institution}}{\text{Grants}_i} \right) + \beta_C \left( \frac{\text{FWD Cancelled}}{\text{Claims}_i} \right) + \beta_U \left( \frac{\text{FWD Upheld}}{\text{all Claims}_i} \right) + \varepsilon_i$$

where the dependent variable  $\text{Bonus}_i$  is the bonus awarded in the fiscal year to APJ  $i$ , and where the regressand (independent) variables  $\text{Institution Denials}_i$ ,  $\text{Institution Grants}_i$ ,  $\text{FWD Cancelled Claims}_i$ , and  $\text{FWD Upheld all Claims}_i$ , are the numbers of AIA trial decisions in FY 2016 in which APJ  $i$  participated, respectively deciding to deny institution, grant institution, cancel claims, or uphold all claims. The unknown intercept parameter  $\alpha$  and the four  $\beta$  slope coefficients are the estimates for the entire ensemble of APJs obtained by the regression, wherein  $\varepsilon_i$  is the residual from the predicted value of the model for APJ  $i$ .

The regression in Equation 1 is essentially a “black box” analysis, evaluating how the composite of *all* bonus rating elements (not merely the production element) reward APJ’s work as a function of their decision types. It thus requires no knowledge of, and does not employ, the number of DUs APJs might have received for each decision type. Because the independent variables are all integers representing the number of decisions of each type, the *effective* credit APJs received per decision type is reflected through the value of the  $\beta$  slope coefficients derived from the regression.

The study’s dataset counts a panel decision for an APJ on the panel whether or not he/she appears as the presiding judge (or author) on the decision. This approach is taken in part because all APJs on the panel participate, deliberate and vote on the decision, and because “any of the three APJs assigned to a case may draft written work product in the case, and in all circumstances all three APJs provide input on significant writing assignments.”<sup>58</sup> Moreover, isolating the contribution of the production element (actual number of DU credits APJ  $i$  received) in the composite rating is impossible because the sharing of DUs among panel members is unknown.<sup>59</sup>

### 3.5 The mix of proceeding types – AIA trials versus *ex parte* appeals

The PTO has argued in court that APJs lack structural incentives to institute AIA trials *per se* because there is no need for APJs to grant petitions and institute AIA trials in order to ensure that they have sufficient opportunities to earn DUs—they can be assigned to another jurisdiction to work on *ex parte* appeals at will for earning such additional DUs.<sup>60</sup> If this were true, APJs that work on AIA trials

<sup>58</sup> PTAB Standard Operating Procedure 1 (SOP-1) at 3, Rev 15 (September 20, 2018).

<sup>59</sup> Although “[b]y default, the authoring Judge is assigned the entire amount of credit due for a decision[,] [p]anel members may divide the credit for a decision amongst themselves, so long as they indicate in the mailing email how much credit each member will receive of the standard total credit for the decision.” Appendix C, PAP Support Document at 3.

<sup>60</sup> U.S. Br. *Mobility*, *supra* note 7 at 39 (“The PTAB has more than enough work, including substantial numbers of both AIA cases (in which APJs make decisions on institution) and other Board cases (in which no decision on institution is involved, such as *ex parte*

would be expected to have a variable mix of jurisdictional decision types throughout the year, including *ex parte* appeal decisions that together with AIA trial decisions, earn them comparable DU totals with no significant impact on their bonus award levels. In other words, if the PTO's argument on the indifference as to the jurisdiction from which DUs are earned were correct, the total bonus award levels should be independent of the relative mix of decision types for the year.

This hypothesis can be tested as follows. Let  $X$  represent the relative share of *ex parte* appeal decisions in the APJs decisions during the year from both PTAB jurisdiction categories:

$$(2) \quad X = \frac{(\# \text{ of Appeal Decisions})}{(\# \text{ of Appeal Decisions}) + (\# \text{ of Decisions in AIA trials})}$$

where the *# of Decisions in AIA trials* is taken as the sum of the number of decisions on institution and FWDs. Under the PTO's contention, an APJs decisions share  $X$  may vary across APJs, without any systemic effect on the APJ's bonus compensation, as the PTAB is purported to have more than enough work, including *ex parte* appeals to support any mix. Unlike AIA trial proceedings, the institution of which are at the discretion of APJ panels,<sup>61</sup> *ex parte* appeals are instituted by the action of the patent *applicant* upon filing an appeal brief.<sup>62</sup> The finite number of appeals to which an APJ can be assigned is uncontrollable by the APJ's decisions on patentability, whereas the APJ decision to institute an AIA trial directly increases the number of such proceedings on which the APJ works.

Under the null hypothesis  $H_0$ , (PTO's contention), decisional credits for APJs are commensurate with hours worked; the APJ bonus earned should be independent of whether those decisional credits were accrued by doing AIA trial or by *ex parte* appeal work. In other words, under the null hypothesis  $H_0$ , the bonus level earned should reflect the quality-adjusted *output* of the APJ but not  $X$ , the *relative numerical mix* of decisions made by the APJ in *ex parte* appeals versus decisions in AIA trials. Therefore, under the null hypothesis  $H_0$ , it is expected that the top bonus-earning APJs are so classified due to their high absolute work output but had participated in a relative numerical mix of *ex parte* appeal decisions and AIA trial decisions that is not significantly different than that of the bottom bonus-earning APJs.

In contrast, under hypothesis  $H_1$ , APJs seeking higher financial rewards would benefit by being assigned to AIA trials rather than appeals. They would stand to

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appeals). The Board received over 6,700 *ex parte* appeals in fiscal year 2020, and currently has a significant backlog of over 7,500 such appeals. ... There is no need for APJs to grant petitions and institute AIA trials in order to ensure that they have sufficient work.")

<sup>61</sup> 35 U.S.C. §§ 314 and 324.

<sup>62</sup> 35 U.S.C. § 134.

earn higher bonuses on two accounts: first, their decision to institute an AIA trial proceeding secures for *themselves* a larger number of decisional units within the proceeding they instituted, including the FWD. Second, unlike APJs working on appeals, APJs instituting AIA trials generate more aggregate workload for the entire pool of APJs, for which they may be tacitly rewarded with higher bonuses. By instituting AIA trials, the APJs ensure that they have sufficient work so as to avoid taking on ex parte appeals and be able to earn higher bonuses.

Hypotheses  $H_0$  and  $H_1$  can be tested by observing the decision shares for two ensembles of APJs – the top 20 and bottom 20 bonus earners. Having selected these two APJ ensembles, each APJ's relative decision share is regarded as a realization of the random variables  $X_t$  and  $X_b$ , designating the relative decision shares for the top and bottom bonus earners respectively. They each have a probability distribution function over the ensemble of the random variables  $X_t$  and  $X_b$  respectively. The two hypotheses are thus stated as follows:

$H_0$ :  $X_t$  and  $X_b$  have equal probability distribution functions.

$H_1$ :  $X_t$  is stochastically smaller than  $X_b$ .

See Appendix B for the definition of “stochastically smaller” and the statistical analysis for testing these hypotheses. The results are reported in 4.4.

## 4 Results

### 4.1 APJ compensation and bonus award levels

Of the 122 APJs participating with at least one AIA trial decision in FY 2016, 109 (89%) earned a bonus, from the lowest of \$5,010 to the maximum of \$33,910, with an average APJ bonus of \$21,166. Of those 122 APJs, 98 (80%) earned more than \$10,000 in bonus award. The distribution of the bonus awards as a percentage of base salary for the 122 APJs is shown in Figure 4. For 78 of them (64%), the figure shows the bonus award at 10% or more of their base salary, which means they were deemed having demonstrated “exceptional performance.”<sup>63</sup> Apparently, the PTAB turned on its head the term “exceptional,” making the “exception” into a majority. For 19 APJs (16%), bonus awards were right at the cap at 19.9% of base pay to avoid exceeding the maximum level permitted by statute.

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<sup>63</sup> See 5 U.S.C. § 4505a(a)(2) (“A cash award under this section shall be equal to an amount determined appropriate by the head of the agency, but may not be more than 10 percent of the employee’s annual rate of basic pay. Notwithstanding the preceding sentence, the agency head may authorize a cash award equal to an amount exceeding 10 percent of the employee’s annual rate of basic pay if the agency head determines that exceptional performance by the employee justifies such an award, *but in no case may an award under this section exceed 20 percent* of the employee’s annual rate of basic pay.”) (Emphasis added); 5 C.F.R. § 451.104; see generally 5 U.S.C. §§ 4302, 4503.



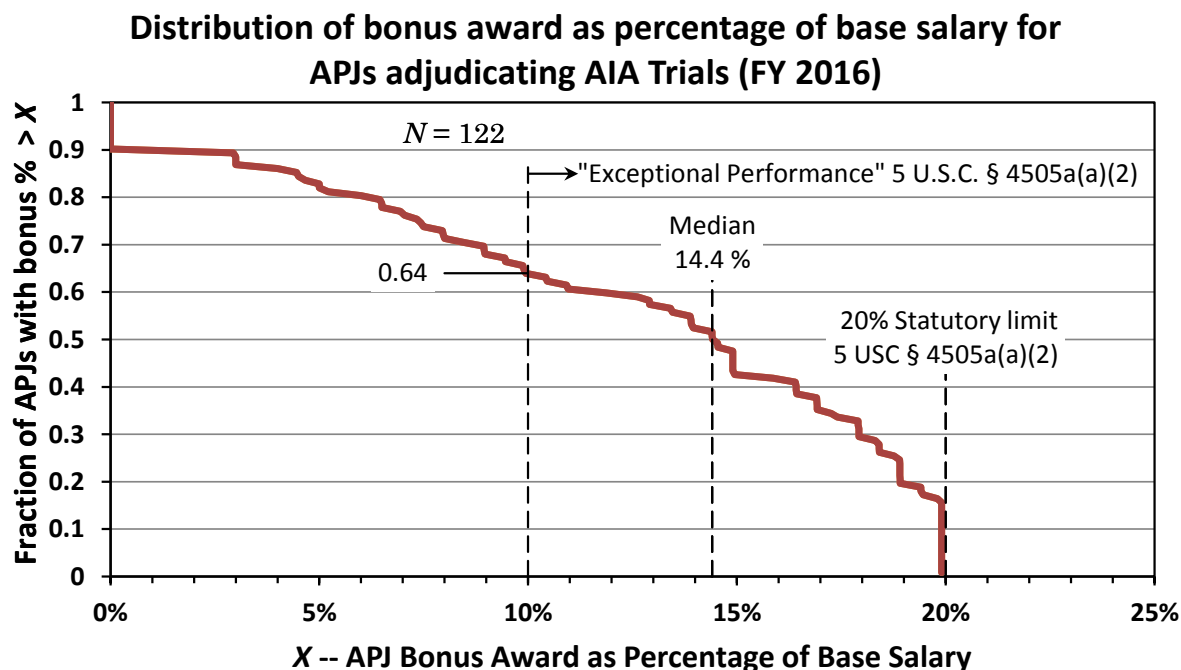


Figure 4. Cumulative distribution of bonus awards for 122 APJs that participated in AIA trials in FY 2016. *Compensation level source: FederalPay.org.*

The distribution of the total compensation (base salary and bonus) of the 122 APJs is depicted in Figure 5, with comparison to the 2016 salaries for ALJs and Federal district court judges. Of those 122 APJs, 108 (89%) earned more than ALJs and one in five APJs made more than the salary paid to Federal district court judges.

The PTO’s extravagant *reliance* on the APJ bonus system appears contradictory to the specific regulatory instrumentalities with which Congress vested the PTO Director for managing timely completion of AIA trials. The PTO admitted as much by stating that the need for DU production performance evaluation criteria for APJs “reflect the current situation in which the PTAB is handling a large volume of AIA petitions”<sup>64</sup> and “because PTAB was trying to *clear a backlog*.”<sup>65</sup> But where did this “large volume” “backlog” come from? It came from institution of AIA trials at a reckless rate that far exceeded the statutory limit determined by the mandatory requirement for “the efficient administration of the Office, and the ability of the Office to timely complete proceedings.”<sup>66</sup> This mandatory limit is in part the reason Congress vested with the PTO Director plenary discretion to *deny* institution, even when the threshold for institution is met, and that decision is “final and nonappealable.”<sup>67</sup> Accordingly, the preamble to the institution regulation

<sup>64</sup> U.S. Br. *Mobility*, *supra* note 7 at 41.

<sup>65</sup> PTO counsel, *Mobility*, *supra* note 7 ([Oral Argument at 43:40](#), May 3, 2021).

<sup>66</sup> 35 U.S.C. §§ 316(b) and 326(b).

<sup>67</sup> 35 U.S.C. §§ 314(d) and 324(e). Where “a federal court has a virtually unflagging obligation to assert jurisdiction” to decide cases before it, *Reyes Mata v. Lynch*, 576

appropriately explains that “the Board may decline to institute a proceeding where the Board determines that it could not complete the proceeding timely.”<sup>68</sup>

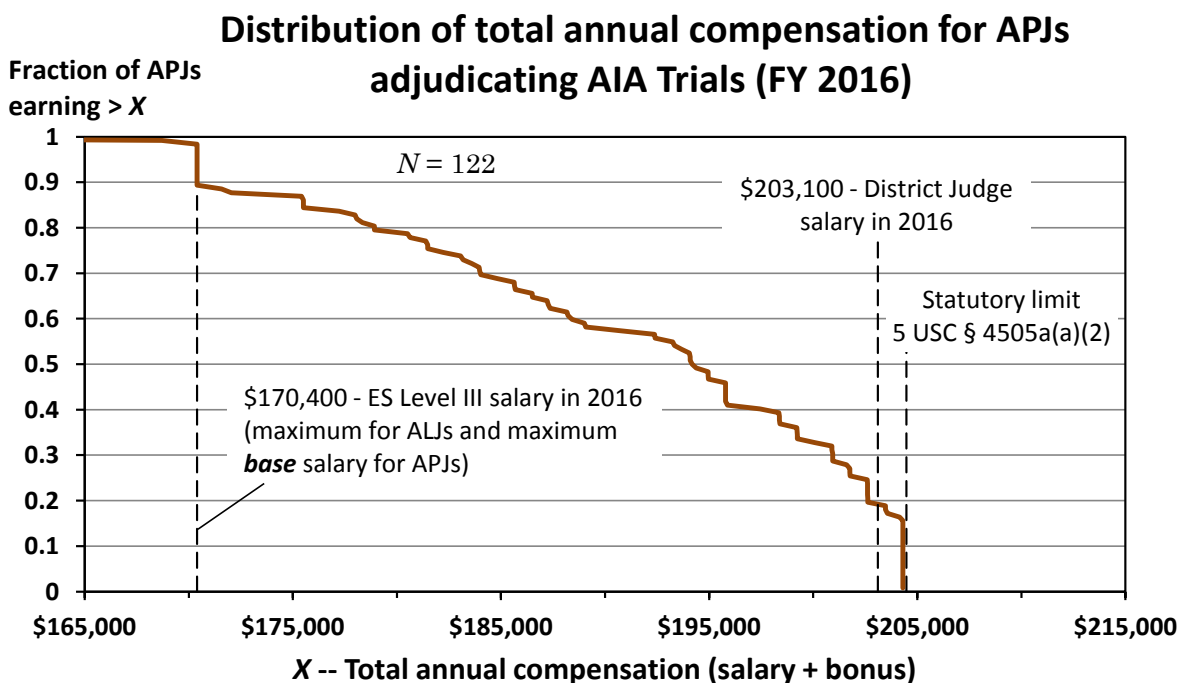


Figure 5. Distribution of total FY2016 compensation for PTAB APJs who worked full time that year with at least one AIA trial decision (FWD or Institution) in the year. *Sources:* Compensation level: *FederalPay.org*; ES Level III maximum for ALJ at [2016 OPM ALJ pay Schedule](#); District Judge salary based on the [Judicial Compensation table for federal judges](#).

The PTAB excessive use of bonus awards for inducing the majority of APJs to sustain “exceptional” workload including overtime, rather than maintaining their workload at regular levels by judicious denials of excessive institutions appears as a pattern of the PTO’s deviation from Congressional intent.

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U.S. 143, 144 (2015), the PTO Director “is permitted, but never compelled, to institute an IPR proceeding.” *Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016); *SAS Inst. Inc. v. Iancu*, 138 S. Ct. 1348, 1356 (2018) (“[Section] 314(a) invests the Director with discretion on the question whether to institute review ... ” (emphasis omitted)); *In re Power Integrations, Inc.*, 899 F.3d 1316, 1318 (Fed. Cir. 2018) (“If the Director decides not to institute, for whatever reason, there is no review. In making this decision, the Director has complete discretion to decide not to institute review.”) (Citations omitted).

<sup>68</sup> 77 Fed. Reg. 48679, 48702 (August 14, 2012).

#### 4.1.1 *Mere existence of substantial bonus awards to PTAB judges raises due process concerns*

The fact that PTAB judges are awarded substantial bonuses related to their adjudications may be *per se* a due process violation. In *Ward v. Village of Monroeville*,<sup>69</sup> the Supreme Court found violation of due process in a judgement for contested traffic violation imposed by a village mayor sitting as a judge, when a substantial part of village income is derived from the fines, forfeitures, costs, and fees imposed by him in his mayor's court.<sup>70</sup> The Court explained that the due process “test is whether the mayor's situation is one ‘which would offer a possible temptation to the average man as a judge ... which might lead him not to hold the balance nice.’” *Ward* held that structural bias due to “possible temptation” may exist when the mayor has an interest in the village’s revenues and thus may be motivated to maintain the high level of contribution from the mayor's court.<sup>71</sup> “The Supreme Court's test does not call for proof of actual temptation. The mere possibility of temptation ... is all that is required.”<sup>72</sup>

As to whether the revenue tied to adjudications is “substantial” in comparison to total revenue of the entity of which the judge is “a partisan,” Judge O’Malley noted that although a very small fraction of total revenue comes from cases where the impartiality of the mayor may be questioned, “[t]he *Ward* Court examined *all* fine revenue generated by the mayor's court when it determined substantiality, not just the fine revenue generated in contested cases. This Court is constrained by the *Ward* court's analysis and must do the same.”<sup>73</sup> As to what in the “the ambit of *Ward*” constituted a “substantial” fraction, Judge O’Malley observed: “Certainly, any person suddenly deprived of 10% or more of his income would find the loss ‘substantial.’”<sup>74</sup> Accordingly, the relevant revenue is not the fraction tied to decisions where a bias might be shown, but all revenue at play tied to all adjudications; if it exceeds 10% of the total revenue of the entity, a structural bias is deemed present in *per se* violation of due process.

