



UNITED STATES PATENT AND TRADEMARK OFFICE

UNDER SECRETARY OF COMMERCE FOR INTELLECTUAL PROPERTY AND
DIRECTOR OF THE UNITED STATES PATENT AND TRADEMARK OFFICE

MEMORANDUM

DATE: September 22, 2023

TO: Members of the Patent Trial and Appeal Board and the Trademark Trial and Appeal Board

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

SUBJECT: Guidance on Paneling of Cases

Federal ethics laws and regulations impose various obligations on employees of the United States Patent and Trademark Office (USPTO) to ensure the public is confident that the USPTO is fairly and impartially discharging its official responsibilities. Careful adherence to these standards is particularly important when parties are bringing disputes or appeals before the Patent Trial and Appeal Board (PTAB or Board) or the Trademark Trial and Appeal Board (TTAB or Board). These ethics standards include requiring that employees refrain from taking part in matters before the USPTO in which they (or a spouse or minor child) have an actual or apparent conflict of interest.

As you are aware from annual ethics training and guidance, the conflict-of-interest rules provide that USPTO employees generally may not work on matters that will impact their financial interests. The executive branch ethics regulations, however, deem certain financial interests too small to undermine public trust in the integrity of government decision-making and accordingly provide exemptions to permit an employee to hold *de minimis* financial interests and still work on matters that could affect those interests. For example, under the executive branch

ethics regulations, PTAB and TTAB judges may hear a case if their aggregate holdings in publicly traded stocks in the parties before them do not exceed \$15,000.¹ This \$15,000 threshold has been in force for decades and also governs administrative judges in the executive branch of the U.S. government.

The existing executive branch regulations also include a catch-all that counsels federal employees not to participate in a matter if they determine that a reasonable person who knew the circumstances of the situation could legitimately question their impartiality.² Thus, the *appearance* of conflicts of interest may counsel in favor of recusal even when the financial interests in question fall below the thresholds identified in the relevant rules applicable to all USPTO employees.

I have determined that the basic obligation to uphold the public's confidence in the integrity of the government's activities, as well as the importance of minimizing unnecessary challenges to judge impartiality that disrupt the valuable work of the PTAB and the TTAB, warrant a new paneling procedure. Accordingly, given PTAB and TTAB judges' unique roles, and pursuant to my authority under 35 U.S.C. §§ 3 and 6 to set policy and to designate panels of the PTAB and under 15 U.S.C. § 1067 to direct the TTAB, I am directing PTAB and TTAB management (Board management) to avoid empaneling cases to judges who hold stock or bonds (publicly traded or privately held) in any of the disclosed parties or real parties in interest, *regardless of the dollar value*. This guidance does not alter the application of existing ethical standards to PTAB and TTAB judges (e.g., required disqualification from work on matters may involve other financial interests, such as private equity holdings or instances in which a spouse's

¹ 5 CFR § 2640.202.

² U.S. Office of Government Ethics resources for executive branch employees are available here: www.oge.gov/web/oge.nsf/resources_standards-of-conduct.

employer is a party). It does not require PTAB and TTAB judges to divest any financial interests (e.g., stocks or bonds), nor does it prohibit them from holding any financial interests. This interim guidance only applies to the assignment of PTAB judges to panels pursuant to 35 U.S.C. § 6(c) and to the assignment of TTAB judges to TTAB panels.

This new paneling guidance is separate from existing ethics standards and does not in any way alter the ethics standards that apply to PTAB and TTAB judges. It is intended to avoid paneling judges in a way that might elicit concern, even if they are in full compliance with all ethics statutes and regulations. Nothing in this memorandum is intended to suggest that Board judges, in any past or pending cases, have not been impartial, have created an appearance of impropriety, or have otherwise violated any obligations under existing federal ethics regulations and laws, or that they might do so going forward even if their actions comply with such regulations and laws.

To ensure that PTAB and TTAB judges and management are able to make fully informed decisions in empaneling cases, I am requesting that Board judges, as part of their existing conflict check procedures, voluntarily inform their management of any companies in which they know that the judge, the judge's spouse, or their minor children own stocks or bonds, *regardless of the dollar value*. Providing this information will facilitate the paneling of cases in accordance with this guidance. Regardless of whether a judge provides this additional information to their management, I am directing Board judges, upon receipt of a notification that they have been empaneled on a case, to promptly notify the paneling staff if repaneling is necessary in view of this agency paneling guidance. I am further directing that if a Board judge later becomes aware—after a case has been paneled—that the judge, or the judge's spouse or minor children, owns any amount of stock or bonds in a party or real party in interest, the judge either request

repaneling or confer with the USPTO's Office of General Counsel (Nick Oettinger at Nicolas.Oettinger@uspto.gov). Board judges will continue to retain discretion to request repaneling, based on their sound judgment, for a variety of reasons, even if their concern would not violate the guidance discussed in this memorandum or rise to the level of a conflict of interest under federal ethics regulations or statutes. Board management and I will be updating Standard Operating Procedure 1³ to provide further details consistent with this memorandum.

This interim guidance goes into effect 60 days from the date of this memorandum and applies to all future proceedings before the USPTO. The USPTO will not revisit any prior decisions—or any future decisions—in which our judges complied with the applicable ethics rules. I do not envision that this interim guidance will give rise to the repaneling of a large number of cases. This guidance will remain in place until further notice.

PTAB and TTAB management and judges should consult with Nick Oettinger in the USPTO's Office of General Counsel or the Ethics Law and Programs Office (EthicsDivision@doc.gov) regarding any questions about the matters addressed in this memorandum.

³ www.uspto.gov/sites/default/files/documents/SOP%201%20R15%20FINAL.pdf at 13.