



**Summary of Comments Received at the Roundtable
on Proposed Potential Modifications to Rules of Practice
in *Ex Parte* Appeals before the Board of Patent Appeals and Interferences**

Background

On December 22, 2009, the USPTO published a notice in the Federal Register inviting the public to submit written comments and participate in a roundtable discussion on proposed potential modifications to the rules governing practice before the BPAI in *ex parte* patent appeals. One motivation behind the USPTO's proposed rule change is the growing backlog of appeals before the BPAI. The USPTO's goal in proposing modifications to the rules in *ex parte* patent appeals is to enable the BPAI to decide appeals more efficiently and reduce pendency of appeals as measured from the date an applicant files a notice of appeal to the date the BPAI renders a decision. The notice indicates that the USPTO is also seeking public input on other solutions to the challenges facing the BPAI.

The USPTO held the roundtable on January 20, 2010. The roundtable participants included: six representatives from national and local intellectual property law associations, four corporate representatives, five at-large patent attorney participants, one at-large participant with a background in rulemaking, one law professor, and one representative from an independent inventors association. Six representatives from the USPTO also participated in the roundtable. A complete listing of the roundtable participants can be found on the USPTO Web site at http://www.uspto.gov/ip/boards/bpai/roundtable_participants_final.pdf. At the roundtable, participants were given the option to present a brief opening statement, and then the USPTO presented nine topics for discussion. After the topics had been discussed, the floor was opened for participants and observers to make general comments. This document summarizes comments received at the roundtable from members of the public.

Summary of Opening Statements

Five participants opted to make opening statements. The statements are summarized below.

The first participant to make an opening statement participated in the roundtable in his individual capacity and is a member of the patent bar practicing in a corporate legal department. He expressed his opinion that the administrative patent judges at the BPAI are not administrative law judges that make formal adjudications under the Administrative Procedures Act (APA), and the BPAI is not an Article III court. Rather, he characterized the BPAI as an informal adjudicative tribunal under section 555 of APA. He expressed his opinion that throughout the course of the USPTO's efforts to change the current rules of practice in *ex parte* patent appeals, the USPTO has not followed the proper rulemaking steps and has not disclosed required information. He said that the public is handicapped if information is not included in notice, and that if the process is secretive, then the public cannot provide good comments. The participant encouraged the USPTO to keep its attention focused on the source of the problem and to identify the policy that is driving up the rate of appeal. He expressed his view that it is a waste of effort by applicants to have to appeal rejections that should not have been made.

The second participant to make an opening statement participated in the roundtable as a representative of a national intellectual property law association. He commended the USPTO for holding the roundtable and for taking another hard look at the rules in light of comments previously submitted. He expressed the view that this new set of proposed modifications to the rule makes several changes for the better. He asked whether this roundtable was a substitute for a regular hearing or whether there would be an additional hearing in the rulemaking process. He also asked for clarification on the two comments periods mentioned in the notice. He shared everyone's concern on appeal rate growth and pendency. He expressed hope that the rule changes would achieve a decrease in pendency and an increase in quality. The participant said that he also hoped the rule changes would minimize burdens on appellants, but felt that some of the proposed rules still impose added burden on appellants. He suggested that the decrease in allowance rate was a major factor in the increase in appeal rate, and he said that he did not see any rules addressing this decrease in allowance rate. He also wondered whether consideration is being given to macro issues, such as consideration of whether there is a need for more judges and consideration of the impact of the pre-appeal conference process.

The third participant to make an opening statement participated in the roundtable in his individual capacity and has a background in rulemaking. He said that during the 2007 changes to the *ex parte* appeal rules, the USPTO lost track of its ability to comply with the Paperwork Reduction Act. He voiced his concern that because the topics for discussion at the roundtable focused on substance rather than procedure, that the office is headed down the same path with this set of rule changes. He said that the current proposed changes are economically significant and require a regulatory impact analysis under Executive Order 12866. The participant offered his assistance to help the USPTO comply with Executive Order 12866 and the Paperwork Reduction Act.