The holdings in *Ward* and in *Rose* apply with even greater force to PTAB judges and their “substantial” bonus awards. In part, this is because unlike the village total revenue of which the mayor was a “partisan” subject to “temptation” in *Ward*, the total revenue of the entity of which the APJs are “partisans” is *their own total personal* income, of which they have full *personal* interest and control. The specific revenues from their role as judges are the bonus awards tied to their adjudications;

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<sup>69</sup> 409 U.S. 57 (1972).

<sup>70</sup> *Ward*, U.S. 57 at 60.

<sup>71</sup> *Id.*

<sup>72</sup> *Depiero v. City of Macedonia*, 180 F.3d 770, 782 (6th Cir. 1999).

<sup>73</sup> *Rose v. Village of Peninsula*, 875 F. Supp. 442, 451 (N.D. Ohio 1995) (O’Malley, J.) (emphasis in original).

<sup>74</sup> *Id.*; see also *DePiero*, 180 F.3d at 780 (adopting 10% from *Rose* as “articulate and persuasive”).

such a fraction is greater than 10% for more than a majority of APJs, as Figure 4 shows. Clearly, any APJ “suddenly deprived of 10% or more of his income would find the loss substantial.”<sup>75</sup> This means that regardless of whether or not the apparent pecuniary bias shown below is actually present, the PTAB bonus system where the amount at play tied to adjudication is more than 10% of a PTAB judge income, may be a *per se* violation of due process.

As Federal Circuit Judge Pauline Newman recognized in addressing this issue,<sup>76</sup> the introduction of these potential due process infirmities in AIA trials is particularly difficult to reconcile with a tradition of due process of law that historically governed patent validity challenges. Here, a quasi-judicial structure is created essentially to replace judicial proceedings,<sup>77</sup> and in fact to provide an estoppel in judicial proceedings, to nonetheless conduct adjudications subject to judge compensation procedures which would not be available to the Judicial Branch of government.

#### 4.1.2 *The PTO’s misleading accounts of the magnitude of APJ bonus awards*

The troubling aspect of the PTO’s public discourse on the PTAB bonus plan is that it sought to portray the bonus awards as insignificant. In the *New Vision Gaming v. SG Gaming* case before the Federal Circuit raising the due process violation claim, the PTO represented to the Court that “APJs with ‘fully successful’ or higher performance reviews are eligible for performance award bonuses of up to \$10,000, which represent less than 6% of most APJs’ pay. An outstanding performance rating is reserved for ‘rare’ instances of ‘high-quality performance’ that ‘substantially exceed fully successful standards.’”<sup>78</sup> In oral argument in that case, counsel to the PTO explained to the panel that “these are small bonuses, we are not talking about law firm bonuses, so less than 6% of the average APJ pay.”<sup>79</sup> In *Mobility Workx v. Unified Patents*, a case raising the same due process claim before the Federal Circuit, the PTO briefing repeated its “less than 6% of most APJs’ pay” party line.<sup>80</sup>

As Figure 4 shows, the median bonus award was about 14%, well over the “6% of the average APJ pay,” and the \$10,000 bonus level was *not* “rarely” exceeded—an average of \$21,166 bonus to APJ’s involved in AIA trials is by definition not “rare” but rather typical. “Exceptional performance” rating for 64% of APJs is far from being “rare.” In making these representations, counsel to the PTO was less than candid with the Court when contradicting the facts in *her own very case*—2 out of the 3 APJs on the panel in the *New Vision* PTAB case earned bonus awards of

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<sup>75</sup> *Rose*, 875 F. Supp. at 451.

<sup>76</sup> *Mobility*, *supra* note 7 ([Oral Argument at 24:40](#), May 3, 2021) (Newman, CJ).

<sup>77</sup> H.R. Rep. No. 112-98, pt. 1, at 48 (2011) (The purpose of AIA trials is “providing quick and cost effective *alternatives* to litigation.”) (emphasis added).

<sup>78</sup> *New Vision Gaming & Development, Inc., v. SG Gaming, Inc.* Appeal No. 20-1399, Doc. 71, at 10 (Fed. Cir. October 11, 2020) (emphasis added).

<sup>79</sup> *New Vision*, *supra* note 78 ([Oral argument at 32.50](#) Fed. Cir. April 9, 2021).

<sup>80</sup> U.S. Br. *Mobility*, *supra* note 7 at 9-10.

more than \$16,200 in 2018,<sup>81</sup> the same year they instituted the AIA trial in this case.

There are other manifestations of PTO's apparent effort to conceal the magnitude of the PTAB bonus awards. US Inventor, Inc. (USI) sought records under the Freedom Of Information Act (FOIA) from the PTO of its submissions to OPM seeking approval from OPM under 5 CFR § 451.106(b) for bonus awards of "more than \$10,000 to an individual employee." In its denial of the FOIA request, the PTO stated that it "identified no records responsive to your request," explaining that "[t]he Agency did not pay out any individual award of greater than \$10k to PTAB Judges (non-SES members) during the period of 2012-2020."<sup>82</sup> USI administratively appealed this remarkable denial, showing substantial evidence that the PTO did in fact award bonuses to APJs larger than \$10,000.<sup>83</sup> In denying USI's FOIA appeal, the PTO explained that the custodian of such records "reviewed her office's records and confirmed that no such bonuses were recommended during the years 2012-2020. The Agency notes that the requirement for OPM approval of awards in excess of \$10,000 concerns *individual awards*. There is no requirement to consult OPM if an employee receives *more than one individual award that cumulatively total* in excess of \$10,000."<sup>84</sup>

So the apparent inconsistency is resolved by a "technicality:" the PTO apparently split its large annual bonus awards for APJs into multiple individual awards of less than \$10,000 each in a way that circumvents OPM regulations. As the APJ PAPs show, however, the appraisal period is the *full fiscal year*, meaning that the ratings and bonus awards were typically determined for the full fiscal year.<sup>85</sup> For many APJs, the PTO must have split the bonus award that was determined at the end of the fiscal year into as many as 4 individual awards of less than \$10,000 each, so no OPM approval was required. This resulted in the avoidance of the independent checks and controls set by OPM regulations in 5 CFR § 451.106(b), and kept a low profile within the government on the large magnitude of PTAB judges' bonus awards.

#### **4.2 Analysis of bonus levels in relation to APJ decision types**

The results of the Analysis of Variance and the regression for the 103 APJs of the study (those who participated in deciding at least one institution and one FWD) are shown in Table 6. The *F* statistics of 16.9 indicates that the model of Equation 1 is significantly efficient across the ensemble of APJs, as the observed variance explained by the model is 16.9 times larger than the unexplained variance.

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<sup>81</sup> [USI's FOIA Appeal A-21-000001 \(May 25, 2021\)](#) (Exhibit 3).

<sup>82</sup> *Id.* (Exhibit 2).

<sup>83</sup> *Id.* (Exhibit 3).

<sup>84</sup> [PTO's denial of USI FOIA Appeal A-21-000001 \(June 22, 2021\)](#) at 2 (emphasis added).

<sup>85</sup> USI FOIA page (APJ, and [Lead APJ PAPs](#)) at 1 ("Rating Period: 10/1/2017-9/30/2018.")

| ANOVA      |           |           |           |          |                       |                 |
|------------|-----------|-----------|-----------|----------|-----------------------|-----------------|
|            | <i>df</i> | <i>SS</i> | <i>MS</i> | <i>F</i> | <i>Significance F</i> | <i>R Square</i> |
| Regression | 4         | 4.75E+09  | 1.19E+09  | 16.900   | 1.43981E-10           | 0.41            |
| Residual   | 98        | 6.89E+09  | 70261318  |          |                       |                 |
| Total      | 102       | 1.16E+10  |           |          |                       |                 |

| <i>Coefficients</i>             | <i>Standard Error</i> | <i>t Stat</i> | <i>P-value</i> | <i>Probability of Coeff &gt; 0</i> |          |
|---------------------------------|-----------------------|---------------|----------------|------------------------------------|----------|
| $\alpha$ Intercept              | 9106.3                | 1958.9        | 4.6486         | 1.67E-06                           | 0.999998 |
| $\beta_D$ Institution Denials   | 208.5                 | 153.1         | 1.3625         | 0.087                              | 0.9135   |
| $\beta_G$ Institution Grants    | 254.7                 | 73.6          | 3.4609         | 2.69E-04                           | 0.9997   |
| $\beta_C$ FWD Cancelled Claims  | 313.6                 | 108.9         | 2.8792         | 0.002                              | 0.9980   |
| $\beta_U$ FWD all claims upheld | 2.4                   | 352.0         | 0.0069         | 0.497                              | 0.5027   |

Table 6. Regression coefficients obtained for the specification in Equation 1.

As modeled in Equation 1, the four estimated coefficients can be regarded as the average bonus portion in dollars that PTAB judges earned per decision of the respective type. For example, in FY 2016, PTAB judges appeared to have earned an average bonus of  $\beta_C = \$313.6$  per Final Written Decision when cancelling patent claims, but only an average of  $\beta_U = \$2.4$  per Final Written Decision when uphold all patent claims. Similarly, PTAB judges appeared to have earned an average bonus of  $\beta_G = \$254.7$  per decision when granting institution, but only an average of  $\beta_D = \$208.5$  per decision when denying institution.

It is not at all surprising that the estimated coefficients are all positive—APJs receive larger bonus awards for more decision work. However, to determine the apparent *difference* in reward for the two possible *outcomes* of such decisions, the *difference* in these coefficients and the standard errors of such differences are analyzed to determine the statistical significance of their deviation from zero (or bias). For that purpose, two *difference coefficients* are defined for detecting AIA trial institution and FWD pecuniary biases as follows:

$$(3) \quad d_{INST} = \beta_G - \beta_D ; d_{FWD} = \beta_C - \beta_U ;$$

wherein the difference coefficients  $d_{INST}$  and  $d_{FWD}$  measure respectively the apparent APJ's pecuniary bias in granting over denying institutions, and in deciding to cancel patent claims over upholding all of them. The regression model for these difference coefficients is developed in Appendix A with the pertinent results of Table 7 summarized below.

| <i>Coefficients</i>               | <i>Standard Error</i> | <i>t Stat</i> | <i>P-value</i> | <i>Probability of Coeff &gt; 0</i> |
|-----------------------------------|-----------------------|---------------|----------------|------------------------------------|
| $d_{INST}$ Inst. Grants - Denials | 46.1                  | 193.0         | 0.2389         | 0.41                               |
| $d_{FWD}$ FWD Cancelled-Upheld    | 311.2                 | 376.6         | 0.8263         | 0.20                               |

As shown above, the one-tail  $p$ -values for the difference coefficients  $d_{INST}$  and  $d_{FWD}$  permit the rejection of a null hypothesis that they are zero (unbiased) in favor of the

alternate hypothesis of bias with probabilities that they are positive of 0.59 and 0.8 respectively. While not established with *extreme* confidence, these factual propositions are established here with *sufficient* confidence of 59% and 80% for  $d_{INST}$  and  $d_{FWD}$  respectively. The D.C. Circuit explained that “[t]ypically, a scientist will not so certify evidence unless the probability of error, by standard statistical measurement, is less than 5%. That is, scientific fact is at least 95% certain. Such certainty has never characterized the judicial or the administrative process. It may be that the ‘beyond a reasonable doubt’ standard of criminal law demands 95% certainty. But the standard of ordinary civil litigation, a *preponderance of the evidence*, demands only 51% *certainty*.”<sup>86</sup> Indeed, as pertaining to the PTAB, the standard applied in agency review under the APA is proof by a preponderance of the evidence.<sup>87</sup>

Accordingly, this FY 2016 study factually establishes the appearance of a PTAB decision and incentive process that is tainted with structural pecuniary bias prejudicing patent owners. By the *preponderance of evidence* (59% confidence), *PTAB judges appear to gain more financial rewards when deciding to institute an AIA trial than when deciding to deny institution*. It is also established by *clear and convincing evidence* (80% confidence)<sup>88</sup> that *PTAB judges appear to earn higher cash awards when deciding to cancel patent claims in Final Written Decisions than when deciding to uphold all claims*.

The empirical value from the table above for  $d_{INST} = \$46.1$  means that on average, APJs’ bonus award was higher by \$46.1 per decision when granting institution then when denying institution; and  $d_{FWD} = \$311.2$  means that on average, APJs received \$311.2 more per FWD decision when cancelling claims than when upholding all claims. This is manifest appearance of pecuniary bias.

The values of  $d_{INST}$  and  $d_{FWD}$  indicate the degree of pecuniary bias per decision and when they are not zero, the portion of an APJ’s bonus earned due to the pecuniary bias is included only in the terms involving  $d_{INST}$  and  $d_{FWD}$  in the bonus Equation 5 (Appendix A), namely:

$$d_{INST} \left( \begin{array}{c} \text{Institution} \\ \text{Grants}_i \end{array} \right) + d_{FWD} \left( \begin{array}{c} \text{FWD Cancelled} \\ \text{Claims}_i \end{array} \right)$$

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<sup>86</sup> *Ethyl Corp. v. Env't Prot. Agency*, 541 F.2d 1, 28 n 58 (D.C. Cir. 1976) (emphasis added, citation omitted).

<sup>87</sup> *Dir., Office of Workers' Comp. Programs, Dep't of Labor v. Greenwich Collieries*, 512 U.S. 267, 277–78, 280 (1994) (citing *Steadman v. SEC*, 450 U.S. 91 (1981)).

<sup>88</sup> McCauliff, Catherine MA., “Burdens of Proof Degrees of Belief Quanta of Evidence, or Constitutional Guarantees?” 35 *Vand. L. Rev.* 1293, 1328 Tbl.5 (1982) (A survey of 170 federal judges generated a mean, median, and statistical mode of 0.75 probability for the clear-and-convincing evidence standard.)

The average numbers of institution grants and FWDs cancelling claims by an APJ during the year were 28.35 and 14.31 respectively. Accordingly, of the average APJ bonus of \$21,166, the pecuniary bias is  $d_{INST} \times 28.35 = \$46.1 \times 28.35 = \$1,307$  in institution decisions plus  $d_{FWD} \times 14.31 = \$311.2 \times 14.31 = \$4,453$  in FWDs, **\$5,760** total. The empirical evidence of over \$1,300 average pecuniary bias for institution knocks-out the PTO's representation to the Federal Circuit that "APJs don't make more money if they institute"<sup>89</sup>—they actually do, on bonuses alone, and they are given opportunities to earn additional bonus award on the merits stage where they earn an average of \$4,453 more for cancelling claims than when upholding all claims.

However, APJs received identical number of DU credits deciding to institute an AIA trial as to deny institution. Similarly they earned identical number of DU credits per FWD to cancel patent claims as to uphold all patent claims. Therefore, APJ rating under the "Production" element *itself* must be presumed neutral. If DU credits increase bonus awards in the same way, what could account for the empirically-observed bias manifested in the non-zero difference coefficients  $d_{INST}$  and  $d_{FWD}$ ? The answer must lie in the structure and operation of the APJ PAP elements *other than* the "Production" element, as explained below.

As Table 1 shows, beyond the "Production" critical element, APJs are rated on largely subjective but critical elements that, in the aggregate weigh 65% in the overall PAP rating. Such ratings for each APJ are reflected in the bonus amounts captured in the left-hand side of Equation 1. To the extent that any such non-production ratings are *correlated* with the four types of decisions that *are* captured on the right-hand side of Equation 1, such higher levels of bonuses will necessarily be expressed through the four respective coefficients derived by the least-squared-error regression process. Therefore, APJs must have received higher bonus awards on account of their PAP elements *other than* the production element when making more decisions to grant institution, or when making more FWD to cancel claims. This means that, whether intended or not, APJs were indirectly or tacitly rewarded for such decisions not through their "Production" ratings but through their rating elements such as "Quality," "Supporting the Mission of the Board," or "Internal/External Stakeholder Interactions."

It is safe to conclude that had APJs been rated for purposes of setting bonus awards solely based on their production performance, the regression results would have produced unbiased coefficients  $d_{INST}$  and  $d_{FWD}$  that would not have differed from zero by any statistical significance measure. Rather, it is the *other* critical elements in the APJ PAP that opened the less transparent door for PTAB officials to tacitly reward APJs for the outcome of their decisions, whether they did so consciously or not. While there is no evidence that the examples below actually occurred, they are

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<sup>89</sup> PTO counsel, *Mobility*, *supra* note 7 (Oral Argument at 20:50, May 3, 2021); PTO counsel, *New Vision*, *supra* note 79 (Oral argument at 31.12, April 9, 2021) ("APJs do not make more money if they institute.")



presented to illustrate plausible circumstances in which the correlations discussed above were present.

For example, with what the PTO called “*gain-sharing* bonuses” in its APJ recruitment brochure,<sup>90</sup> it would hardly be a surprise if APJ’s that participated disproportionately in higher number of decisions to grant institution received higher ratings for “Supporting the Mission of the Board” element of their PAP. This is particularly plausible when such decisions are perceived to help “*gain*” workflow for the PTAB and where its top officials that rated the APJs were themselves incentivized to “ensure the most *valuable* PTAB employees are rewarded.”

As another example, APJs likely received higher ratings for their “responsive assistance to ... external customers” under the “Internal/External Stakeholder Interactions” critical PAP element, when such interactions were far more numerous and frequent. That necessarily happened with petitioners—some of whom are the heaviest users of the PTAB and are its top repeat “customers.” It would hardly be a surprise if these APJs, having interacted with, and developed better understanding of, these “customers” positions were also the APJs who participated in disproportionately higher number of decisions favorable to petitioners.

In yet another example, APJs likely received higher performance ratings under the critical “Quality” element as being “consistent with ... written guidance applicable to PTAB proceedings issued by the Director or the Director's delegate,”<sup>91</sup> for more frequently applying a new biased rule governing institution. That rule (that became effective during the study period) created an *irrebuttable presumption* that “a genuine issue of material fact created by [patent owner-adduced] testimonial evidence will be viewed in the light most favorable to the petitioner.”<sup>92</sup> Indeed, the PTO’s bias for granting institution was reflected in the preamble text promulgating this rule in 2016.<sup>93</sup> It would hardly be surprising if APJs deciding more often to grant institutions did so by expressly applying this presumption. In contrast, when APJs instead applied the plain language of the institution statute in 35 U.S.C. §§ 314(a) or 324(a) without making the presumption called for in the 2016 rule, they applied no bias favoring institution and thereby likely granted fewer institutions. But in doing so, they could have received lower “Quality” ratings, ostensibly for failing to accurately follow the prevailing regulation. This has likely contributed to the regression outcome  $\beta_G > \beta_D$  for Equation 1 (or  $d_{INST} > 0$  in Equation 6).

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<sup>90</sup> See *supra* note 13.

