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### **Attorneys: New USPTO Patent Appeals Rules Will Raise Costs, Accomplish Little**

By Dugie Standeford for *Intellectual Property Watch*

New United States Patent and Trademark Office procedural rules governing *ex parte* appeals of rejected patent applications before the Board of Patent Appeals and Interferences (BPAI) have met with resistance from some patent attorneys, who argue they are unfair, unnecessary and will hurt smaller and foreign patent applicants. The USPTO said it adopted the rules, effective 10 December 2008, to streamline the handling of a growing number of such appeals.

A patent seeker may appeal to the BPAI after his application has either been rejected twice or finally rejected by the USPTO patent examiner, said Banner & Witcoff partner Ernie Linek. The appeal is voluntary, as the applicant can also seek a continuation or a request for continued examination, or simply abandon his application, he said. "But these days, appeals are one common avenue of continued prosecution of an application," Linek said.

The rules set procedures for determining whether an appellant has established that an examiner erred, the USPTO said in its official rulemaking notice. A "major objective" is to avoid unnecessary returns to examiners by the board, with resulting delays in applications and appeals, it said. The requirements are more objective, will improve the briefs appellants must file, and will make enforcement of the rules more uniform, the agency said.

The amended rules "require a rigid presentation format" because applicants must supply a statement of facts, said William Smith, of counsel to Woodstock, Washburn and a former administrative patent judge at the BPAI. Most appeal briefs and BPAI opinions are written in a narrative style, and the new format "is not needed," he said.

The rules also create the assumption that any statement or conclusion by a patent examiner that goes unchallenged by a patent seeker will be presumed correct, fostering a

"check the box" review of the examiner's position instead of a thorough revisiting of the entire position by the board, Smith said.

The USPTO says the rules are patterned after those governing briefs in the US Court of Appeals for the Federal Circuit, but those are contested proceedings where both sides are bound by the same briefing rules so both incur similar costs, Smith said. If the agency really thinks the format will make the presentation of issues clearer, boost examination quality and cut the numbers of appeals, it should have to follow the same format when it issues final rejections, he said.

### A Booby-Trap?

The rules are an "extremely expensive and highly technical trap for the unwary that will severely punish underfunded entities as well as boutique law firms unaccustomed to detailed procedural practice, said Foley & Lardner patent lawyer Harold Wegner. Still, because they are just an "expensive inconvenience" that major industry can deal with, they are unlikely to be challenged, he said.

Costs will be much higher for foreign than for US patent seekers, said Linek. The rules require that applicants list "facts considered material for resolution of the appeal," he said. If a patent application has been rejected because the examiner found the invention obvious, for instance, the applicant will have to address the scope and content of the prior art, the differences between the prior art and the claims on appeal, and the level of skill in the art of the claims invention, he said. That will force applicants to obtain comment and approval from inventors, assignees, foreign patent agents, and the US attorney filing the brief, he said, adding, "More people equals more cost."

Moreover, said Linek, any mistake in laying out the facts could lead to a charge of inequitable conduct on the part of the applicant or affect a court's interpretation of the scope of the claims in later litigation.

### The Wrong Focus?

The root cause for the need for rules to reduce *ex parte* appeals to the BPAI is the failure of USPTO management to restructure the patent examining corps, said Wegner. The agency should have enough manpower to deal with more than an average of one appeal per examiner per year, he said. Unlike the Japan Patent Office, which has around 30 percent of its examining corps designated as appeal examiners, just over one percent of the USPTO's roughly 5,000-member body are administrative patent judges in its appellate unit, he said.

The agency has been hiring large numbers of examiners in recent years and "an increase in appeals is not unexpected" as they gain experience and confidence in making patentability decisions, said Smith. But given the rise in appeals to the BPAI, what is needed is simpler briefing, not "more onerous, complex and expensive" requirements, he said.

The White House, in "election year mode," sought in a 9 May memorandum to minimise controversial regulations by asking federal agencies to avoid issuing unnecessary regulations, Wegner said. Rules aimed at alienating the entire patent community are not likely to help the incumbent party in the coming presidential contest, he added.

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