The fourth participant to make an opening statement participated in the roundtable as a representative of a national intellectual property law association. He said that he is generally encouraged by overall efforts of the office to make improvements. He said that if it comes down to a balancing of resources, he would favor having the USPTO focus its resources on the examination process, before a case reaches appeal, to deal with the root causes of the increase in appeal rates. He voiced concern with the proposed potential modifications to the *ex parte* appeal rules which mention a presumption of examiner correctness. He feels that this position is not supported by the case law and may be contrary to long-standing Federal Circuit case law. He feels that the Board should look at the totality of the evidence and not presume that the examiner's findings and conclusions are correct. He also voiced IPO's concern that the proposed rule makes extensive changes to the briefing requirements that pose significant procedural and financial burdens on applicants and patent owners. He is not sure why the current rules (2007) are not sufficient. He said that applicants often file appeal briefs only to have the examiner reopen prosecution, and so he recommends that the USPTO not add additional costs to the process without material reasons for doing so. He also said that if new rules are implemented, he seeks symmetry in the requirements for appellants and examiners.

The fifth participant to make an opening statement participated in the roundtable as a representative of a statewide intellectual property law association. He thanked the USPTO for ushering in a new era of cooperation and collaboration with the bar. He recommended that applicants should have the right to have an examiner interview after filing an appeal brief, and that such a policy would be consistent with the notion of compact prosecution, be consistent with current office policy, enhance cooperation between applicants and examiners, and increase the likelihood of reaching a resolution before Board involvement in the case. He suggested giving examiners production credit for reopening prosecution or filing of an RCE after such an interview. He also suggested quality assurance processes should track the time to disposal after interviews of this type. He would like the USPTO to encourage or require examiners to offer suggestions for clarifying claim amendments, amendments to overcome prior art, and declaratory evidence that could be filed to rebut a rejection during the interview, or to require the examiner to indicate cases where no such amendments or evidence would be fruitful. The participant suggested that the quality assurance process should focus on cases that fall into this last category. Finally, he suggested that formalities in the briefs should be addressed only after the foregoing processes occur, i.e., at the reply brief submission stage of the process.

Following the opening statements, the moderator then introduced nine topics for discussion by the roundtable participants.

Comments received at the Roundtable on Topics 1-9

Topic 1: Should jurisdiction pass to the Board upon filing a notice of appeal?

Some participants were in favor of having the Board take jurisdiction earlier so that the Board would have control and ownership of the case and could review briefs for formalities instead of the examiners. One participant thought that having the Board's administrative staff check for formalities would be better than having the Technology Centers do this review because the review would be conducted in a more uniform fashion and the administrative staff of the Board will be more informed by the concerns of the Board.

Other participants were concerned that having the Board take jurisdiction earlier in the case would increase the burdens on the Board, especially in light of the fact that notices of appeal are often filed for reasons other than an appeal, such as to obtain extensions of time.

One participant was concerned that if jurisdiction is transferred earlier and the administrative staff at the Board did the formalities check, this change would lead to an increase in the number of returns and wasted cost to appellants to fix the formalities issues. Another participant thought that the Board should be allowed to write Rule 36-type affirmances if there is no evidence in the record, that the Board should not tolerate new grounds of rejection, and that it should decide cases and not remand cases to the examiner or raise new rejections. Another participant identified subject matter jurisdiction of the Board as an issue that is not well understood throughout the USPTO. Another participant thought that the appeal process has become more of an extension of the examination process and involves more than the Board's consideration of the substance and merits of the examiner's rejection.

Topic 2: Proposed modifications require arguments to explain examiner error.

Several participants commented that the USPTO's position of a presumption of examiner correctness is not supported by Federal Circuit authority, citing *In re Oetiker* and *In re Piasecki*, which require the Board to make its ultimate decision based on the totality of the evidence with due consideration of persuasiveness of argument without any presumption that the examiner's findings and conclusions are correct. One participant also expressed the view that the proposed language in the rule increases the burden on appellants and will lead to irrelevant side disputes.

One participant asked for clarification on what is meant by the word "point" in the rule.

One participant commented that applicants rely heavily on the burden on the office to produce a prima facie case, and that applicants do not have the resources to have expert testimony in every patent case. He feels that if the examiner has not made a prima facie case, applicant does not have to submit rebuttal evidence or arguments.