<sup>91</sup> APJ PAP (FY 2018) at 2.

<sup>92</sup> 37 C.F.R. §§ 42.108(c) and 42.208(c) (2016).

<sup>93</sup> 81 Fed. Reg. 18750, 18756 (April 1, 2016). (“A presumption in favor of petitioner for disputed facts, which may be fully vetted during a trial when cross-examination of declarants is available, is appropriate given the effect of denial of a petition.”) Because of its bias, Director Andrei Iancu later repealed that section of the regulation. See 85 Fed. Reg. 79120 (December 9, 2020).

Finally, as described in Section 2.4.1, where the mention of ARC comments is made in the “Quality” element of the PAP, a reasonable APJ would draw the inference that earning higher “Quality” rating inevitably follows from greater conformity with the ARC recommendations. Coupling this with the fact that 85% of FWD’s were adverse to Patent Owners, and that by default, PTAB judges earn no DUs for any dissents they author, leads to the likelihood that higher “Quality” ratings of judges were correlated with a greater number of their decisions that were adverse to Patent Owners.

#### 4.2.1 *The appearance of pecuniary adjudication bias further elevates due process concerns*

As explained in Section 4.1.1, regardless of the bonus amount attributable to potential pecuniary bias, the *full* amount of the bonus awards to APJs tied to their adjudications is at play *per se* when considering due process implications.<sup>94</sup> That amount is the average APJ bonus reported here (\$21,166), which exceeds 10% of the average APJ income. On top of this potential *per se* due process violation, more than a quarter, \$5760 on average, is shown empirically to account for actual apparent pecuniary APJ bias, which further elevates the due process concerns.

To be sure, while the results of the empirical analysis discussed above establish that higher bonus levels were correlated with APJs decisions adverse to patent owners (apparent bias), that *correlation* does not establish a *causal* relation. But established *causality* or *actual* bias is not the standard for Constitutional due process analysis. The *appearance* of bias is sufficient in a due process challenge predicated on the erosion of the “feeling so important to a popular government that justice has been done.”<sup>95</sup> “Indeed, justice must satisfy *the appearance* of justice, and this stringent rule may sometimes bar trial by judges who have no actual bias and who would do their very best to weigh the scales of justice equally between contending parties.”<sup>96</sup> This principle, which “applies with equal force to ... administrative adjudicators,”<sup>97</sup> and the empirical evidence in this study on the appearance of APJs’ pecuniary bias, lends further support to the widespread due process concerns pertaining to the structural incentives at the PTAB.

### 4.3 Panel size effects

Panel size is a decision-specific attribute and in this article it means the number of APJs whose names appear on the first page of the decision (See 3.2). Table 1 shows the distribution of panel size in FY 2016: of 1,372 institution decisions, 55 were made by expanded panels of 4 APJs; none were made by a panel larger than 4. Out of 582 FWDs, 23 were made by expanded panels of 4 APJs, and 10 were made by

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<sup>94</sup> *Rose*, 875 F. Supp. at 451.

<sup>95</sup> *Marshall v. Jerrico, Inc.*, 446 U.S. 238, 242 (1980) (cleaned up).

<sup>96</sup> *Id.* at 243 (cleaned up, emphasis added).

<sup>97</sup> *Gibson v. Berryhill*, 411 U.S. 564, 579 (1973).

expanded panels of 5 APJs—the largest panel size in the study period. Remarkably for this study period, in *all* cases with expanded panels of any size in FWDs (33), the expanded panel decisions were *all* adverse to the Patent Owner—not even a *single final decision* favored the Patent Owner. Of all 55 expanded panel institution decisions, only 3 decisions denied institution.

Investigation of the identity of APJs who served on expanded panels revealed highly skewed distribution, wherein a small group of APJs were disproportionately filling the expanded panel slots. This is shown in Figure 6.

**Number of Expanded Panel Decisions in FY 2016  
by Participating APJ**

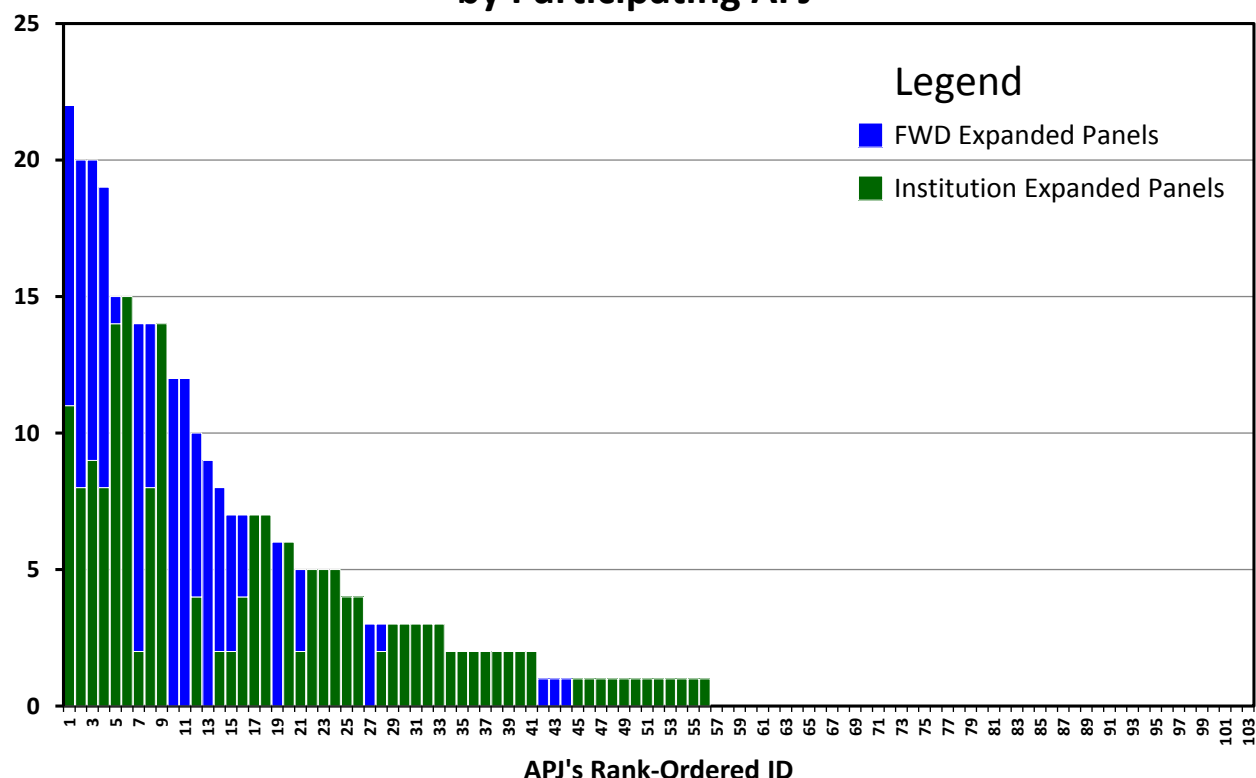


Figure 6. The number of expanded panel decisions made by each enumerated APJ, broken down by the type of decision. The total number of APJ decisions shown in the bars exceeds the total of number of expanded panel decisions (88) because multiple APJs have taken part in the same expanded panel decisions.

The fact that only a small select group of APJs participated in all expanded panel decisions during this study period, most of which were decided in one direction (against the Patent Owner), suggests that these select APJs were designated based on their known predisposition for the observed outcome—the “policy” the Director apparently favored.

On further analysis, the data shows that on average, these select APJs effectively earned a bonus “premium” for having made the decisions in expanded panels, a premium above what they received for just making the decisions. This “premium”

result was empirically obtained by adding the number of expanded panel decisions made by APJs to the regression model. A modified regression model described in Appendix A was constructed in Equation 6 by adding to Equation 1 (or Equation 5) the additional term  $\beta_{EXP}(Exp. Panel Decisions_i)$ , where the additional independent variable  $Exp. Panel Decisions_i$  is the total number of expanded panel decisions in which APJ  $i$  participated, and  $\beta_{EXP}$  is the coefficient for  $Exp. Panel Decisions_i$  measured in dollars per expanded panel decision, as obtained from the regression analysis. The modified model of Equation 6 thereby separately resolves empirically through the coefficient  $\beta_{EXP}$  any incremental value (if any) to bonus earners attributable to decisions that were made in expanded panels.

The results of the modified regression are shown in Table 8 in Appendix A, where it is shown that  $\beta_{EXP}$  is a non-zero *positive* coefficient with a confidence level of 64% (preponderance of the evidence).

Had the bonus award been solely reflective of the APJ's DU credits through their production element II of the PAP, APJs participating in expanded panels would have seen *reduced* DUs and bonuses in comparison with APJs that did not share DUs in expanded panels. This is because some of their decisional DU credits are divided (diluted) among more than 3 APJs. This would be more pronounced for APJs with a greater number of expanded panel decisions. One would therefore expect that this would be captured by the term  $\beta_{EXP}(Exp. Panel Decisions_i)$  through a *negative* value of  $\beta_{EXP}$ , accounting for a negative offset in credit due to dilutive sharing of the same number of decisions with more APJs.

However, the regression result in Table 8 of Appendix A shows otherwise. It shows a positive value for  $\beta_{EXP}$  of \$64.34. This means that pecuniary rewards for participating in expanded panels more than made up for the dilution of the available DUs under production element II of the PAP. It means that on average, the select few APJs that participated in expanded panel decisions were remunerated for every decision made in expanded panels a "premium" of more than \$64 above what they received for just making the decision.

The PTAB procedures in effect during this study period specified broadly that "[i]n an appropriate circumstance, the Chief Judge may designate an expanded panel consisting of any number of judges to decide a case."<sup>98</sup> However, no regulation, guidance, or written procedures required the Chief Judge to provide in the record an explanation for the decision to expand the panel. Parties would find that their panel was expanded by simply receiving Board action that, for the first time, names an expanded panel.<sup>99</sup> This may have changed somewhat under the most recent

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<sup>98</sup> SOP-1, [Rev. 14, at 5](#) (May 8, 2015).

<sup>99</sup> For example, in *Broad Ocean Motor LLC et al. v. Nidec Motor Corporation*, IPR2014-01121, there were 3 members on the panel issuing Paper 71 (December 10, 2015) (Order on Motion to Amend). Without any notice, in the next Board action a 5 member panel issued Paper 82 (February 8, 2016) (Order on Requests for Oral Argument).

revision of SOP-1, which now contains in Appendix 2, a sample Panel Change Order stating without explaining the reasons for the expansion as follows:

“The parties are notified that an expanded panel has been designated in the above referenced proceeding(s). See PTAB Standard Operating Procedure 1, Rev. 15. Administrative Patent Judges AAAAA and BBBBB are added to the panel.”<sup>100</sup>

#### 4.3.1 *PTAB expanded panel practice may raise due process concerns*

The practice of expanding PTAB panels, often called “panel stacking,” is criticized as offending due process.<sup>101</sup> By statute, the PTO Director chooses the composition of PTAB panels, but cannot independently order a rehearing of a panel decision.<sup>102</sup> However, she can, and has designated additional APJs to sit on expanded panels, as shown above. The PTO has argued that the Director could manipulate panel compositions to achieve desired outcomes.<sup>103</sup> In *Utica Packing Co. v. Block*, 781 F.2d 71 (6th Cir. 1986), however, the court found a due process violation where the Secretary of Agriculture replaced an administrative judge to change a case’s outcome.<sup>104</sup> The court observed that “(t)here is no guarantee of fairness when the one who appoints a judge has the power to remove the judge before the end of proceedings for rendering a decision which displeases the appointer.”<sup>105</sup> The Federal Circuit addressed panel expansion in *ex parte* appeals and held that the Director’s ability to expand panels was permissible as the key to retaining policy control over PTAB decision.<sup>106</sup> However, the *Alappat* decision expressly reserved judgment on whether panel-stacking violates due process or the provisions of the APA.<sup>107</sup>

The empirical finding in this study of a bonus “premium” for expanding panels and the fact that expanded panels appear to predominantly favor the petitioner, raises substantial questions of APJ panels’ impartiality and objectivity given the

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<sup>100</sup> SOP-1, [Rev. 15, at 23](#) (September 20, 2018).

<sup>101</sup> See Richard A. Epstein, “The Supreme Court Tackles Patent Reform,” 19 *Federalist Soc’y Rev.* 124, 128 (2018) (“The notion of due process ... is mocked when the PTAB is allowed to stack a panel with sympathetic judges, contrary to the practice of every other court.”); John M. Golden, “PTO Panel Stacking: Unblessed by the Federal Circuit and Likely Unlawful,” 104 *Iowa L. Rev.* 2447, 2469 (2019) (“There should be no backroom puppetmaster who effectively makes the decision for which other agency actors are the legally accountable adjudicators.”); Gene Quinn, “USPTO admits to stacking PTAB panels to achieve desired outcomes,” [IPWatchdog, \(August 23, 2017\)](#).

<sup>102</sup> 35 U.S.C. 6(c) (“Only the Patent Trial and Appeal Board may grant rehearings.”)

<sup>103</sup> Brief for the United States at 37, *U.S. v. Arthrex, Inc.*, Nos. 19-1434, 19-1452, 19-1458 (Fed. Cir. November, 2020); *Yissum Research Dev. Co. of the Hebrew Univ. of Jerusalem v. Sony Corp.*, 626 F. App’x 1006 (Fed. Cir. Dec. 7, 2015) ([Oral Argument at 47:20](#)) (affirmed without opinion).

<sup>104</sup> *Utica Packing*, 781 F.2d at 74-75, 78.

<sup>105</sup> *Id.* at 78.

<sup>106</sup> *In re Alappat*, 33 F.3d 1526, 1534 (Fed. Cir. 1994) (*en banc*).

<sup>107</sup> *Id.* at 1536.

extremely opaque nature of the process for expanding PTAB panels. The appearance of a pecuniary interest of APJs in expanding panels heightens even further concerns that due process is violated in such proceedings. The matter is a bit more complicated by practices employed after this study period, when the PTO adopted a comprehensive policy for establishing Precedential Opinion Panels (POP) in 2018.<sup>108</sup>

#### 4.4 The mix of proceeding types – AIA trials versus *ex parte* appeals

The relative mix of decision types (AIA trials and *ex parte* appeals) for the 103 APJs in this study was analyzed. Following the notations in Section 3.5, Figure 7 shows the empirical cumulative probability distribution of  $X_t$  and  $X_b$  for the top 20 bonus earners and bottom 20 bonus earners. It shows that the top 20 APJ bonus earners in FY2016 were predominantly engaged in AIA trials, with the median of only 5.1% work share of decisions on *ex parte* appeal decisions. In contrast, the bottom 20 bonus earners were predominantly engaged in *ex parte* appeal decisions, with a median of 54.2% share of decisions being *ex parte* appeal decisions.

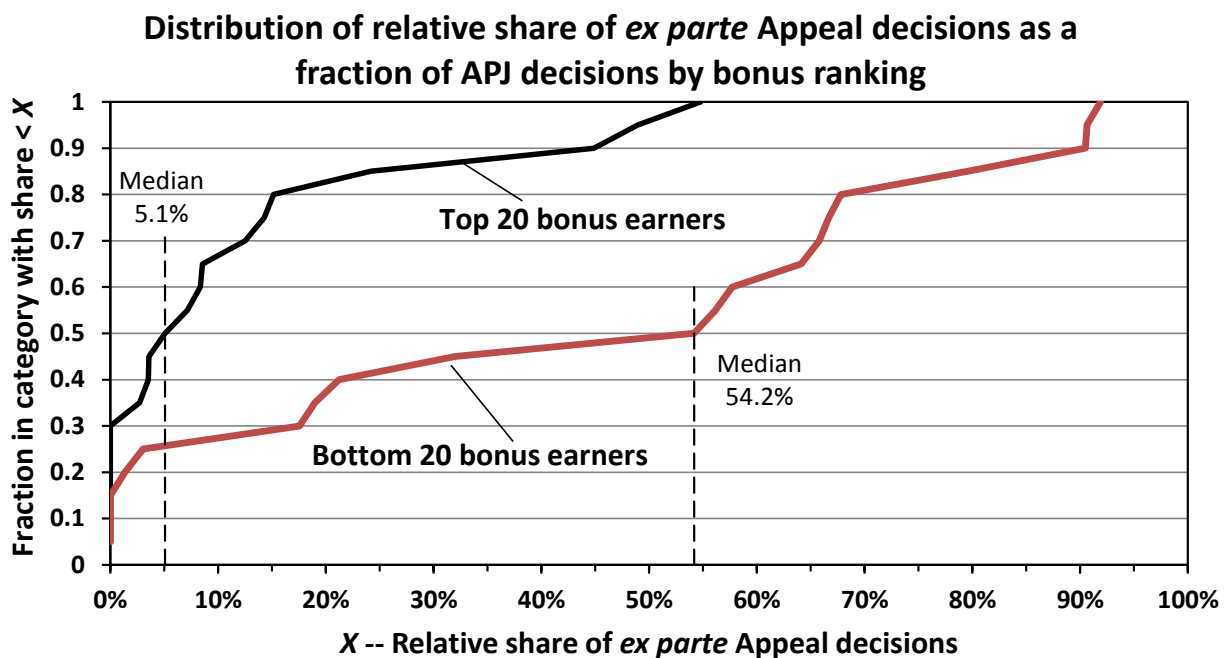


Figure 7. FY 2016 distribution of the relative share per Equation 2 of *ex parte* appeal decisions in all patentability decisions by full-time APJs working on AIA trials. Relative share distributions are shown for two categories of APJs involved in AIA trials: the top 20 bonus earners and the bottom 20 bonus earners.

The analysis in Appendix B is summarized in Table 10, which shows that the null hypothesis  $H_0$ —that the relative mix of decision types do not differ between top and bottom bonus earners—can be rejected with extreme confidence ( $p$  value < 0.002) in

<sup>108</sup> PTO, *Revisions to Standard Operating Procedures: Paneling and Precedential Decisions*, (Sept. 20, 2018). (POP typically comprise the Director, the Commissioner for patents, and the Chief APJ).

favor of  $H_1$ —that the relative mix of decision types differ for these two categories. The implication is clear: APJs working on AIA trials earn smaller bonuses when assigned to work on more *ex parte* appeals. The PTO’s assertion that APJs have no financial incentives to generate more work for themselves by instituting AIA trials and thereby remain engaged in such trials belies the empirical data in Figure 7 and the fact that  $H_0$  can be rejected with extreme confidence .

