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**From:** Steve Borsand (TT) [mailto:steve.borsand@tradingtechnologies.com]  
**Sent:** Tuesday, July 19, 2016 4:31 PM  
**To:** Houser, Robert C.  
**Cc:** Arner, Erika; John Phillips; Rob Sokohl; rsokohl-PTAB@skgf.com; mrosato@wsgr.com  
**Subject:** Re: PTAB CBM Proceeding No. CBM 2015-0061.

Mr. Houser -

Based on recent developments (as well as the original bases for our letters to Director Lee), we urgently need a response to the questions set forth in my April 1, 2016 letter to you (which is below).

At a minimum, we need to immediately know the proper procedure to raise supervisory issues of the sort discussed in my previous letters with the Chief Judge.

Thanks,

Steve

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Steven F. Borsand  
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On Fri, Apr 1, 2016 at 4:54 PM, Steve Borsand (TT)  
<[steve.borsand@tradingtechnologies.com](mailto:steve.borsand@tradingtechnologies.com)> wrote:  
Mr. Houser -

Thank you for your response. In your e-mail, you state that "the Director has delegated issues such as those raised in your letter to the PTAB, and that you should raise them in that forum." From this, we take it that it is the PTO's position that the Director has delegated her supervisory authority over the PTAB to the PTAB? If this is the case, can you point us to when and how those responsibilities have been delegated? We understand that Director has authorized the Board to institute a trial "on behalf of the Director," 37 C.F.R. § 42.4, and that is the issue in the *Ethicon* case. In its various letters, TT has not asked the Director to revoke that general authorization. Instead, TT has asked the Director to intervene based on the extraordinary nature of our cases and the public policy issues they

involve. The statute provides the Director discretion to deal with various issues of public policy that arise in the proceedings, including preventing abuse, preventing egregious mistakes, promoting comity within the PTO and with the courts, etc. *See, e.g.*, 35 U.S.C. §§ 324 and 326. Without taking a position on the merits of the arguments in the *Ethicon* case, we do not see how an irrevocable delegation of supervisory authority is consistent with the plain language of the AIA, *id.*, and the Director's further statutory responsibility to "provid[e] policy direction and management supervision for the Office," 35 U.S.C. § 3(a)2(A).

Indeed, such an irrevocable delegation would leave an entire portion of the Office to operate independently and without supervision. This creates a number of problems, including inconsistencies between different portions of the Office. For example, the institution decision on § 101 in our case is inconsistent with the Office's public guidance on § 101 in examination guidelines. July 2015 Update Appendix 1: Examples, Ex. 23.

In addition, your response regarding delegation of the matters we have written about in our letters dated August 10, 2015, October 23, 2015, October 30, 2015, and February 5, 2016 is inconsistent with statements made by the PTO in other matters. For example, in the *Ethicon* case, the PTO argued that the party there waived issues because it could have "raised its challenge directly to the Director," but didn't. Attached Brief at 19. The PTO brief also suggests that patent owners could request panel changes to the Director. Accordingly, TT requests that the Director reconsider her position on delegation and actually substantively address the issues raised in TT's previous letters. This request is especially appropriate in light of the new AIA rules announced by the USPTO today and in light of Director Lee's comments yesterday, in which she denounced litigation abuse by defendants. As mentioned in our letters, if the conduct outlined in the letters by petitioners does not constitute abuse, it is hard to imagine what would.

If the Director declines to reconsider her position on delegation, TT will likely file a petition requesting the Director to suspend any delegation of her authority to the PTAB for the following matters: CBM2015-00161, CBM2015-00172, CBM2015-00179, CBM2015-00181, CBM2015-00182, CBM2016-00009, CBM2016-00031, CBM2016-00032, CBM2016-00035, CBM2016-00040 and CBM2016-00051. This course of action was suggested in the PTO's *Ethicon* brief. Attached, at p. 19.

With that being said, in the meantime can you please explain how TT should raise the issues raised in our letters or other supervisory issues that have arisen since then to the PTAB? Obviously, we have already filed responses in the regular course of the proceedings. We are not aware of a mechanism under the rules to raise these issues with the Chief Judge. Is the suggestion that we write the Chief Judge directly or file a petition with the Chief Judge? We are concerned that the regulation on petitions to the Chief Judge, 37 CFR § 41.3, as written can be interpreted as precluding a petition to the Chief Judge on such matters. First, it is

located in section 41 of the CFR, whereas PTAB trials are governed by section 42. Second, the scope provision references proceedings under section 41 but does not reference trials under section 42. 37 CFR § 41.3(b). Third, the Petitioners may argue that some of our requests fall under the exception for “procedural issues.” 37 CFR § 41.3(b)(2). We would like clarity on whether petitions related to such matters could be filed with the Chief Judge.

Thanks,

Steve Borsand

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On Fri, Feb 19, 2016 at 5:27 PM, Houser, Robert C. <[Robert.Houser@uspto.gov](mailto:Robert.Houser@uspto.gov)> wrote:  
Dear Mr. Borsand:

Thank you for your correspondence of February 5, 2016, informing Director Lee of your concerns about PTAB CBM Proceeding No. CBM 2015-0061. This message is to let you know that the Director has delegated issues such as those raised in your letter to the PTAB, and that you should raise them in that forum. I greatly appreciate your understanding and continued strong and cooperative relationship in working with the USPTO.

Robert C. Houser  
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