One participant commented that a number of years ago, some Board decisions cited section 706 of the Administrative Procedures Act as the basis for giving examiners

deference. The participant expressed the view that he does not think section 706 applies because the Board is a section 555 informal adjudication tribunal.

Topic 3: Proposed modifications no longer dictate appellant's appeal strategy.

One participant acknowledged the tension between having a complete record and briefing requirements that are complex, and noted that more complex briefing rules make the process more difficult for some practitioners who do not handle many appeals. This participant noted that the evidence appendix unnecessarily and significantly adds to the cost and complexity of preparing an appeal brief.

Many participants noted that the briefing requirements should be flexible and simple (i.e., “open to the average applicant”) and that formalities should be routinely waived unless non-compliance deters the BPAI from doing its job. Other participants commented that the current briefing requirements are sufficient and that there is no justification for the added burden to appellants that the new briefing requirements impose.

Several participants expressed concern that the claims support appendix, which requires appellants to identify for each limitation of the claims on appeal, support in the specification and drawings, requires appellants to make unnecessary potential admissions against interest by identifying claim elements that are not in dispute in the appeal.

One participant said that the briefing requirements in the rule are illegal, that the existing rule is clear, and that there should be no requirement to map claim limitations not involved in the appeal. He also noted that it was odd to move a section on the facts of the case to the end of the brief, and that before the USPTO changes the rules to require “odd” briefs, Executive Order 12866 would require a showing for why that would be a good idea. He suggested the USPTO look to the more flexible briefing requirements of other similar section 555 tribunals (e.g., MSPB).

Topic 4: Should the Board have briefing requirements similar to other appellate tribunals?

One participant noted that he sees virtue in having a consistent set of rules and an outline for how briefs should look. The participant noted, however, a tension between detailed briefing requirements and any page limits, and asked for practical page limits in light of the briefing requirements. The participant also noted that the appellant is required only to rebut the examiner's *prima facie* case, and the statute does not require applicants to separately justify compliance with statutory requirements (i.e., claim support section) to be entitled to a patent.

Another participant commented that the onus was on the bar to educate its members on how best to present their case at an early stage during prosecution and that it is too late at the Board stage.

Topic 5: Should the Board allow examiners and/or appellants to present arguments not presented during prosecution?

Most of the participants expressed the need to make new arguments on appeal to create a complete record for judicial review. Some participants also expressed concern that any rule that would prohibit “new” arguments would be ripe for dispute since it is not always clear when an argument is a “new” argument. One participant said that if the Board does not allow new arguments on appeal, then this will cause some applicants to seek judicial review by civil action against the USPTO under section 145 in district court, where the applicant can present evidence not considered by the Board.

One participant thought that examiners and appellants should not be allowed to make new arguments and that such a rule would be an incentive for compact prosecution by requiring examiners to fully develop their rejections earlier in the prosecution. Another participant noted that new arguments on appeal are necessary because sometimes applicants will not try to make arguments to examiners that turn on a point of law and will reserve those arguments for when, and if, they reach the Board.

Another participant expressed a view that appellants should be allowed to make new arguments at oral hearing because the hearings are now recorded with an official transcript and so it becomes part of the record.

One participant noted that the bar must educate members to bring things to an issue as soon as possible after the first action, curtail the abuse of refiling case after case, and tighten up res judicata standards to bring to an end to the proceedings and pendency.

Topic 6: Should examiners be allowed to make new grounds of rejection in an answer?

One participant said that new grounds in examiner’s answers are a necessary evil, and that rejections must be raised as early as possible once they are recognized. The participant encouraged the USPTO to provide incentives to examine as early in the process as possible. But this participant noted that when new grounds are raised late in the process, it is because of an oversight by the examiner, and the penalty should not fall on the applicant. This participant thought that appellants must have a range of options to reply, including the right to introduce new rebuttal evidence and proceed with the appeal, but that appellants would be required to reopen prosecution to make claim amendments.

Some participants disagreed with how the notice defined what constitutes a new ground of rejection.

One participant asked for clarification in the comments to the rules as to whether the examiner would still be required to get approval from a Technology Center director to enter a new ground in an examiner’s answer, and voiced his objection to a rule change that would remove this requirement on examiners.

Topic 7: Should the Board be allowed to enter new grounds of rejection?