#### 4.4.1 *Why do APJs working predominantly on AIA trials earn larger bonus awards than those working predominantly on ex parte appeals?*

The PTO contends that APJs’ DU credits are fungible—that the Board “currently has a significant backlog of over 7,500 [*ex parte*] appeals, ... [and there] is no need for APJs to grant petitions and institute AIA trials in order to ensure that they have sufficient work.”<sup>109</sup> The results above prove otherwise. The reasons for this finding are that through incentives and restrictions, APJs working on AIA trials are discouraged or otherwise prevented from taking on a greater fraction of their workload in *ex parte* appeals. First, APJs working in the AIA trial jurisdiction of the PTAB cannot be automatically paneled on *ex parte* appeals. According to the Board’s procedures,

“To request *ex parte* appeals to be added to his or her docket, a judge who is assigned to be paneled on cases in other jurisdictions of the Board should contact the designee(s) to request a certain number of additional *ex parte* appeals, up to a designated maximum, and also notify the judge’s supervisor. The judge’s supervisor must approve all requests in excess of the designated maximum number.”<sup>110</sup>

The APJ’s supervisors and PTAB officials from whom permission must be obtained have presumptive pecuniary interest in *denying permission*. As Table 2 through Table 4 show, senior PTAB official’s PAPs contain in critical element V the goal “AIA Trial Timeliness” that requires maintaining AIA trial completion in 12 months and issuance of institution decision within statutory period of 3 months. As Table 2 and Table 3 show, critical element II in the PAPs of both Vice Chief APJ and Deputy Chief APJ require them to “[e]nsure PTAB employees are efficiently working on mission-critical tasks.” Accordingly, these officials’ interests are to ensure that APJs assigned to AIA proceedings are not distracted by extraneous appeals work that could undermine their ability to meet the statutory deadlines on AIA trial work already in progress. Denying APJs permission to earn additional DU awards on *ex parte* appeals effectively protects those senior officials’ own performance measures and bonuses. While they do have countervailing interests in reducing *ex parte* appeals backlog, Table 2 through Table 4 show that their PAP critical element IV calls “for reducing *ex parte* appeals inventory *within limits imposed by AIA trial inventory and deadlines*.”

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<sup>109</sup> Brief of the U.S. Doc. 54 at 39, *Mobility Workx, LLC v. Unified Patents, LLC*, No. 20 1441 (Fed. Cir. November 9, 2020).

<sup>110</sup> SOP 1 at 5.

In a world in which *ex parte* appeals take second seat to AIA trials, PTAB senior officials protect the resources required to adjudicate AIA trials at the expense of delaying *ex parte* appeal decisions, which have no statutory completion deadline. This priority is also evident in the disparity of incentives imparted to APJs through the bonus rating levels and DU credits. According to the PAP Support Document, APJs earn only 1.1 DU for each *ex parte* appeal decision but typically 13 DU for an IPR proceeding.<sup>111</sup> It is not surprising to find that when it comes to additional DU credit, APJs would prefer to earn them more easily in AIA trial work, where they require no special permission for such cases to be placed on their docket. That is why APJs working predominantly on AIA trials earn larger bonus awards than those working predominantly on *ex parte* appeals.

## 5 Conclusion

Congress previously intended APJs to be independent and impartial adjudicators.<sup>112</sup> That goal appears to have been abandoned in the enactment of the AIA for AIA trials, as the Congress and the PTO set up an adjudicatory system tainted with structural bias. The U.S. Supreme Court has held that impartiality requirements under the due process clause apply to agency adjudication.<sup>113</sup> Because actual bias is often very difficult for litigating parties to prove, courts establish prophylactic measures to promote judges' impartiality—and its appearance—and to help ensure, as the Supreme Court said almost 100 years ago, that adjudicators hold “the balance nice, clear and true.”<sup>114</sup>

The PTO's control of APJs through a bonus plan undermines their perceived independence and impartiality and complicates the PTAB's missions. Because many of the features of the PTAB's procedures and bonus plan raise substantial due process concerns, this article makes the case that Congress should go back to the drawing board and correct the infirmities. The PTO should increase its transparency about the way in which the Director “supervises” PTAB judges.

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<sup>111</sup> PAP Support Document, Appendix C, at 42-43. This includes 5.5 DU for institution decision, 1 DU for motion practice, and 6.5 DU for FWD.

<sup>112</sup> See H.R. Rep. No. 104-784, at 32 (1996) (seeking to “insulate these quasi-judicial officers from outside pressures and preserve integrity within the application examination system”).

<sup>113</sup> *Schweiker v. McClure*, 456 U.S. 188, 195-96 (1982).

<sup>114</sup> *Caperton v. A.T. Massey Coal Co.*, 556 U.S. 868, 878-79 (2009) (quoting *Tumey v. Ohio*, 273 U.S. 510, 532 (1927)).



## Appendix A

### Statistical Analysis of the difference in decisional outcomes

To express the model of Equation 1 in terms of the difference coefficients  $d_{INST}$  and  $d_{FWD}$ , the following substitution equations are derived from Equations 3:

$$(4) \quad \beta_G = d_{INST} + \beta_D ; \beta_C = d_{FWD} + \beta_U$$

Substituting  $\beta_G$  and  $\beta_C$  above in Equation 1 yields:

$$(5) \quad \begin{aligned} Bonus_i &= \alpha + \beta_D \left[ \left( \begin{matrix} Institution \\ Denials_i \end{matrix} \right) + \left( \begin{matrix} Institution \\ Grants_i \end{matrix} \right) \right] + d_{INST} \left( \begin{matrix} Institution \\ Grants_i \end{matrix} \right) + \\ &+ \beta_U \left[ \left( \begin{matrix} FWD Upheld \\ all Claims_i \end{matrix} \right) + \left( \begin{matrix} FWD Cancelled \\ Claims_i \end{matrix} \right) \right] + d_{FWD} \left( \begin{matrix} FWD Cancelled \\ Claims_i \end{matrix} \right) + \varepsilon_i \\ &= \alpha + \beta_D \left( \begin{matrix} Institution \\ Decisions_i \end{matrix} \right) + d_{INST} \left( \begin{matrix} Institution \\ Grants_i \end{matrix} \right) + \beta_U (FWD_i) + d_{FWD} \left( \begin{matrix} FWD Cancelled \\ Claims_i \end{matrix} \right) + \varepsilon_i \end{aligned}$$

where the separate terms for institution denials and grants are shown combined as the total institution decisions, with similar simplification by combining both types of FWDs. Equation 5 is thus an equivalent regression model that permits the estimation of the difference coefficients  $d_{INST}$  and  $d_{FWD}$  directly, along with their respective standard errors to permit evaluating their significance levels. The results of this regression are shown in Table 7.

| ANOVA      |           |           |           |          |                       |                 |
|------------|-----------|-----------|-----------|----------|-----------------------|-----------------|
|            | <i>df</i> | <i>SS</i> | <i>MS</i> | <i>F</i> | <i>Significance F</i> | <i>R Square</i> |
| Regression | 4         | 4.75E+09  | 1.19E+09  | 16.900   | 1.43981E-10           | 0.41            |
| Residual   | 98        | 6.89E+09  | 70261318  |          |                       |                 |
| Total      | 102       | 1.16E+10  |           |          |                       |                 |

| <i>Coefficients</i> |                               | <i>Standard Error</i> | <i>t Stat</i> | <i>P-value</i> | <i>Probability of Coeff &gt; 0</i> |             |
|---------------------|-------------------------------|-----------------------|---------------|----------------|------------------------------------|-------------|
| $\alpha$            | <b>Intercept</b>              | 9106.3                | 1958.9        | 4.6486         | 1.67E-06                           | 0.999998    |
| $\beta_D$           | <b>Institution Denials</b>    | 208.5                 | 153.1         | 1.3625         | 0.087                              | 0.91        |
| $d_{INST}$          | <b>Inst. Grants - Denials</b> | <b>46.1</b>           | <b>193.0</b>  | 0.2389         | <b>0.41</b>                        | <b>0.59</b> |
| $d_{FWD}$           | <b>FWD Cancelled-Upheld</b>   | <b>311.2</b>          | <b>376.6</b>  | 0.8263         | <b>0.204</b>                       | <b>0.80</b> |
| $\beta_U$           | <b>FWD all claims upheld</b>  | 2.4                   | 352.0         | 0.0069         | 0.497                              | 0.50        |

Table 7. Regression coefficients obtained for the specification in Equation 5.

Because this is the same model as in Equation 1, its  $F$  statistics, residual errors, and  $R^2$  are identical to those shown in Table 6. As shown in Table 7, the one-tail  $p$ -values for the difference coefficients  $d_{INST}$  and  $d_{FWD}$  permit the rejection of a null hypothesis that they are zero. This is not with extreme confidence, but with sufficient confidence: the proposition that they are positive can be established with a probability of 0.59 (preponderance of evidence) and 0.8 (clear and convincing evidence) for  $d_{INST}$  and  $d_{FWD}$  respectively.

## A.1. Resolving expanded panel effects

As shown in Figure 6, 56 of the 103 APJs participated in at least one expanded panel decision in FY 2016. The dataset identifies the APJs that participated in expanded panel decisions and the individual decisions. The total number of expanded panel decisions (institution plus FWD) in which each APJ  $i$  participated is designated by  $Exp. Panel Decisions_i$  and was added to the model of Equation 5 to form the modified model of Equation 6 that separately resolves empirically any incremental value (“premium”) to bonus earners attributable to decisions that were made in expanded panels.

$$(6) \quad Bonus_i = \alpha + \beta_D \left( \begin{matrix} Institution \\ Decisions_i \end{matrix} \right) + d_{INST} \left( \begin{matrix} Institution \\ Grants_i \end{matrix} \right) + \\ + \beta_U (FWD_i) + d_{FWD} \left( \begin{matrix} FWD Cancelled \\ Claims_i \end{matrix} \right) + \beta_{EXP} \left( \begin{matrix} Exp. Panel \\ Decisions_i \end{matrix} \right) + \varepsilon_i$$

Here,  $\beta_{EXP}$  is the coefficient for  $Exp. Panel Decisions_i$  measured in dollars per expanded panel decision, obtained from the regression analysis. The regression results for the modified model are shown in Table 8.

| ANOVA      |           |           |           |          |                       |                 |
|------------|-----------|-----------|-----------|----------|-----------------------|-----------------|
|            | <i>df</i> | <i>SS</i> | <i>MS</i> | <i>F</i> | <i>Significance F</i> | <i>R Square</i> |
| Regression | 5         | 4.76E+09  | 9.52E+08  | 13.426   | 6.0201E-10            | 0.41            |
| Residual   | 97        | 6.88E+09  | 70890154  |          |                       |                 |
| Total      | 102       | 1.16E+10  |           |          |                       |                 |

| <i>Coefficients</i> |                               | <i>Standard Error</i> | <i>t Stat</i> | <i>P-value</i> | <i>Probability of Coeff &gt; 0</i> |             |
|---------------------|-------------------------------|-----------------------|---------------|----------------|------------------------------------|-------------|
| $\alpha$            | <b>Intercept</b>              | 9133.4                | 1969.1        | 4.638          | 1.76E-06                           | 0.999998    |
| $\beta_{EXP}$       | <b>Expanded Panels</b>        | 64.3                  | 178.0         | 0.362          | 0.359                              | <b>0.64</b> |
| $\beta_D$           | <b>Institution Denials</b>    | 212.7                 | 154.2         | 1.380          | 0.084                              | 0.92        |
| $d_{INST}$          | <b>Inst. Grants - Denials</b> | 36.6                  | 195.6         | 0.187          | 0.426                              | <b>0.57</b> |
| $d_{FWD}$           | <b>FWD Cancelled-Upheld</b>   | 298.2                 | 380.0         | 0.785          | 0.216                              | <b>0.78</b> |
| $\beta_U$           | <b>FWD all claims upheld</b>  | 6.4                   | 353.7         | 0.018          | 0.493                              | 0.51        |

Table 8. Regression coefficients obtained for the specification in Equation 6.

The modified regression shows that  $\beta_{EXP}$  is a non-zero positive coefficient with confidence level of 64% (preponderance of the evidence) and wherein the results for the other coefficients are not appreciably different than those in Table 7.

## Appendix B

### Non-parametric test of two bonus earner categories at PTAB

#### Non parametric comparison of two distributions

The random variables  $X_t$  and  $X_b$  designate the relative decision shares of *ex parte* appeals for the top and bottom bonus earners respectively. They each have a probability distribution function over the ensemble of the random variables  $X_t$  and  $X_b$  respectively. The sample values are shown under the columns  $X_t$  and  $X_b$  in Table 9. The two hypotheses are thus stated as follows:

$H_0$ :  $X_t$  and  $X_b$  have equal probability distribution functions.

$H_1$ :  $X_t$  is stochastically smaller than  $X_b$ .

| Bonus Rank | $X_t$    |                     |                  |                       | $X_b$      |          |                     |                  |                       |
|------------|----------|---------------------|------------------|-----------------------|------------|----------|---------------------|------------------|-----------------------|
|            | Bonus    | AIA Trial Decisions | Appeal Decisions | Appeal Workload Ratio | Bonus Rank | Bonus    | AIA Trial Decisions | Appeal Decisions | Appeal Workload Ratio |
| 1          | \$33,910 | 91                  | 0                | 0.0%                  | 84         | \$11,764 | 26                  | 7                | 21.2%                 |
| 2          | \$33,910 | 88                  | 0                | 0.0%                  | 85         | \$11,288 | 10                  | 95               | 90.5%                 |
| 3          | \$33,910 | 96                  | 0                | 0.0%                  | 86         | \$11,076 | 13                  | 25               | 65.8%                 |
| 4          | \$33,910 | 68                  | 0                | 0.0%                  | 87         | \$10,224 | 14                  | 0                | 0.0%                  |
| 5          | \$33,910 | 76                  | 0                | 0.0%                  | 88         | \$8,520  | 49                  | 0                | 0.0%                  |
| 6          | \$33,910 | 52                  | 0                | 0.0%                  | 89         | \$8,520  | 17                  | 8                | 32.0%                 |
| 7          | \$33,910 | 72                  | 2                | 2.7%                  | 90         | \$7,947  | 22                  | 26               | 54.2%                 |
| 8          | \$33,910 | 82                  | 3                | 3.5%                  | 91         | \$7,668  | 14                  | 25               | 64.1%                 |
| 9          | \$33,164 | 81                  | 3                | 3.6%                  | 92         | \$7,592  | 32                  | 1                | 3.0%                  |
| 10         | \$33,910 | 75                  | 4                | 5.1%                  | 93         | \$7,058  | 52                  | 0                | 0.0%                  |
| 11         | \$33,910 | 78                  | 6                | 7.1%                  | 94         | \$6,816  | 25                  | 32               | 56.1%                 |
| 12         | \$33,910 | 88                  | 8                | 8.3%                  | 95         | \$5,010  | 19                  | 40               | 67.8%                 |
| 13         | \$33,910 | 75                  | 7                | 8.5%                  | 96         | \$0      | 73                  | 1                | 1.4%                  |
| 14         | \$33,910 | 98                  | 14               | 12.5%                 | 97         | \$0      | 47                  | 10               | 17.5%                 |
| 15         | \$33,910 | 84                  | 14               | 14.3%                 | 98         | \$0      | 47                  | 11               | 19.0%                 |
| 16         | \$33,910 | 84                  | 15               | 15.2%                 | 99         | \$0      | 22                  | 30               | 57.7%                 |
| 17         | \$33,910 | 69                  | 22               | 24.2%                 | 100        | \$0      | 5                   | 10               | 66.7%                 |
| 18         | \$33,910 | 59                  | 48               | 44.9%                 | 101        | \$0      | 25                  | 97               | 79.5%                 |
| 19         | \$33,910 | 71                  | 68               | 48.9%                 | 102        | \$0      | 15                  | 145              | 90.6%                 |
| 20         | \$33,910 | 85                  | 103              | 54.8%                 | 103        | \$0      | 13                  | 147              | 91.9%                 |

Table 9. List of the top and bottom APJ bonus earners sorted by bonus rank

Because the statistical distribution of the shares  $X_t$  and  $X_b$  of *ex parte* appeals in the workload of APJ cannot be adequately modeled by specific known probability distributions, methods for unknown probability distributions—non-parametric tests—are applied. The null hypothesis that the sample of appeal workload share in the top bonus earners,  $X_t$ , and the bottom bonus earners,  $X_b$ , are drawn from the same underlying probability distribution is tested. If this null hypothesis can be rejected, one may conclude that the difference in the share distribution is statistically significant. The Mann-Whitney non-parametric two-sample test,<sup>115</sup> also known as the Wilcoxon Rank Sum test, is used for this purpose. Its statistical formulation is as follows:

Let  $\mathbf{x}$  and  $\mathbf{y}$  be two random variables having cumulative probability distribution functions  $F$  and  $G$  respectively. The variable  $\mathbf{x}$  is called *stochastically smaller* than  $\mathbf{y}$  if  $F(a) > G(a)$  for every  $a$ . The Mann-Whitney non-parametric test uses samples  $x_i$ ,  $i = 1 \dots n$ , and  $y_j$ ,  $j = 1 \dots m$ , drawn from two such ensembles to test the null hypothesis  $F = G$  against the alternative hypothesis that  $\mathbf{x}$  is stochastically smaller than  $\mathbf{y}$ . Mann & Whitney showed in their seminal paper that their test is suited for large or small samples and they specifically provide tables for tests using sample sizes  $n$  and  $m$  from 1 to 8.

Lehmann subsequently showed<sup>116</sup> that the Mann-Whitney test is unbiased and holds for discontinuous cumulative distribution functions. This is particularly applicable in our application wherein the workload share values  $X_t$  and  $X_b$  are discrete valued rational numbers, necessarily having cumulative distribution functions with discontinuities at those values. Moreover, the Mann-Whitney test is robust, resulting in fewer wrongfully significant results in the presence of one or two extreme values in the sample under investigation.<sup>117</sup>

We denote the workload share values for the top bonus earner group by  $x_i$ ,  $i = 1 \dots 20$ , and the corresponding values for the bottom earners by  $y_j$ ,  $j = 1 \dots 20$ . We assume that  $x_i$  and  $y_j$  are realizations of random variables  $\mathbf{x}$  and  $\mathbf{y}$  respectively. We formulate our hypothesis as follows:

$H_0$ :  $\mathbf{x}$  and  $\mathbf{y}$  have equal cumulative probability distribution functions.

$H_1$ :  $\mathbf{x}$  is stochastically smaller than  $\mathbf{y}$ .

These hypotheses are tested and the results for this Mann-Whitney test are shown in Table 10.

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<sup>115</sup> Mann, H. B., & Whitney D. R., “On a test of whether one of 2 random variables is stochastically larger than the other,” *18 Annals of Mathematical Statistics*, 50-60. (1947).