One participant expressed the view that the Board should retain the right to make new grounds of rejection, but that the Board should exercise this right extremely sparingly, and noted that the Board's main job is to affirm or reverse examiners' rejections. The participant suggested that there should be strict guidance and supervision of Board members that abuse the new ground of rejection practice. Another participant echoed the comment that the Board should enter new grounds sparingly, because often examiners feel compelled to maintain that rejection even if the claims have been subsequently amended or canceled and new claims added.

Another participant commented that the Board should function more as a reviewing tribunal instead of a super-examiner and should "call out" bad examination. The participant said that if the examiner hasn't made the prima facie case, the Board should remand the case to the examiner in order to provide an incentive to the examiner to do the case right the first time. The participant felt that the Board should not have to explain the examiner's position. The participant was concerned if judges might not get credit for writing remands because he felt that remands are important if the examiner has not done his/her job.

Another participant said that the Board should be allowed to enter new grounds as an additional mechanism for quality control. He also agreed that a quick remand is good if the examiner has not adequately articulated his/her case.

Another participant expressed the view that allowing the Board to enter new grounds of rejection creates piecemeal prosecution, and that it puts the examiner in an awkward position if he/she doesn't agree with the rejection. He said that if the Board enters a new ground, the Board should maintain responsibility for that prosecution in the amendment and response on that ground.

Another participant noted that the Board is often better positioned, through experience and other means, to understand the possibility of new grounds of rejection, and it would improve overall quality of issued patents to allow the Board discretion to enter new grounds of rejection. The participant said that the binding nature of the Board's rejection may be an issue which requires further reflection, and said it would be helpful to have data on how often the Board imposes new grounds of rejection.

Another participant said that he would be concerned with a total elimination of this right of the Board to enter a new ground because the USPTO has the duty to protect the public and, so if there are true real grounds, the public is best served if the patent is not issued.

Another participant stated that if the Board wants to be a tribunal of review, rather than super-examiners, it should not make new grounds of rejection, but should make instead a referral for consideration by the examiner. This participant also felt that it would be appropriate for the new ground to be an interim order (so that the Board retains jurisdiction over the appellant's response to the new ground).

Topic 8: Should the rules be more specific as to the examiner's requirements for appeal?

One participant stressed the importance he sees in making the briefing requirements for appellants and examiners symmetrical. Another participant agreed that symmetry was good, but he was concerned about the impact of additional burdens on the examining corps and wondered whether such requirements would exacerbate the backlog in the corps. This participant also suggested that there should be a more extensive review of examiner's answers before they are mailed out to make sure they comply with the MPEP.

Another participant said that examiners should be required to address the appellants' arguments directly and that the BPAI should rule in favor of the appellant if the examiner has not done his/her job.

Topic 9: Should the rule regarding the Director's sanction powers for appellate matters be more specific?

One participant stated that he generally opposes this proposed new rule, and questioned why the USPTO is proposing shifting the sanction responsibility from the Chief Judge to the Director. The participant also said there is still a sense that the rule is vague and perhaps subject to possible inconsistent application, and he had some concern about why OED wouldn't have the capacity to deal with bad conduct. The participant acknowledged, however, that perhaps the Board ought to have authority and the ability to deal with circumstances of abuse which would be apparent to anybody.

Another participant stated that to the extent this rule presents new conduct requirements, he was having trouble discerning what those new requirements are. Another participant expressed the view that there was no need for more specific rules, and that the USPTO should use the "I know it when I see it standard." The participant said that as long as the USPTO warns the applicant about the bad conduct, the USPTO should be able to sanction the applicants if he/she thereafter fails to comply.

Another participant noted that the proposed new rule allows sanctions to be imposed if an appellant failed to comply with an order or applicable rule. The participant was concerned that this rule would dissuade people from challenging rules that they believe are illegal.

Another participant referred to a letter submitted to the USPTO by Alan Hoover on this topic that sets out a specific set of issues, which the participant characterized as not having been responded to fairly by the USPTO.

Following the discussion of the agenda topics, the floor was opened for comments on other matters.