<sup>116</sup> Lehmann, E. L. “Consistency and Unbiasedness of Certain Nonparametric Tests,” *22 Annals of Mathematical Statistics*, 165-179 (1951).

<sup>117</sup> Siegel, S. & Castellan, N.J. Jr., *Nonparametric statistics for the behavioral sciences*, 2nd Ed., McGraw-Hill. (1988).

| Ex parte Appeal Decision Share ccomparison by<br>bonus earner category |                            |                               |
|--|----------------------------|-------------------------------|
| <i>Mann-Whitney Test for Two Independent<br/>Samples</i>               |                            |                               |
| APJ Sample   | Top 20<br>Bonus<br>Earners | Bottom<br>20 Bonus<br>Earners |
| count  | 20                         | 20                            |
| sample mean  | 0.127                      | 0.4                           |
| median   | 0.06103                    | 0.55154                       |
| rank sum   | 304                        | 516                           |
| U  | 306                        | 94                            |
| <i>Rank Test Results</i>   | one tail                   | two tail                      |
| alpha  | 0.05                       |                               |
| U  | 94                         |                               |
| mean   | 200                        |                               |
| std dev  | 36.76                      |                               |
| z-score  | -2.88359                   |                               |
| U-crit   | 139.04                     | 127.45                        |
| p-value  | <b>0.0020</b>              | 0.0039                        |
| <b>Statistically significant</b>                                       | <b>yes</b>                 | yes                           |

Table 10. Results of non-parametric statistical tests comparing two sample distributions of Appeal Workload in two bonus earner groups listed in Table 9.

First, note the large difference in their means and medians. Second, with extreme statistical significance ( $p \text{ value} = 2 \times 10^{-3}$  one-tailed), one can reject the null hypothesis  $H_0$  in favor of  $H_1$ , i.e.,  $\mathbf{x}$  ( $X_t$  in our case) is stochastically smaller than  $\mathbf{y}$  ( $X_b$  in our case). Mann–Whitney  $U = 94$ ,  $n = 20$ ,  $m = 20$ ). This is a precise statistical confirmation of what can be casually observed in the list of values in columns  $X_t$  and  $X_b$  of Table 9.

**Appendix C**  
**PAP Support Documents**

Produced by PTO under FOIA Request F-21-00111 on May 27, 2021

**Supporting Document to Administrative Patent Judge Performance  
Appraisal Plan FY2017**

**Element 1: Quality**

[Placeholder-nothing to add here.]

## **Element 2: Production**

### **Item 2. Supporting information related to Major Activities**

Crediting for decisions and orders in AIA trial proceedings is currently undergoing evaluation. Should any changes in methodology in assigning credit to decisions and orders be recommended for implementation during the course of the fiscal year, Judges will be notified well in advance, and provided the opportunity to give comments and feedback on any proposed changes.

In performing the major activities described in the Performance Appraisal Plan, judges will normally seek efficiency gains and utilize available resources to enhance annual production. Such efficiency gains include effective use of collaboration tools, administrative resources, and any additional resources available as a result of other Board programs (e.g., Detailee program).

### **Item 3. Supporting information related to Criteria for Evaluation**

The previous Fully Successful and Marginal goals for decisional units produced annually reflected a current-year plus one (+1) adjustment for non-first year judges in view of the challenges faced by the Board in the current fiscal year. Such goal adjustments may be necessary in future Performance Appraisal Plan revisions to deal with unusual or extraordinary challenges facing the Board.

There is no particular ramp up number in productivity for new judges in a probationary period. The new judge should focus on building relationships with their colleagues and basic decision writing concepts. The progress made by a new judge toward hitting the fully successful productivity goal is evaluated on a case-by-case basis based on the individual needs of the new judge through discussion with that new judge's Lead Judge as a result of feedback from the new judge's mentoring judges and direct observations by the Lead Judge.



Regarding production adjustments for extended medical leave and special projects, judges should keep their Lead Judge informed of an ongoing event, so that the Lead Judge is aware and any appropriate documentation (such as Doctor's notes, etc.) can be gathered as appropriate. Any adjustments in production will be reasonable in view of the individual circumstances. Judges who have a potentially disproportionate amount of APJ2 and APJ3 work as a result of mentoring or docket imbalance should inform their Lead Judge as soon as possible, so that the issue(s) may be addressed.

Judges will be provided the opportunity to explain and justify low decisional units earned and unusual patterns of case mailing.

### **Element 3: Supporting the Mission of the Board/Leadership**

#### **Item 2. Supporting information related to Major Activities**

Activities related to the attributes described include:

- Shares efficient processes and methods with other internal stakeholders.
  - leading section, ex parte appeals, or trial meetings
  - preparing or presenting material at section, ex parte appeal, or trial meetings
  - preparing or presenting training or continuing legal education material
- Puts organizational objectives before personal interests.
  - participating in hiring efforts
  - volunteers willingly for organizational activities when opportunities become available.
- Inspires and empowers other internal stakeholders by example and by encouragement to think positively about work related challenges

and to seek constructive solutions, to achieve organizational goals and objectives, and to achieve higher levels of performance.

-mentoring newer judges or patent attorneys

- Contributes significantly to the design and implementation of organizational methods and strategies that maximize internal stakeholder potential and which contribute to organizational objectives.
  - participating on Board committees that further the mission of the Board
  - preparing or presenting training or continuing legal education material
  - development of rules or policies
  
- Where change is required to better meet organizational objectives, adapts well to change (role model) and helps other internal stakeholders adapt and professionally thrive in a new and changing organizational environment.

#### **Element 4: Internal/External Stakeholder Interactions**

Internal stakeholders include Board co-workers (e.g., subordinates, other judges, and superiors), other USPTO employees, and USPTO contractors.

With respect to the circulation and mailing of decisions, it is expected that there may be some circumstances that impact the ability of a judge to advance a matter through the circulation process (such as workload, the impact of vacations for that judge or other judges on the panel, pressing special projects). However, judges should make every effort to respect the

time of their colleagues in maintaining an even workflow and to allow other judges a sufficient amount for review taking into account that there may be other pressures on a reviewing judge's time.

## **Supporting Document to Administrative Patent Judge Performance**

### **Appraisal Plan FY2018**

#### **Element 1: Quality**

ARC comments are not binding, but instead suggestions that a panel may consider in preparing decisions.

#### **Element 2: Production**

##### **Item 2. Supporting information related to Major Activities**

Crediting for decisions and orders in AIA trial proceedings is currently undergoing evaluation. Should any changes in methodology in assigning credit to decisions and orders be recommended for implementation during the course of the fiscal year, Judges will be notified well in advance, and provided the opportunity to give comments and feedback on any proposed changes.

In performing the major activities described in the Performance Appraisal Plan, judges will normally seek efficiency gains and utilize available resources to enhance annual production. Such efficiency gains include effective use of collaboration tools, administrative resources, and any additional resources available as a result of other Board programs (e.g., Detailee program).

##### **Item 3. Supporting information related to Criteria for Evaluation**

There is no particular ramp up number in productivity for new judges in a probationary period. The new judge should focus on building relationships with their colleagues and basic decision writing concepts. The progress made by a new judge toward hitting the fully successful productivity goal is evaluated on a case-by-case basis based on the individual needs of the

new judge through discussion with that new judge's Lead Judge as a result of feedback from the new judge's mentoring judges and direct observations by the Lead Judge.

Regarding production adjustments for extended medical leave and special projects, judges should keep their Lead Judge informed of an ongoing event, so that the Lead Judge is aware and any appropriate documentation (such as Doctor's notes, etc.) can be gathered as appropriate. Any adjustments in production will be reasonable in view of the individual circumstances. Judges who have a potentially disproportionate amount of APJ2 and APJ3 work as a result of mentoring or docket imbalance should inform their Lead Judge as soon as possible, so that the issue(s) may be addressed.

Judges will be provided the opportunity to explain and justify low decisional units earned and unusual patterns of case mailing.

### **Element 3: Supporting the Mission of the Board/Leadership**

#### **Item 2. Supporting information related to Major Activities**

Activities related to the attributes described include:

- Shares efficient processes and methods with other internal stakeholders.
  - leading section, ex parte appeals, or trial meetings
  - preparing or presenting material at section, ex parte appeal, or trial meetings
  - preparing or presenting training or continuing legal education material

- Puts organizational objectives before personal interests.
  - participating in hiring efforts
  - volunteers willingly for organizational activities when opportunities become available.
- Inspires and empowers other internal stakeholders by example and by encouragement to think positively about work related challenges and to seek constructive solutions, to achieve organizational goals and objectives, and to achieve higher levels of performance.
  - mentoring newer judges or patent attorneys
- Contributes significantly to the design and implementation of organizational methods and strategies that maximize internal stakeholder potential and which contribute to organizational objectives.
  - participating on Board committees that further the mission of the Board
  - preparing or presenting training or continuing legal education material
  - development of rules or policies
- Where change is required to better meet organizational objectives, adapts well to change (role model) and helps other internal stakeholders adapt and professionally thrive in a new and changing organizational environment.

#### **Element 4: Internal/External Stakeholder Interactions**

Internal stakeholders include Board co-workers (e.g., subordinates, other judges, and superiors), other USPTO employees, and USPTO contractors.

With respect to the circulation and mailing of decisions, it is expected that there may be some circumstances that impact the ability of a judge to advance a matter through the circulation process (such as workload, the impact of vacations for that judge or other judges on the panel, pressing special projects). However, judges should make every effort to respect the time of their colleagues in maintaining an even workflow and to allow other judges a sufficient amount for review taking into account that there may be other pressures on a reviewing judge's time.

Statutory deadline cases should be circulated at least 12 business days in advance of the deadline to the panel and at least 6 business days in advance to ARC. Additionally, reexam and reissue appeals should be handled with special dispatch and reviewed before ex parte appeals.

## Supporting Document to Administrative Patent Judge Performance

### Appraisal Plan FY2019

#### Element 1: Quality

**ARC Comments.** ARC comments are not binding, but instead suggestions that a panel may consider in preparing decisions.

#### Element 2: Production

##### **Item 2. Supporting information related to Major Activities**

**Crediting.** Decisional units (DUs) associated with *ex parte* appeals, *ex parte* reexamination proceeding appeals, *inter partes* reexamination proceeding appeals, and AIA proceedings are credited as follows in the table below. Decisional units associated with interference and derivation decisions should be discussed with a Lead Judge.

| <b>Activity</b>                            | <b>Credit</b> | <b>Exceptions</b>   | <b>Notes</b> |
|--|---------------|---|--------------|
| <i>Ex parte</i> Appeal Decision            | 1.0 DUs       | <i>Ex parte</i> Appeal Decision prepared with assistance of Patent Attorney = 0.5 DUs | --           |
| <i>Ex parte</i> Appeal Rehearing Decision  | 1.0 DUs       | --  | --           |
| <i>Ex parte</i> Reexamination Decision     | 2.5 DUs       | --  | --           |
| <i>Inter partes</i> Reexamination Decision | 4.0 DUs       | Decisions issued under 37 C.F.R. § 41.77(f) will be awarded 2.5 DUs.                  | --           |
| Reexamination Rehearing Decision           | 1.0 DUs       | --  | --           |



|  |                                 |   |  |
|--|---------------------------------|---|--|
| <i>Ex parte and Reexamination hearing Under 35 U.S.C. § 134</i>  | 0.3 DUs per APJ per hearing day | --  | Credit assigned per hearing day scheduled, not based on the number of hearings that actually occur on the hearing day.                               |
| AIA Trial Institution Decision for <i>Inter Partes</i> Reviews (IPR DI)                                    | 5.0 DUs                         | Joinder Institution Decisions will be awarded 1.0 DUs for the underlying decision and 0.5 DUs for the Motion Decision.  | AIA Institution Decision credit includes credit for the associated scheduling order.   |
| AIA Trial Institution Decision for Covered Business Method Reviews and Post-Grant Reviews (CBM / PGR DI)   | 5.5 DUs                         | Joinder Institution Decisions will be awarded 1.0 DUs for the underlying decision and 0.5 DUs for the Motion Decision.  | AIA Institution Decision credit includes credit for the associated scheduling order.   |
| AIA Trial Final Written Decision for <i>Inter Partes</i> Reviews (IPR FWD)                                 | 6.0 DUs                         | --  | AIA Final Written Decision credit DOES NOT include credit for the associated motions to amend and motions to exclude, which are credited separately. |
| AIA Trial Final Written Decision for Covered Business Method Reviews and Post-Grant Reviews (CBM /PGR FWD) | 7.0 DUs                         | --  | AIA Final Written Decision credit DOES NOT include credit for the associated motions to amend and motions to exclude, which are credited separately. |
| AIA Trial Rehearing Decision   | 1.0 DUs                         | --  | --   |
| AIA Trial Decision on Motion to Amend  | 1.0 DUs                         | --  | --   |
| AIA Trial Decision on Motion to Exclude  | 0.2 DUs                         | --  | --   |
| AIA Trial Order/Motion Decision  | 0.5 DUs                         | Orders that involve solely ministerial recordkeeping will be awarded 0.1 DUs. Examples of such orders include: Pro Hac Vice orders; orders authorizing withdrawal of an attorney; orders revising scheduling orders; orders included in <i>initial</i> conference call summaries; conference call summaries that do not include an order; and orders to expunge documents, correct clerical errors, or allow additional | This includes any other paper that is not an Institution Decision, Final Written Decision, or Rehearing Decision.                                    |

|  |  |  |  |
|--|--|--|--|
|  |  | pages in a paper. If the panel deems it appropriate, such orders may be issued as single judge orders. |  |
|--|--|--|--|

By default, the authoring Judge is assigned the entire amount of credit due for a decision. Panel members may divide the credit for a decision amongst themselves, so long as they indicate in the mailing email how much credit each member will receive of the standard total credit for the decision. Panels may wish to designate authorship of such decisions as “Per Curiam.”

If a Judge works on a concurrence, dissent, or decision on remand, the Judge may submit a request for ADUs, if appropriate, depending on the nature of the concurrence, dissent, or decision on remand and the amount of work involved.

Decisional credit is not awarded more than once for the same (or virtually the same) decision going out in more than one case. This includes Order/Motion Decisions, Decisions to Institute, and Rehearing Decisions. This does not include Final Written Decisions, except Final Written Decisions that address multiple joined petitions in the same paper. Authoring judges are required to indicate in the mailing email if the same decision is going out in more than one case.

Should any crediting changes be recommended for implementation during a fiscal year, Judges will be notified in advance, and provided the opportunity to give comments and feedback.

**Production resources.** In performing the major activities described in the Performance Appraisal Plan, Judges will normally seek efficiency gains and utilize available resources to enhance annual production. Such efficiency gains include effective use of collaboration tools, administrative resources, and any additional resources available as a result of other Board programs (e.g., Detailee program).

### **Item 3. Supporting information related to Criteria for Evaluation**

**Probationary Judges.** The productivity goals are not applied to Judges who are in their first year of the probationary period, relative to their start date. However, a Judge should work toward ramped-up production that ultimately reaches the level of at least the fully successful production level by the end of the ninth month from the start of the Judge's first probationary year. Although some deviation is expected, a new Judge's production might ramp-up as follows (relative to the number of months from the probationary year start date):

- Months 1-3: 30% of Fully Successful goal (6.3 DUs for the quarter);
- Months 4-6: 50% of Fully Successful goal (10.5 DUs for the quarter);
- Months 7-9: 70% of Fully Successful goal (14.7 DUs for the quarter); and
- Months 10-12: 100% of Fully Successful goal (21 DUs for the quarter).

In addition, the new Judge should maintain at least the fully successful production levels throughout the second probationary year. Also, during

the probationary period, the Judge should focus on building relationships with their colleagues and basic decision writing concepts. Throughout the probationary period, the new Judge's Lead Judge should collect feedback from the new Judge's mentoring Judges and directly observe the new Judge to aid the new Judge in reaching and maintaining at least the fully successful production goal. If a Lead Judge identifies any concerns with a new Judge's prospect of reaching and maintaining at least the fully successful production goal, then the Lead Judge should discuss the situation with the new Judge and develop a strategy to address any impediments that is preventing the new Judge from attaining the fully successful production goal. The Lead Judge also should alert a Vice Chief Judge of the situation so that appropriate remediation can be done.

**Examples of Situations for Additional Decisional Units, Production Goal Adjustments, and Deferment.** Judges may request additional decisional units (ADUs), a production goal adjustment, or a deferment of production in managing their production during the fiscal year.

*Additional Decisional Units.* ADUs are awarded for uncredited or under-credited time spent drafting and mailing a decision. For instance, if a Judge spends 200 hours working on a decision to institute in an AIA trial because the case involves an inordinate number of grounds, issues, and pre-DI motions, the Judge may seek ADUs for the time spent on the decision to institute given its complexity.

*Production Goal Adjustment.* A production goal adjustment involves a reduction in the total number of DUs require to reach a certain production

goal. For example, if a Judge spends 150 hours on a rulemaking special project, the Judge may request a production goal adjustment of 110 hours after subtracting a 40 hour base deductible. As another example, if a Judge is on extended medical leave for 320 hours as an extenuating circumstance, the Judge may request a production goal adjustment of 320 hours.

*Deferment.* A deferment is a postponement of production for a particular rating period (e.g., a quarter) to account for a Judge's atypical usage of annual and/or sick leave during the rating period. For example, if, during the first quarter of the fiscal year, a Judge uses a combination of annual and sick leave totaling 150 hours, which is many hours more than the Judge has earned at this point in the fiscal year, the Judge may request the Lead Judge to grant a deferment of 150 hours of production when evaluating the Judge's quarterly performance.

**Example Production Assessment Situations.** Production goals may be measured at any time during the fiscal year, including monthly or quarterly, and an APJ is expected to have earned that portion of the expected annual decisional units at least equal to the percentage of the rating period that has been completed, and the APJ must be at least at marginal performance. For all calculations, decisional units will be rounded up, and production goals will be rounded down, to the nearest whole number. For example, if the annual goal is to achieve 75 DUs for a rating above unsatisfactory and an APJ's production is assessed for a particular quarter of the fiscal year, the APJ would be expected to have earned at least 18 DUs ( $75 \text{ DUs required} * 25\% = 18.75 \text{ DUs}$ , rounded down to 18 DUs

required) for that quarter to achieve a rating above unsatisfactory. Similarly, if the annual goal is to achieve 75 DUs for a rating above unsatisfactory and an APJ's production is assessed for a particular month of the fiscal year, the APJ would be expected to have earned at least 6 DUs ( $75 \text{ DUs required} * 0.08\% = 6.25 \text{ DUs}$ , rounded down to 6 DUs required) for that month to achieve a rating above unsatisfactory.

**Miscellaneous.** Judges who have a potentially disproportionate amount of APJ2 and APJ3 work as a result of mentoring or docket imbalance should inform their Lead Judge as soon as possible, so that the issue(s) may be addressed.

Judges will be provided the opportunity to explain and justify low decisional units earned and unusual patterns of case mailing.

### **Element 3: Supporting the Mission of the Board/Leadership**

#### **Item 2. Supporting information related to Major Activities**

Activities related to the attributes described include:

- Shares efficient processes and methods with other internal stakeholders. For example:
  - leading meetings such as section meetings; and
  - preparing or presenting training or continuing legal education material

- Puts organizational objectives before personal interests. For example:
  - participating in hiring efforts; and
  - volunteering for organizational activities when opportunities become available.
- Inspires and empowers other internal stakeholders by example and by encouragement to think positively about work related challenges and to seek constructive solutions, to achieve organizational goals and objectives, and to achieve higher levels of performance. For example:
  - mentoring newer judges or patent attorneys.
- Contributes significantly to the design and implementation of organizational methods and strategies that maximize internal stakeholder potential and which contribute to organizational objectives. For example:
  - participating on Board committees that further the mission of the Board;
  - preparing or presenting training or continuing legal education material; and
  - helping to develop rules or policies.
- Where change is required to better meet organizational objectives, adapts well to change (role model) and helps other internal stakeholders adapt and professionally thrive in a new and changing organizational environment.

## **Element 4: Internal/External Stakeholder Interactions**

**Definition of Internal Stakeholders.** Internal stakeholders include Board co-workers (e.g., subordinates, other judges, and superiors), other USPTO employees, and USPTO contractors.

**Decision Circulation and Mailing.** With respect to the circulation and mailing of decisions, there may be some circumstances that impact the ability of a Judge to advance a matter through the circulation process (such as workload, the impact of vacations for that judge or other judges on the panel, pressing special projects). However, Judges should make every effort to respect the time of their colleagues in maintaining an even workflow and to allow other Judges a sufficient amount for review taking into account that there may be other pressures on a reviewing Judge's time.

Statutory deadline cases should be circulated at least 12 business days in advance of the deadline to the panel and at least 6 business days in advance to ARC. Additionally, reexam and reissue appeals should be handled with special dispatch and reviewed before ex parte appeals.



## **Supporting Document to Administrative Patent Judge<sup>1</sup> Performance Appraisal Plan**

### **Statement of Policy for Interpreting the Performance Appraisal Plan.**

Because the work at the Board differs from Judge to Judge in terms of subject matter and jurisdiction, the Performance Appraisal Plan will be applied as appropriate in order to take into account the work and activities performed by a particular Judge throughout the year. The Performance Appraisal Plan is intended to be applied holistically so that the raters achieve uniform application for equivalent contributions.

Board Management will strive to provide consistency in application of the Performance Appraisal Plan.

Judges are rated against the standards set forth in the Performance Appraisal Plan, and are not rated by comparison to other Judges. This Supporting Document is intended to provide additional transparency for Judges as to the standards and activities mentioned in the applicable Performance Appraisal Plan.

### **Element 1: Quality**

**ARC Comments.** ARC comments are not binding, but instead suggestions that a panel may consider in preparing decisions.

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<sup>1</sup> The description in Elements 1 and 2 of this document are also used as supporting documentation for the Lead Administrative Patent Judge Performance Appraisal Plan (LAPJ PAP). The description in Elements 3 and 4 do not apply to the LAPJ PAP. The Performance Appraisal Plans shall be interpreted based upon a reasonable person standard.

**Decision Circulation and Mailing.** With respect to the circulation and mailing of decisions, there may be some circumstances that impact the ability of a Judge to advance a matter through the circulation process (such as workload, the impact of vacations for that judge or other judges on the panel, pressing special projects). However, Judges should make every effort to respect the time of their colleagues in maintaining an even workflow and to allow other Judges a sufficient amount for review taking into account that there may be other pressures on a reviewing Judge's time.

Statutory deadline cases should be circulated at least 12 business days in advance of the deadline to the panel and at least 6 business days in advance to ARC. Additionally, reexam and reissue appeals should be handled with special dispatch and reviewed before *ex parte* appeals.

## **Element 2: Production**

### **Item 1. Supporting information related to Major Activities**

**Crediting.** Decisional units (DUs) associated with *ex parte* appeals, *ex parte* reexamination proceeding appeals, *inter partes* reexamination proceeding appeals, and AIA proceedings are credited as follows in the table below. Decisional units associated with interference and derivation decisions should be discussed with a Lead Judge.

| Activity | Credit | Exceptions | Notes |
|----------|--------|------------|-------|
|----------|--------|------------|-------|

|  |                                 |  |  |
|--|---------------------------------|--|--|
| <i>Ex parte</i> Appeal Decision  | 1.1 DUs                         | <i>Ex parte</i> Appeal Decision prepared with assistance of Patent Attorney = 0.6 DUs  | --   |
| <i>Ex parte</i> Appeal Decision addressing 35 U.S.C. § 101   | 1.6 DUs                         | <i>Ex parte</i> Appeal Decision addressing 35 U.S.C. § 101 prepared with assistance of Patent Attorney = 0.8 DUs   | --   |
| <i>Ex parte</i> Reexamination Decision   | 2.5 DUs                         | --   | --   |
| <i>Inter partes</i> Reexamination Decision   | 4.0 DUs                         | Decisions issued under 37 C.F.R. § 41.77(f) will be awarded 2.5 DUs.   | --   |
| Reexamination Rehearing Decision   | 1.0 DUs                         | --   | --   |
| <i>Ex parte</i> and Reexamination hearing Under 35 U.S.C. § 134  | 0.3 DUs per APJ per hearing day | --   | Credit assigned per hearing session scheduled, not based on the number of hearings that actually occur during the hearing session.   |
| AIA Trial Institution Decision for <i>Inter Partes</i> Reviews (IPR DI)                                    | 5.5 DUs                         | Joinder Institution Decisions (including decisions denying institution) will be awarded 1.0 DUs for the underlying decision and 0.5 DUs for the Motion Decision. | AIA Institution Decision credit includes credit for the associated scheduling order. AIA DI Decision credit DOES NOT include credit for associated motions, which are credited separately. |
| AIA Trial Institution Decision for Covered Business Method Reviews and Post-Grant Reviews (CBM / PGR DI)   | 6.0 DUs                         | Joinder Institution Decisions will be awarded 1.0 DUs for the underlying decision and 0.5 DUs for the Motion Decision.   | AIA Institution Decision credit includes credit for the associated scheduling order. AIA DI Decision credit DOES NOT include credit for associated motions, which are credited separately. |
| AIA Trial Final Written Decision for <i>Inter Partes</i> Reviews (IPR FWD)                                 | 6.5 DUs                         | --   | Final Written Decision on the merits. AIA Final Written Decision credit DOES NOT include credit for associated motions, which are credited separately.                                     |
| AIA Trial Final Written Decision for Covered Business Method Reviews and Post-Grant Reviews (CBM /PGR FWD) | 7.5 DUs                         | --   | Final Written Decision on the merits. AIA Final Written Decision credit DOES NOT include credit for associated motions, which are credited separately.                                     |
| AIA Trial Rehearing Decision   | 1.0 DUs                         | --   | --   |

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| AIA Trial Decision on Motion to Amend – Preliminary Guidance                  | 1.0 DUs | –  | –  |
| AIA Trial Final Written Decision on Revised Motion to Amend                   | 1.5 DUs | --   | A Final Written Decision on a Motion to Amend where no Revised Motion to Amend was filed is awarded 1.0 DUs, as Indicated below. |
| AIA Trial Final Written Decision on Motion to Amend (no Revised Motion filed) | 1.0 DUs | –  | –  |
| AIA Trial Decision on Motion to Exclude or Motion to Strike                   | 0.2 DUs | --   | --   |
| AIA Trial Order/Motion Decision   | 0.5 DUs | Orders that involve solely ministerial recordkeeping will be awarded 0.1 DUs. Examples of such orders include: Pro Hac Vice orders; orders authorizing withdrawal of an attorney; orders revising scheduling orders; orders included in <i>initial</i> conference call summaries; conference calls satisfying the Motion to Amend conference requirement; conference; conference call summaries that do not include an order; and orders to expunge documents, correct clerical errors, or allow additional pages in a paper. If the panel deems it appropriate, such orders may be issued as single judge orders. | This includes any other paper that is not an Institution Decision, Final Written Decision, or Rehearing Decision.                |

By default, the authoring Judge is assigned the entire amount of credit due for a decision. Panel members may divide the credit for a decision amongst themselves, so long as they indicate in an email to crediting ([PTABAppealsCrediting@uspto.gov](mailto:PTABAppealsCrediting@uspto.gov) or [PTABAIACrediting@uspto.gov](mailto:PTABAIACrediting@uspto.gov))

how much credit each member will receive of the standard total credit for the decision. Panels may wish to designate authorship of such decisions as “Per Curiam.”

If a Judge works on a concurrence, dissent, or decision on remand, the Judge may submit a request for Additional Decisional Units (“ADUs”), if appropriate, depending on the nature of the concurrence, dissent, or decision on remand and the amount of work involved.

Decisional credit is not awarded more than once for the same (or virtually the same) decision going out in more than one case. This includes Order/Motion Decisions, Decisions to Institute, and Rehearing Decisions. This does not include Final Written Decisions, except Final Written Decisions that address multiple joined petitions in the same paper. Authoring judges are required to indicate in the mailing email if the same decision is going out in more than one case.

Limitations on crediting specified above for joinder decisions do not affect consolidated cases.

An ex parte hearing session typically consists of one to six hearings. Two hearing sessions typically are scheduled each hearing day. It is possible that a judge may preside over two hearing sessions in one day.

A final written decision on the merits does not include terminations upon request for adverse judgement (37 C.F.R. § 42.73(b)) or under 37 C.F.R. § 42.72.

Should any crediting changes be recommended for implementation during a fiscal year, Judges will be notified in advance, and provided the opportunity to give comments and feedback.

**Production resources.** In performing the major activities described in the applicable Performance Appraisal Plan, Judges will normally seek efficiency gains and utilize available resources to enhance annual production. Such efficiency gains include effective use of collaboration tools, administrative resources, and any additional resources available as a result of other Board programs (e.g., Detailee program).

## **Item 2. Supporting information related to Criteria for Evaluation**

**Probationary Judges.** The productivity goals are not applied to Judges who are in their first year of the probationary period, relative to their start date. However, a Judge should work toward ramped-up production that ultimately reaches the level of at least the fully successful production level by the end of the ninth month from the start of the Judge's first probationary year. Although some deviation is expected, a new Judge's production might ramp-up as follows (relative to the number of months from the probationary year start date and with a Fully Successful goal of no fewer than 84 for the FY for non-probationary Judges):

- Months 1-3: 30% of Fully Successful goal (6.3 DUs for the quarter);
- Months 4-6: 50% of Fully Successful goal (10.5 DUs for the quarter);
- Months 7-9: 70% of Fully Successful goal (14.7 DUs for the quarter); and

- Months 10-12: 100% of Fully Successful goal (21 DUs for the quarter).

In addition, the new Judge should maintain at least the fully successful production levels throughout the second probationary year. Also, during the probationary period, the Judge should focus on building relationships with their colleagues and basic decision writing concepts. Throughout the probationary period, the new Judge's Lead Judge should collect feedback from the new Judge's mentoring Judges and directly observe the new Judge to aid the new Judge in reaching and maintaining at least the fully successful production goal. If a Lead Judge identifies any concerns with a new Judge's prospect of reaching and maintaining at least the fully successful production goal, then the Lead Judge should discuss the concerns with the new Judge and develop a strategy to address any impediments that are preventing the new Judge from attaining the fully successful production goal. The Lead Judge also should notify a Vice Chief Judge of the concerns so that appropriate assistance can be provided.

**Part-time Judges.** Judges working a part-time schedule have a production goal that is prorated to correspond to the number of hours worked relative to a Judge working a full-time schedule.

### **Item 3. Supporting Information Related to Production Management Tools.**

In managing their production during the fiscal year, Judges may seek (1) additional decisional units (ADUs); (2) a production goal adjustment (PGA); or (3) a deferment of production.

**Additional Decisional Units.** ADUs are credits that may be authorized for work associated with drafting and mailing a particular decision (i.e., uncredited or under-credited time given the circumstances of the decision). For example, ADUs may be authorized where a decision is drafted but not mailed because, for example, the parties to an *inter partes* case settle their dispute, or a patent applicant files a Request for Continued Examination. ADUs also may be authorized where the case is extraordinarily complex, causing the Judge to spend significantly more time than normally required to draft and mail a routine decision.

**Production Goal Adjustment.** Production goal adjustments involve a reduction in the total number of DUs required to reach a certain production goal. Production goal adjustments are not made for the extra work associated with a particular decision, but instead are awarded to account for (1) extenuating circumstances (e.g., FMLA leave); or (2) special projects.

**Extenuating Circumstances.** Production goals may be adjusted for extenuating circumstances including, but not limited to: (1) extended sick leave, defined as sick leave in excess of 8 days (i.e., 64 hours) per fiscal year; (2) extended annual leave, defined as annual leave in excess of 20 days (i.e., 160 hours) per fiscal year; (3) FMLA approved leave (whether annual and/or sick leave is substituted for leave without pay or not); (4) approved leave without pay; (5) military leave; (6) jury duty; and (7) religious compensatory time (where



production was counted during the earning of the compensatory hours).

*Special Projects.* Production goals also may be adjusted for assisting the Board with special projects, such as rulemaking, committee participation, details, and acting in managerial capacity (e.g., as an Acting Lead Judge), that exceed a total of 40 hours (i.e., 40 hour deductible).

Production goal adjustments will be made on an hour-for-hour basis based upon the amount of time expected for each decisional unit as APJ1. For all calculations, decisional units will be rounded up, and production goals will be rounded down, to the nearest whole number. Any adjustments in production goals will be reasonable in view of the circumstances.

**Deferment.** A deferment is a postponement of production for a particular rating period (e.g., a quarter) to account for a Judge's atypical usage of annual and/or sick leave during the rating period (i.e., delayed production). The Judge must make up the deferred production later in the fiscal year. A deferment is available for atypical usage of annual and/or sick leave and not generally leave that falls under production goal adjustments (e.g., FMLA leave). The Judge must make up the deferred production later in the fiscal year, unless a Production Goal Adjustment is subsequently authorized.

**Process to Request ADUs, Production Goal Adjustments, and Deferments.** Judges are encouraged to request ADUs, PGAs, and deferments when appropriate, and no such requests, whether granted or denied, will be viewed negatively for performance appraisal purposes.

Additional decisional units (ADUs). Judges should timely request ADUs from their Lead Judge, but need not do so in advance. When requesting ADUs, Judges should be mindful that requests should be commensurate with the number of DUs normally accorded to work as APJ1. As needed, a Lead Judge may consult with a Vice Chief Judge about an ADU request before making a decision. If a Judge disagrees with the Lead Judge's decision on the ADU request, then the Judge may seek review by a Vice Chief Judge.

Production goal adjustments. For PGA requests based on sick leave and annual leave, Judges (1) may only make up to two requests per year; and (2) may only make requests after August 1 of each fiscal year. Judges must provide all documentation necessary to validate the PGA request to their Lead Judge, including copies of earnings and leave statements if the PGA relates to extended leave. The documentation should be adequate to support the Judge's calculation of leave taken since the previous fiscal year ended (i.e., a calculation of leave taken since October 1<sup>st</sup> of the previous year).

For PGA requests other than extended leave, Judges should submit a provisional request in advance (unless not possible given the situation) to their Lead Judge. The provisional request should anticipate the amount of time to be used for the triggering activity. The Lead Judge should decide the request based upon the anticipated time. After the Judge completes the triggering activity, the Judge should submit official production goal adjustment requests to their Lead Judge (copying their Vice Chief Judge) for approval. If advance consultation with a Lead Judge is not possible

given the situation, then the Judge should consult with the Lead Judge as soon as practicable. If a Judge ultimately requires more time than originally anticipated in the provisional request, the Judge may revisit the production goal adjustment with the Lead Judge for possible modification when the Judge submits the official request.

Advance approval for PGAs may also be excused if the request is based on a special project that exceeded the anticipated scope indicated at the outset of the project, provided that the Judge in charge of the project approves of the amount of time spent on the project that is the subject of the PGA request. Similarly, a Judge may seek a PGA without prior approval for a combination of special projects that do not, when viewed in isolation, meet the 40-hour “deductible,” but exceed the 40-hour threshold when viewed in combination, provided that the hours spent on each project are consistent with the expectations of the projects in question.

*Deferment.* A Judge should make the deferment request to their Lead Judge before the end of a rating period. As needed, a Lead Judge may consult with a Vice Chief Judge about a deferment request before making a decision on the deferment request. If a Judge disagrees with the Lead Judge's decision on the deferment, then the Judge may seek review by a Vice Chief Judge.

**Production Assessments.** Production goals may be measured at any time during the appraisal year, including monthly or quarterly, at which point the Judge will be expected to have earned that portion of the expected annual decisional units at least equal to the percentage of the

rating period that has been completed. Production goal adjustments and deferrals will be taken into account to determine the expected decisional units required. The Judge must exhibit at least at marginal performance during the rating period specified.

A production assessment is not intended to be a wooden review of production without regard to the nuances of how decision drafting and crediting may occur due to the practicalities and nature of PTAB work. If a Judge (1) has completed the work to earn decisional units in a particular rating period, (2) has not yet received credit for the decisional units during the rating period, and (3) will receive the decisional unit credit in the following rating period, then the Lead Judge may take this circumstance into consideration in assessing the Judge's production for the rating period. That is, a Judge may be below the production goal for a rating period because the Judge has not yet received decisional unit credit for completed work. The Lead Judge should take the Judge's completed, but yet uncredited work, into account in determining whether the Judge's performance meets at least the marginal level. This situation may occur, for example, in the context of AIA trials as the end of a rating period approaches where Judges are diligent in drafting decisions, but will not receive decisional unit credit until several weeks later after the start of a new rating period. This situation may also occur when decisions are submitted to a paralegal with a sufficient amount of time to review prior to the end of the rating period, but the paralegal is unable to return the reviewed decision with sufficient time remaining in the rating period to allow the decision to mail prior to the end of the rating period. Other reasonable delays outside of the Judge's control will also be taken into consideration,

e.g., management review, a case being considered for precedential or informative designation, etc.

**Production or Crediting Questions.** If a Judge has questions or concerns regarding production goals or crediting, the Judge should contact their Lead Judge, Vice Chief Judge, Deputy Chief Judge, or Chief Judge, as appropriate.