Open Floor Discussion

An observer suggested that more use of precedential decisions by the Board might be a way to reduce the numbers of appeals filed, because examiners would be more inclined to

follow a precedential opinion of the Board. The observer also stressed the importance of keeping appeals affordable and expressed the view that the claims support and analysis section of the new rule would be burdensome on appellants and a waste of resources in cases where there is no issue of new matter. She also expressed the view that the presumption of examiner correctness would lead to a waste of appellants' resources. She also said that it is important to allow appellants to raise new arguments on appeal, but she disagreed with the statement in the proposed rulemaking that an examiner should be able to cite a new reference in an examiner's answer if it is only supporting a previous statement.

One participant commented that proposed rule 41.50(f), which allows the Board to request further information, gives a non-extendible time period of 30 days to respond to the Board's request. He asked the USPTO to consider amending the rule to allow the applicant to seek an extension of time of this time period.

Another participant stated if the Board started remanding cases to the examiner when the examiner failed to make a prima facie case, it would become a true cost to the SPE for letting the cases go to appeal in the first place. The participant also stated that the quality review program is also a problem, because the USPTO does quality review only on allowed cases.

Another participant asked the USPTO to consider elaborating on how non-compliance with briefing requirements would impact patent term adjustment in view of the *Wyeth* decision. The participant also asked the USPTO to consider including in the rules a way for an appellant to expressly waive filing of a reply brief, to speed up the process. He also suggested that the USPTO consider tracking the types of rejections that are taken up on appeal and the ultimate outcomes, whether by virtue of a remand or Board decision, and use that data to train the examining corps on where certain types of rejections are ill-founded.

Another participant said that any change to the system creates potentially extraordinary costs in the system and that the USPTO has to subject the proposed changes to a more rigorous economic analysis and to make all of the USPTO's data public. He proposed that the USPTO agree upon a potential objective function to be achieved by the proposed changes and then evaluate how each change will affect that objective function. The objective function he recommended is to minimize the aggregate social costs of false positives (i.e., issuing allowances that should be rejected) and false negatives (i.e., rejecting claims that should be allowed).

Next Steps

The Office published a Federal Register notice [75 FR 5012 (February 1, 2010)] extending the deadline for written comments on potential modifications to the final rule to **5 p.m. Eastern Standard Time on February 26, 2010**. As published in the December 22, 2009 Federal Register notice [74 FR 67987], the deadline for written comments on other matters discussed at the roundtable is **5 p.m. Eastern Standard**

Time on February 25, 2010. The USPTO will review and consider the comments received at the roundtable and the submitted written comments and will then announce its next steps.

PARTICIPANTS FOR USPTO ROUNDTABLE ON JANUARY 20, 2010

| <u>Name</u> | <u>Affiliation</u> |
|--------------------|--|
| Robert Bahr | U.S. Patent and Trademark Office |
| Sharon Barner | U.S. Patent and Trademark Office |
| Robert Bauer | MacDonald, Illig, Jones & Britton LLP |
| Richard Belzer | Regulatory Checkbook |
| David Boundy | self |
| Ray Chen | U.S. Patent and Trademark Office |
| Dale Cook | Intellectual Ventures |
| Dennis Crouch | University of Missouri School of Law |
| Buddy Cusick | General Electric |
| Q. Todd Dickinson | American Intellectual Property Law Association |
| Erin Dunston | Patent, Trademark & Copyright Section of the Bar Association of District of Columbia and Buchanan, Ingersoll & Rooney PC |
| Brian Dutton | Rader, Fishman & Grauer PLLC |
| Michael Fleming | U.S. Patent and Trademark Office |
| Greg Gardella | Minnesota Intellectual Property Law Association & Fish & Richardson, P.C. |
| Willard Jones II | Intellectual Property Law Section of American Bar Association |
| David Kappos | U.S. Patent and Trademark Office |
| Glen Kotapish | United Inventors Association and Inventors Network of the Capital Area |
| Stuart Levy | Sughrue Mion, PLLC |
| Charles Miller | New York Intellectual Property Law Association and Dickstein Shapiro LLP |
| Bob Oberleitner | U.S. Patent and Trademark Office |
| Peter Pappas | Intellectual Property Owners Association |
| Curtis Rose | Hewlett-Packard |
| David Upite | Procter & Gamble |
| Harold Wegner | self |