**Examples of Situations for Additional Decisional Units, Production Goal Adjustments, and Deferment.**

As a general guideline for use in calculating how many ADUs/PGAs to request, Judges should assume that 1 DU correlates to about 20 hours of work. The 20 hours/DU is only a guide for ADU/PGA requests, and there may be situations where the time spent does not adequately correlate to a given DU amount (e.g., the time on a case was spent inefficiently, or on work only indirectly related to the case in question, and the ADU request should not correspond to the hours guideline).

*Additional Decisional Units.* ADU requests should consider the extent to which the time involved in mailing a decision exceeds the average time necessary to complete a decision, and compare that excess amount of time to the 20 hours/DU guideline. ADU requests of less than .5 DUs are not permitted because variations of 10 hours or less from an average case are viewed as normal case-to-case variation.

*Production Goal Adjustment.* PGA requests should use the same 20 hours/DU guide when determining how much of an adjustment to request.

For example, if a Judge spends 150 hours on a rulemaking special project, the Judge may request a PGA based on 110 hours, after subtracting a 40-hour base deductible. The 110 hours corresponds to a PGA of 5.5 DUs using the 20 hours/DU metric as a guide ( $110/20 = 5.5$ ).

A Judge may also seek a PGA for extended sick leave or annual leave. Extended sick leave is defined as total leave in excess of 8 days (64 hours) for a full-time Judge. Extended annual leave is defined as total annual leave in excess of 20 days (160 hours) for a full-time Judge. These leave thresholds are prorated for part-time Judges. PGAs are available for leave taken above these thresholds, subject to the requirements noted above in the process section. As an example, if a Judge uses 12 days (96 hours) of sick leave, to determine the amount of extended sick leave available for a PGA, the Judge subtracts the 8 day threshold from the 12 days of sick leave taken. The result is 4 days, or 32 hours ( $12 \text{ days} - 8 \text{ days} = 4 \text{ days} = 32 \text{ hours}$ ) available for a PGA request. To determine the amount of DUs that correspond to the 4 days/32 hours of extended sick leave, the Judge should divide the 4 days by the 20 hours/DU threshold. In this case, the PGA request would be 1.6 DUs (32 hours divided by 20 hours/DU). Similar calculations can be made for PGAs stemming from using more than 20 days (160 hours) of annual leave. Judges may receive PGAs for both sick leave and annual leave if the Judge exceeds both thresholds. As noted above, the PGA request can only be made after August 1, and the Judge must provide adequate documentation to support the calculation of leave taken.

*Deferment.* Deferments are separate from PGA requests, and can be requested at the end of any quarter. A deferment is a postponement of

production for a particular rating period (e.g., a quarter) to account for a Judge's atypical usage of annual and/or sick leave during the rating period. For example, if, during the first quarter of the fiscal year, a Judge uses a combination of annual and sick leave totaling 150 hours, which is many hours more than the Judge has earned at this point in the fiscal year, the Judge may request the Lead Judge to grant a deferment of 150 hours of production when evaluating the Judge's quarterly performance.

**Example Production Assessment Situations.** Production goals may be measured at any time during the fiscal year, including monthly or quarterly, and an APJ is expected to have earned that portion of the expected annual decisional units at least equal to the percentage of the rating period that has been completed, and the APJ must be at least at marginal performance. For all calculations, decisional units will be rounded up, and production goals will be rounded down, to the nearest whole number. For example, if the annual goal is to achieve 75 DUs for a rating above unsatisfactory and an APJ's production is assessed for a particular quarter of the fiscal year, the APJ would be expected to have earned at least 18 DUs ( $75 \text{ DUs required} / 12 \text{ months} = 6.25 \text{ DUs per month}$ ;  $6.25 \text{ DUs per month} * 3 \text{ months} = 18.75 \text{ DUs}$ , rounded down to 18 DUs required) for that quarter to achieve a rating above unsatisfactory.

As noted above, PGAs involve a reduction in the total number of DUs required to reach a certain production goal, which applies to the DU thresholds set forth in the PAP. For example, based on an annual fully successful DU requirement of 84 DUs, a full-time judge with 3.5 approved PGAs over the fiscal year based on a combination of special projects and

leave must achieve 71.5 DUs for a rating above unsatisfactory, 80.5 for a rating of fully successful, 88.5 for a rating of commendable, and 96.5 for a rating of outstanding.

**Miscellaneous.** Judges who have a potentially disproportionate amount of APJ2 and APJ3 work as a result of mentoring or docket imbalance should inform their Lead Judge as soon as possible, so that the issue(s) may be addressed.

Judges will be provided the opportunity to explain and justify low decisional units earned and unusual patterns of case mailing.

The same activity can count for more than one element in certain circumstances, not limited to the following examples. As an example, participation in the AIA Review Committee can count toward both Production and Supporting the Mission of the Board. Further, excess production and volunteering for quarterly closeout appeals can count toward Production and may also count towards Supporting the Mission of the Board.

### **Element 3: Supporting the Mission of the Board**

#### **Item 1. Supporting information related to Major Activities**

Generally, Judges who successfully perform their judicial responsibilities in connection with decision writing will earn at least a Fully Successful rating for Supporting the Mission of the Board. Performing additional activities supporting the Board's mission, such as those described in this section, can augment a Judge's rating in this element. Certain activities traditionally associated with Production, such as excess



production and volunteering for quarterly closeout appeals, may also count toward this element. On the other hand, engaging in activities detrimental to the Board's mission may cause a Judge to drop below a Fully Successful rating in this element.

The totality of a Judge's contributions to supporting the mission of the Board will be used to determine the Judge's overall rating in this element. In this regard, the Board will determine whether the Judge nearly always, usually, more often than not, infrequently, or very rarely or never, performs one or more of the following activities: i.e., supporting PTAB statutory duties and policies, supporting effective decision making, supporting effective PTAB functioning, serving as a role model, and supporting PTAB educational efforts. For reviews, each Judge is responsible for providing their Lead Judge sufficient detail, in writing, describing their contributions to this element (e.g., description of activity, time commitment, and/or level of participation).

Recognition will be given for volunteering for activities supporting the Board's mission, whether or not the Judge was actually selected to participate. Any special circumstances (e.g., extended leave, probationary judge, ARC member) will be taken into account in evaluating a Judge's contribution to supporting the mission of the Board.

### **Lists of examples**

The following lists are provided as examples of the various activities a Judge may perform to support the mission of the Board. The lists are merely illustrative and are not exhaustive. Judges are encouraged to bring to the attention of their Lead Judge any other activities that the Judge believes supports the Board's mission, along

with a brief explanation as to how the activity contributes to Supporting the Mission of the Board.

[a] **Supports PTAB Statutory Duties and Policies**. Example activities include:

- Participating in rulemaking
- Serving on ARC
- Keeping current with the law/cases
- Following applicable laws, regulations, and Office/Board policies
- Attending training sessions
- Assisting in the application of, and the development of policies related to, an aspect of the law, e.g., 35 U.S.C. § 101
- Reviewing and providing comments on decisions nominated for precedential designation
- Maintaining a neutral appearance in proceedings

[b] **Supports Effective Decision Making**. Example activities include:

- Volunteering for quarterly close-out/end-of-year *ex parte* cases
- Prioritizing older over newer cases
- Sending cases for prompt processing and mailing
- Taking on additional *ex parte* cases with an AIA docket
- Meeting deadlines
- No unexplained end-loading

[c] **Supports Effective PTAB Functioning**. Example activities include:

- Volunteering for committee work (even if not necessarily accepted)
- Serving on a committee (PAP, JAC, Training Committee, etc.)
- Assisting in hiring
- Participating in All-Hands activities
- Participating in Regional Office activities
- Traveling for a hearing (Regional Office or Alexandria) while on TEAPP

- Volunteering to take another judge's place in a trial or *ex parte* case
- Volunteering to work on the Combined Federal Campaign (CFC)
- Attending PTAB lunches (Regional Office, Alexandria, Shirlington, TEAPP)
- Responding promptly to inquiries/correspondence
- Utilizing the "Issues of Interest Checklist" to notify management of issues of interest

[d] **Serves as a Role Model.** Example activities include:

- Mentoring new and/or fellow judges, both formally and informally
- Working with and/or supervising law clerks
- Working with and/or supervising patent attorneys
- Working with and/or supervising summer interns
- Working with and/or supervising detailees from other offices
- Participating in panel discussions and providing constructive feedback

[e] **Supports PTAB Educational Efforts.** Example activities include:

- Speaking engagements
- Serving as a Technology Center (TC) group contact
- Teaching/training the examining corps
- Public relations
- Presenting at Training Tuesday
- Attending conference(s) (e.g., PTAB Bench & Bar, AIPLA, PTAB Bar Association, PLI, ChIPs)
- Volunteering at the PTAB Community Day Table

Judges may also support effective PTAB functioning and serve as a role model by performing the following activities:

- Inspiring and empowering others by example and by encouragement to think positively about work related challenges and to seek constructive solutions, to achieve organizational goals and objectives, and to achieve higher levels of performance.

- Where change is required to better meet organizational objectives, adapting well to change (role model) and helping others adapt and professionally thrive in a new and changing organizational environment.

**Decision Circulation and Mailing.** With respect to the circulation and mailing of decisions, there may be some circumstances that impact the ability of a Judge to advance a matter through the circulation process (such as workload, the impact of vacations for that judge or other judges on the panel, pressing special projects). However, Judges should make every effort to respect the time of their colleagues in maintaining an even workflow and to allow other Judges a sufficient amount for review taking into account that there may be other pressures on a reviewing Judge's time.

Statutory deadline cases should be circulated at least 12 business days in advance of the deadline to the panel and at least 6 business days in advance to ARC. Additionally, reexam and reissue appeals should be handled with special dispatch and reviewed before ex parte appeals.

## **Item 2. Supporting information related to Criteria for Evaluation**

The rating official shall consider satisfaction of this element based upon a reasonable person standard.

#### **Element 4: Professionalism**

##### **Item 1. Supporting information related to Criteria for Evaluation**

The rating official shall consider satisfaction of this element based upon a reasonable person standard.

## **Supporting Document to Administrative Patent Judge<sup>1</sup> Performance Appraisal Plan**

### **Statement of Policy for Interpreting the Performance Appraisal Plan.**

Because the work at the Board differs from Judge to Judge in terms of subject matter and jurisdiction, the Performance Appraisal Plan will be applied as appropriate in order to take into account the work and activities performed by a particular Judge throughout the year. The Performance Appraisal Plan is intended to be applied holistically so that the raters achieve uniform application for equivalent contributions.

Board Management will strive to provide consistency in application of the Performance Appraisal Plan.

Judges are rated against the standards set forth in the Performance Appraisal Plan, and are not rated by comparison to other Judges. This Supporting Document is intended to provide additional transparency for Judges as to the standards and activities mentioned in the applicable Performance Appraisal Plan.

### **Element 1: Quality**

**ARC Comments.** ARC comments are not binding, but instead suggestions that a panel may consider in preparing decisions.

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<sup>1</sup> The description in Elements 1, 2, and 4 of this document are also used as supporting documentation for the Lead Administrative Patent Judge Performance Appraisal Plan (LAPJ PAP), with differences noted below. The description in Element 3 does not apply to the LAPJ PAP. The Performance Appraisal Plans shall be interpreted based upon a reasonable person standard.

**Decision Circulation and Mailing.** With respect to the circulation and mailing of decisions, there may be some circumstances that impact the ability of a Judge to advance a matter through the circulation process (such as workload, the impact of vacations for that judge or other judges on the panel, pressing special projects). However, Judges should make every effort to respect the time of their colleagues in maintaining an even workflow and to allow other Judges a sufficient amount for review taking into account that there may be other pressures on a reviewing Judge's time.

Statutory deadline cases should be circulated at least 12 business days in advance of the deadline to the panel and at least 6 business days in advance to ARC. Additionally, reexam and reissue appeals should be handled with special dispatch and reviewed before *ex parte* appeals.

## **Element 2: Production**

### **Item 1. Supporting information related to Major Activities**

**Crediting.** Decisional units (DUs) associated with *ex parte* appeals, *ex parte* reexamination proceeding appeals, *inter partes* reexamination proceeding appeals, and AIA proceedings are credited as follows in the table below. Decisional units associated with interference and derivation decisions should be discussed with a Lead Judge.<sup>2</sup>

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<sup>2</sup> Throughout this document, if the document instructs a Judge to discuss an issue with or consult with a Lead Judge, if the Judge is a Lead Judge, that instruction should be construed as a similar instruction for the Lead Judge to discuss the issue or consult with their Vice Chief Judge.

| <b>Activity</b>  | <b>Credit</b>                   | <b>Exceptions</b>  | <b>Notes</b>   |
|--|---------------------------------|--|--|
| <i>Ex parte</i> Appeal Decision  | 1.1 DUs                         | <i>Ex parte</i> Appeal Decision prepared with assistance of Patent Attorney = 0.6 DUs  | --   |
| <i>Ex parte</i> Appeal Decision addressing 35 U.S.C. § 101   | 1.6 DUs                         | <i>Ex parte</i> Appeal Decision addressing 35 U.S.C. § 101 prepared with assistance of Patent Attorney = 0.8 DUs   | --   |
| <i>Ex parte</i> Reexamination Decision   | 2.5 DUs                         | --   | --   |
| <i>Inter partes</i> Reexamination Decision   | 4.0 DUs                         | Decisions issued under 37 C.F.R. § 41.77(f) will be awarded 2.5 DUs.   | --   |
| Reexamination Rehearing Decision   | 1.0 DUs                         | --   | --   |
| <i>Ex parte</i> and Reexamination hearing Under 35 U.S.C. § 134  | 0.3 DUs per APJ per hearing day | --   | Credit assigned per hearing session scheduled, not based on the number of hearings that actually occur during the hearing session.   |
| AIA Trial Institution Decision for <i>Inter Partes</i> Reviews (IPR DI)                                  | 5.5 DUs                         | Joinder Institution Decisions (including decisions denying institution) will be awarded 1.0 DUs for the underlying decision and 0.5 DUs for the Motion Decision. | AIA Institution Decision credit includes credit for the associated scheduling order. AIA DI Decision credit DOES NOT include credit for associated motions, which are credited separately. |
| AIA Trial Institution Decision for Covered Business Method Reviews and Post-Grant Reviews (CBM / PGR DI) | 6.0 DUs                         | Joinder Institution Decisions will be awarded 1.0 DUs for the underlying decision and 0.5 DUs for the Motion Decision.   | AIA Institution Decision credit includes credit for the associated scheduling order. AIA DI Decision credit DOES NOT include credit for associated motions, which are credited separately. |
| AIA Trial Final Written Decision for <i>Inter Partes</i> Reviews (IPR FWD)                               | 6.5 DUs                         | --   | Final Written Decision on the merits. AIA Final Written Decision credit DOES NOT include credit for associated motions, which are credited separately.                                     |
| AIA Trial Final Written Decision for Covered Business Method Reviews and Post-Grant Reviews (CBM         | 7.5 DUs                         | --   | Final Written Decision on the merits. AIA Final Written Decision credit DOES NOT include credit for associated motions, which are credited   |



|   |         |  |  |
|---|---------|--|--|
| /PGR FWD)   |         |  | separately.  |
| AIA Trial Rehearing Decision  | 1.0 DUs | --   | --   |
| AIA Trial Decision on Motion to Amend – Preliminary Guidance                  | 1.0 DUs | --   | --   |
| AIA Trial Final Written Decision on Revised Motion to Amend                   | 1.5 DUs | --   | A Final Written Decision on a Motion to Amend where no Revised Motion to Amend was filed is awarded 1.0 DUs, as indicated below. |
| AIA Trial Final Written Decision on Motion to Amend (no Revised Motion filed) | 1.0 DUs | --   | --   |
| AIA Trial Decision on Motion to Exclude or Motion to Strike                   | 0.2 DUs | --   | --   |
| AIA Trial Order/Motion Decision   | 0.5 DUs | Orders that involve solely ministerial recordkeeping will be awarded 0.1 DUs. Examples of such orders include: Pro Hac Vice orders; orders authorizing withdrawal of an attorney; orders revising scheduling orders; orders included in <i>initial</i> conference call summaries; conference calls satisfying the Motion to Amend conference requirement; conference; conference call summaries that do not include an order; and orders to expunge documents, correct clerical errors, or allow additional pages in a paper. If the panel deems it appropriate, such orders may be issued as single judge orders. | This includes any other paper that is not an Institution Decision, Final Written Decision, or Rehearing Decision.                |

By default, the authoring Judge is assigned the entire amount of credit due for a decision. Panel members may divide the credit for a decision amongst themselves, so long as they indicate in an email to crediting

([PTABAppealsCrediting@uspto.gov](mailto:PTABAppealsCrediting@uspto.gov) or [PTABAIACrediting@uspto.gov](mailto:PTABAIACrediting@uspto.gov))

how much credit each member will receive of the standard total credit for the decision. Panels may wish to designate authorship of such decisions as “Per Curiam.”

If a Judge works on a concurrence, dissent, or decision on remand, the Judge may submit a request for Additional Decisional Units (“ADUs”), if appropriate, depending on the nature of the concurrence, dissent, or decision on remand and the amount of work involved.

Decisional credit is not awarded more than once for the same (or virtually the same) decision going out in more than one case. This includes Order/Motion Decisions, Decisions to Institute, and Rehearing Decisions. This does not include Final Written Decisions, except Final Written Decisions that address multiple joined petitions in the same paper. Authoring judges are required to indicate in the mailing email if the same decision is going out in more than one case.

Limitations on crediting specified above for joinder decisions do not affect consolidated cases.

An ex parte hearing session typically consists of one to six hearings. Two hearing sessions typically are scheduled each hearing day. It is possible that a judge may preside over two hearing sessions in one day.

A final written decision on the merits does not include terminations upon request for adverse judgement (37 C.F.R. § 42.73(b)) or under 37 C.F.R. § 42.72.

Should any crediting changes be recommended for implementation during a fiscal year, Judges will be notified in advance, and provided the opportunity to give comments and feedback.

**Production resources**. In performing the major activities described in the applicable Performance Appraisal Plan, Judges will normally seek efficiency gains and utilize available resources to enhance annual production. Such efficiency gains include effective use of collaboration tools, administrative resources, and any additional resources available as a result of other Board programs (e.g., Detailee program).

## **Item 2. Supporting information related to Criteria for Evaluation**

**Probationary Judges**. The productivity goals are not applied to Judges who are in their first year of the probationary period, relative to their start date. However, a Judge should work toward ramped-up production that ultimately reaches the level of at least the fully successful production level by the end of the ninth month from the start of the Judge's first probationary year. Although some deviation is expected, a new Judge's production might ramp-up as follows (relative to the number of months from the probationary year start date and with a Fully Successful goal of no fewer than 84 for the FY for non-probationary Judges):

- Months 1-3: 30% of Fully Successful goal (e.g., 6.3 DUs for the quarter);
- Months 4-6: 50% of Fully Successful goal (e.g., 10.5 DUs for the quarter);
- Months 7-9: 70% of Fully Successful goal (e.g., 14.7 DUs for the quarter); and

- Months 10-12: 100% of Fully Successful goal (e.g., 21 DUs for the quarter).

In addition, the new Judge should maintain at least the fully successful production levels throughout the second probationary year. Also, during the probationary period, the Judge should focus on building relationships with their colleagues and basic decision writing concepts. Throughout the probationary period, the new Judge's Lead Judge should collect feedback from the new Judge's mentoring Judges and directly observe the new Judge to aid the new Judge in reaching and maintaining at least the fully successful production goal. If a Lead Judge identifies any concerns with a new Judge's prospect of reaching and maintaining at least the fully successful production goal, then the Lead Judge should discuss the concerns with the new Judge and develop a strategy to address any impediments that are preventing the new Judge from attaining the fully successful production goal. The Lead Judge also should notify a Vice Chief Judge of the concerns so that appropriate assistance can be provided.

**Part-time Judges.** Judges working a part-time schedule have a production goal that is prorated to correspond to the number of hours worked relative to a Judge working a full-time schedule.

### **Item 3. Supporting Information Related to Production Management Tools.**

In managing their production during the fiscal year, Judges may seek (1) additional decisional units (ADUs); (2) a production goal adjustment (PGA); or (3) a deferment of production.

**Additional Decisional Units.** ADUs are credits that may be authorized for work associated with drafting and mailing a particular decision (i.e., uncredited or under-credited time given the circumstances of the decision). For example, ADUs may be authorized where a decision is drafted but not mailed because, for example, the parties to an *inter partes* case settle their dispute, or a patent applicant files a Request for Continued Examination. ADUs also may be authorized where the case is extraordinarily complex, causing the Judge to spend significantly more time than normally required to draft and mail a routine decision.

**Production Goal Adjustment.** Production goal adjustments involve a reduction in the total number of DUs required to reach a certain production goal. Production goal adjustments are not made for the extra work associated with a particular decision, but instead are awarded to account for (1) extenuating circumstances (e.g., FMLA leave); or (2) special projects.

**Extenuating Circumstances.** Production goals may be adjusted for extenuating circumstances including, but not limited to: (1) extended sick leave, defined as sick leave in excess of 8 days (i.e., 64 hours) per fiscal year; (2) extended annual leave, defined as annual leave in excess of 20 days (i.e., 160 hours) per fiscal year; (3) FMLA approved leave (whether annual and/or sick leave is substituted for leave without pay or not); (4) approved leave without pay; (5) military leave; (6) jury duty; and (7) religious compensatory time (where

production was counted during the earning of the compensatory hours).

*Special Projects.* Production goals also may be adjusted for assisting the Board with special projects, such as rulemaking, committee participation, details, and acting in managerial capacity (e.g., as an Acting Lead Judge), that exceed a total of 40 hours (i.e., 40 hour deductible).

Production goal adjustments will be made on an hour-for-hour basis based upon the amount of time expected for each decisional unit as APJ1. For all calculations, decisional units will be rounded up, and production goals will be rounded down, to the nearest whole number. Any adjustments in production goals will be reasonable in view of the circumstances.

For Lead Judges, Vice Chief Judges will weigh the needs of the Board in determining appropriate production goals.

**Deferment.** A deferment is a postponement of production for a particular rating period (e.g., a quarter) to account for a Judge's atypical usage of annual and/or sick leave during the rating period (i.e., delayed production). The Judge must make up the deferred production later in the fiscal year. A deferment is available for atypical usage of annual and/or sick leave and not generally leave that falls under production goal adjustments (e.g., FMLA leave). The Judge must make up the deferred production later in the fiscal year, unless a Production Goal Adjustment is subsequently authorized.

**Process to Request ADUs, Production Goal Adjustments, and Deferments.** Judges are encouraged to request ADUs, PGAs, and

deferments when appropriate, and no such requests, whether granted or denied, will be viewed negatively for performance appraisal purposes.

*Additional decisional units (ADUs).* Judges should timely request ADUs from their Lead Judge, but need not do so in advance. When requesting ADUs, Judges should be mindful that requests should be commensurate with the number of DUs normally accorded to work as APJ1. As needed, a Lead Judge may consult with a Vice Chief Judge about an ADU request before making a decision. If a Judge disagrees with the Lead Judge's decision on the ADU request, then the Judge may seek review by a Vice Chief Judge.

*Production goal adjustments.* For PGA requests based on sick leave and annual leave, Judges (1) may only make up to two requests per year; and (2) may only make requests after August 1 of each fiscal year. Judges must provide all documentation necessary to validate the PGA request to their Lead Judge, including copies of earnings and leave statements if the PGA relates to extended leave. The documentation should be adequate to support the Judge's calculation of leave taken since the previous fiscal year ended (i.e., a calculation of leave taken since October 1<sup>st</sup> of the previous year).

For PGA requests other than extended leave, Judges should submit a provisional request in advance (unless not possible given the situation) to their Lead Judge. The provisional request should anticipate the amount of time to be used for the triggering activity. The Lead Judge should decide the request based upon the anticipated time. After the Judge completes

the triggering activity, the Judge should submit official production goal adjustment requests to their Lead Judge (copying their Vice Chief Judge) for approval. If advance consultation with a Lead Judge is not possible given the situation, then the Judge should consult with the Lead Judge as soon as practicable. If a Judge ultimately requires more time than originally anticipated in the provisional request, the Judge may revisit the production goal adjustment with the Lead Judge for possible modification when the Judge submits the official request. Lead Judges are expected to spend significant time on special projects and need not submit provisional requests in advance of working on special projects. Instead, a Lead Judge will consult with their Vice Chief Judge to determine the appropriate production goals in light of the circumstances and Board need.

Advance approval for PGAs may also be excused if the request is based on a special project that exceeded the anticipated scope indicated at the outset of the project, provided that the Judge in charge of the project approves of the amount of time spent on the project that is the subject of the PGA request. Similarly, a Judge may seek a PGA without prior approval for a combination of special projects that do not, when viewed in isolation, meet the 40-hour “deductible,” but exceed the 40-hour threshold when viewed in combination, provided that the hours spent on each project are consistent with the expectations of the projects in question.

*Deferment.* A Judge should make the deferment request to their Lead Judge before the end of a rating period. As needed, a Lead Judge may consult with a Vice Chief Judge about a deferment request before making a decision on the deferment request. If a Judge disagrees with the Lead



Judge's decision on the deferment, then the Judge may seek review by a Vice Chief Judge.

**Production Assessments.** Production goals may be measured at any time during the appraisal year, including monthly or quarterly, at which point the Judge will be expected to have earned that portion of the expected annual decisional units at least equal to the percentage of the rating period that has been completed. Production goal adjustments and deferrals will be taken into account to determine the expected decisional units required. The Judge must exhibit at least at marginal performance during the rating period specified. A Lead Judge will consult with their Vice Chief Judge to determine the appropriate production goals for a particular point in time in light of the circumstances, including special project work, section management responsibilities, and Board need.

A production assessment is not intended to be a wooden review of production without regard to the nuances of how decision drafting and crediting may occur due to the practicalities and nature of PTAB work. If a Judge (1) has completed the work to earn decisional units in a particular rating period, (2) has not yet received credit for the decisional units during the rating period, and (3) will receive the decisional unit credit in the following rating period, then the Lead Judge may take this circumstance into consideration in assessing the Judge's production for the rating period. That is, a Judge may be below the production goal for a rating period because the Judge has not yet received decisional unit credit for completed work. The Lead Judge should take the Judge's completed, but yet uncredited work, into account in determining whether the Judge's

performance meets at least the marginal level. This situation may occur, for example, in the context of AIA trials as the end of a rating period approaches where Judges are diligent in drafting decisions, but will not receive decisional unit credit until several weeks later after the start of a new rating period. This situation may also occur when decisions are submitted to a paralegal with a sufficient amount of time to review prior to the end of the rating period, but the paralegal is unable to return the reviewed decision with sufficient time remaining in the rating period to allow the decision to mail prior to the end of the rating period. Other reasonable delays outside of the Judge's control will also be taken into consideration, e.g., management review, a case being considered for precedential or informative designation, etc.

**Production or Crediting Questions.** If a Judge has questions or concerns regarding production goals or crediting, the Judge should contact their Lead Judge, Vice Chief Judge, Deputy Chief Judge, or Chief Judge, as appropriate.

**Examples of Situations for Additional Decisional Units, Production Goal Adjustments, and Deferment.**

As a general guideline for use in calculating how many ADUs/PGAs to request, Judges should assume that 1 DU correlates to about 20 hours of work. The 20 hours/DU is only a guide for ADU/PGA requests, and there may be situations where the time spent does not adequately correlate to a given DU amount (e.g., the time on a case was spent inefficiently, or on work only indirectly related to the case in question, and the ADU request should not correspond to the hours guideline).

Additional Decisional Units. ADU requests should consider the extent to which the time involved in mailing a decision exceeds the average time necessary to complete a decision, and compare that excess amount of time to the 20 hours/DU guideline. ADU requests of less than .3 DUs are not permitted because variations of 6 hours or less from an average case are viewed as normal case-to-case variation.

Production Goal Adjustment. PGA requests should use the same 20 hours/DU guide when determining how much of an adjustment to request. For example, if a Judge spends 150 hours on a rulemaking special project, the Judge may request a PGA based on 110 hours, after subtracting a 40-hour base deductible. The 110 hours corresponds to a PGA of 5.5 DUs using the 20 hours/DU metric as a guide ( $110/20 = 5.5$ ).

A Judge may also seek a PGA for extended sick leave or annual leave. Extended sick leave is defined as total leave in excess of 8 days (64 hours) for a full-time Judge. Extended annual leave is defined as total annual leave in excess of 20 days (160 hours) for a full-time Judge. These leave thresholds are prorated for part-time Judges. PGAs are available for leave taken above these thresholds, subject to the requirements noted above in the process section. As an example, if a Judge uses 12 days (96 hours) of sick leave, to determine the amount of extended sick leave available for a PGA, the Judge subtracts the 8 day threshold from the 12 days of sick leave taken. The result is 4 days, or 32 hours ( $12 \text{ days} - 8 \text{ days} = 4 \text{ days} = 32 \text{ hours}$ ) available for a PGA request. To determine the amount of DUs that correspond to the 4 days/32 hours of extended sick leave, the Judge

should divide the 4 days by the 20 hours/DU threshold. In this case, the PGA request would be 1.6 DUs (32 hours divided by 20 hours/DU). Similar calculations can be made for PGAs stemming from using more than 20 days (160 hours) of annual leave. Judges may receive PGAs for both sick leave and annual leave if the Judge exceeds both thresholds. As noted above, the PGA request can only be made after August 1, and the Judge must provide adequate documentation to support the calculation of leave taken.

*Deferment.* Deferments are separate from PGA requests, and can be requested at the end of any quarter. A deferment is a postponement of production for a particular rating period (e.g., a quarter) to account for a Judge's atypical usage of annual and/or sick leave during the rating period. For example, if, during the first quarter of the fiscal year, a Judge uses a combination of annual and sick leave totaling 150 hours, which is many hours more than the Judge has earned at this point in the fiscal year, the Judge may request the Lead Judge to grant a deferment of 150 hours of production when evaluating the Judge's quarterly performance.

**Example Production Assessment Situations.** Production goals may be measured at any time during the fiscal year, including monthly or quarterly, and an APJ is expected to have earned that portion of the expected annual decisional units at least equal to the percentage of the rating period that has been completed, and the APJ must be at least at marginal performance. For all calculations, decisional units will be rounded up, and production goals will be rounded down, to the nearest whole number. For example, if the annual goal is to achieve 75 DUs for a rating above unsatisfactory and an APJ's production is assessed for a particular quarter

of the fiscal year, the APJ would be expected to have earned at least 18 DUs (75 DUs required / 12 months = 6.25 DUs per month; 6.25 DUs per month \* 3 months = 18.75 DUs, rounded down to 18 DUs required) for that quarter to achieve a rating above unsatisfactory.

As noted above, PGAs involve a reduction in the total number of DUs required to reach a certain production goal, which applies to the DU thresholds set forth in the PAP. For example, based on an annual fully successful DU requirement of 84 DUs, a full-time judge with 3.5 approved PGAs over the fiscal year based on a combination of special projects and leave must achieve 71.5 DUs for a rating above unsatisfactory, 80.5 for a rating of fully successful, 88.5 for a rating of commendable, and 96.5 for a rating of outstanding.

**Miscellaneous.** Judges who have a potentially disproportionate amount of APJ2 and APJ3 work as a result of mentoring or docket imbalance should inform their Lead Judge as soon as possible, so that the issue(s) may be addressed. Section Lead Judges are expected to be paneled with members of their section as part of section management responsibilities. Thus, Section Lead Judges may have a higher proportion of APJ2 and APJ3 work compared to non-Section Lead Judges.

Judges will be provided the opportunity to explain and justify low decisional units earned and unusual patterns of case mailing.

The same activity can count for more than one element in certain circumstances, not limited to the following examples. As an example,

participation in the AIA Review Committee can count toward both Production and Supporting the Mission of the Board. Further, excess production and volunteering for quarterly closeout appeals can count toward Production and may also count towards Supporting the Mission of the Board.

### **Element 3: Supporting the Mission of the Board**

#### **Item 1. Supporting information related to Major Activities**

Generally, Judges who successfully perform their judicial responsibilities in connection with decision writing will earn at least a Fully Successful rating for Supporting the Mission of the Board. Performing additional activities supporting the Board's mission, such as those described in this section, can augment a Judge's rating in this element. Certain activities traditionally associated with Production, such as excess production and volunteering for quarterly closeout appeals, may also count toward this element. On the other hand, engaging in activities detrimental to the Board's mission may cause a Judge to drop below a Fully Successful rating in this element.

The totality of a Judge's contributions to supporting the mission of the Board will be used to determine the Judge's overall rating in this element. In this regard, the Board will determine whether the Judge nearly always, usually, more often than not, infrequently, or very rarely or never, performs one or more of the following activities: i.e., supporting PTAB statutory duties and policies, supporting effective decision making, supporting effective PTAB functioning, serving as a role model, and supporting PTAB educational efforts. For reviews, each Judge is responsible for providing their Lead Judge sufficient detail, in writing, describing their contributions to

this element (e.g., description of activity, time commitment, and/or level of participation).

Recognition will be given for volunteering for activities supporting the Board's mission, whether or not the Judge was actually selected to participate. Any special circumstances (e.g., extended leave, probationary judge, ARC member) will be taken into account in evaluating a Judge's contribution to supporting the mission of the Board.

### **Lists of examples**

The following lists are provided as examples of the various activities a Judge may perform to support the mission of the Board. The lists are merely illustrative and are not exhaustive. Judges are encouraged to bring to the attention of their Lead Judge any other activities that the Judge believes supports the Board's mission, along with a brief explanation as to how the activity contributes to Supporting the Mission of the Board.

[a] **Supports PTAB Statutory Duties and Policies**. Example activities include:

- Participating in rulemaking
- Serving on ARC
- Keeping current with the law/cases
- Following applicable laws, regulations, and Office/Board policies
- Attending training sessions
- Assisting in the application of, and the development of policies related to, an aspect of the law, e.g., 35 U.S.C. § 101
- Reviewing and providing comments on decisions nominated for precedential designation
- Maintaining a neutral appearance in proceedings

[b] **Supports Effective Decision Making**. Example activities include:

- Volunteering for quarterly close-out/end-of-year *ex parte* cases
- Prioritizing older over newer cases
- Sending cases for prompt processing and mailing
- Taking on additional *ex parte* cases with an AIA docket
- Meeting deadlines
- No unexplained end-loading

[c] **Supports Effective PTAB Functioning**. Example activities include:

- Volunteering for committee work (even if not necessarily accepted)
- Serving on a committee (PAP, JAC, Training Committee, etc.)
- Assisting in hiring
- Participating in All-Hands activities
- Participating in Regional Office activities
- Traveling for a hearing (Regional Office or Alexandria) while on TEAPP
- Volunteering to take another judge's place in a trial or *ex parte* case
- Volunteering to work on the Combined Federal Campaign (CFC)
- Attending PTAB lunches (Regional Office, Alexandria, Shirlington, TEAPP)
- Responding promptly to inquiries/correspondence
- Utilizing the "Issues of Interest Checklist" to notify management of issues of interest

[d] **Serves as a Role Model**. Example activities include:

- Mentoring new and/or fellow judges, both formally and informally
- Working with and/or supervising law clerks
- Working with and/or supervising patent attorneys
- Working with and/or supervising summer interns
- Working with and/or supervising detailees from other offices



- Participating in panel discussions and providing constructive feedback

[e] **Supports PTAB Educational Efforts.** Example activities include:

- Speaking engagements
- Serving as a Technology Center (TC) group contact
- Teaching/training the examining corps
- Public relations
- Presenting at Training Tuesday
- Attending conference(s) (e.g., PTAB Bench & Bar, AIPLA, PTAB Bar Association, PLI, ChIPs)
- Volunteering at the PTAB Community Day Table

Judges may also support effective PTAB functioning and serve as a role model by performing the following activities:

- Leading and encouraging employees to think positively about work related challenges and to seek constructive solutions, to achieve organizational goals and objectives, and to achieve higher levels of performance.
- Where change is required to better meet organizational objectives, adapting well to change (role model) and helping others adapt and professionally thrive in a new and changing organizational environment.

**Decision Circulation and Mailing.** With respect to the circulation and mailing of decisions, there may be some circumstances that impact the ability of a Judge to advance a matter through the circulation process (such as workload, the impact of vacations for that judge or other judges on the panel, pressing special projects). However, Judges should make every effort to respect the time of their colleagues in maintaining an even workflow and to allow other Judges a sufficient amount for review taking into account that there may be other pressures on a reviewing Judge's time.

Statutory deadline cases should be circulated at least 12 business days in advance of the deadline to the panel and at least 6 business days in advance to ARC. Additionally, reexam and reissue appeals should be handled with special dispatch and reviewed before ex parte appeals.

**Item 2. Supporting information related to Criteria for Evaluation**

The rating official shall consider satisfaction of this element based upon a reasonable person standard.

**Element 4: Professionalism**

**Item 1. Supporting information related to Criteria for Evaluation**

The rating official shall consider satisfaction of this element based upon a reasonable person standard.