

No. _____

IN THE
Supreme Court of the United States

GILBERT P. HYATT and AMERICAN ASSOCIATION FOR
EQUITABLE TREATMENT, INC.,

Petitioners,

v.

ANDREI IANCU, in his official capacity as Director of
the U.S. Patent and Trademark Office,

Respondent.

**On Petition for a Writ of Certiorari to the
United States Court of Appeals
For the Federal Circuit**

PETITION FOR WRIT OF CERTIORARI

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QUESTION PRESENTED

Section 134 of the Patent Act provides that an “applicant for a patent, any of whose claims has been twice rejected, may appeal from the decision of the primary examiner to the Patent Trial and Appeal Board.” Section 6 provides, in turn, that the “Appeal Board shall...on written appeal of an applicant, review adverse decisions of examiners upon applications for patents pursuant to section 134.” Interpreting those provisions’ predecessors, *U.S. ex rel. Steinmetz v. Allen* held that mandamus was the appropriate remedy when the Patent and Trademark Office refused to allow an appeal to proceed to the Appeal Board’s predecessor. 192 U.S. 543 (1904). A century later, the PTO adopted a rule, Manual of Patent Examining Procedure (“MPEP”) § 1207.04, authorizing patent examiners to block an applicant’s appeal from ever reaching the Appeal Board by reopening patent prosecution to enter additional rejections.

Accordingly, the question presented is:

Whether MPEP § 1207.04 violates patent applicants’ statutory right of appeal following a second rejection.

**PARTIES TO THE PROCEEDING
AND RULE 29.6 STATEMENT**

Petitioners Gilbert P. Hyatt and American Association for Equitable Treatment, Inc., were Appellants below. American Association for Equitable Treatment, Inc., has no parent company, and no publicly traded corporation owns 10 percent or more of any of its stock.

Respondent Andrei Iancu, in his official capacity as Director of the U.S. Patent and Trademark Office was an Appellee below.

TABLE OF CONTENTS

PETITION FOR WRIT OF CERTIORARI	1
OPINIONS BELOW	4
JURISDICTION	4
STATUTES AND RULE INVOLVED	4
STATEMENT OF THE CASE	5
A. Patent Prosecution and Appeal	5
B. The PTO Adopts MPEP § 1207.04 To Block Applicant Appeals by Reopening Prosecution	7
C. The PTO Denies Mr. Hyatt’s Petitions Challenging the Lawfulness of MPEP § 1207.04	8
D. Lower Court Proceedings	10
REASONS FOR GRANTING THE PETITION	11
I. The Federal Circuit’s Decision Contravenes the Patent Act and Ignores This Court’s Decision in <i>Steinmetz</i>	12
A. The Patent Act Confers Meaningful Appeal Rights	12
B. <i>Steinmetz</i> Rejects the PTO’s Claimed Authority to Block Appeals	16
II. The Question Presented Is Exceptionally Important and Frequently Recurring	17
III. This Case Is an Ideal Vehicle To Assess the Lawfulness of MPEP § 1207.04	20
CONCLUSION	22

TABLE OF APPENDICES

Appendix A: Court of Appeals Opinion
(Fed Cir. Sept. 24, 2018) App. 1

Appendix B: District Court Opinion
(D. Nev. Feb. 17, 2017)..... App. 23

Appendix C: Court of Appeals Order
Denying Rehearing and Rehearing En
Banc (Fed. Cir. Jan. 10, 2019) App. 28

Appendix D: PTO Decision on Petition
for Rulemaking (Dec. 10, 2015) App. 31

Appendix E: PTO Decision on Petition
for Rulemaking (Sep. 19, 2014) App. 67

Appendix F: Relevant Statutory and
Regulatory Provisions App. 74

TABLE OF AUTHORITIES

CASES

<i>In re Hengehold</i> , 440 F.2d 1395 (C.C.P.A. 1971)	16
<i>Lopez v. Davis</i> , 531 U.S. 230 (2001)	15
<i>McNary v. Haitian Refugee Ctr., Inc.</i> , 498 U.S. 479 (1991).....	15
<i>SAS Inst., Inc. v. Iancu</i> , 138 S. Ct. 1348 (2018)	15
<i>United States v. Wonson</i> , 28 F. Cas. 745 (C.C.D. Mass. 1812) (No. 16,750)	14
<i>United States ex rel. Steinmetz v. Allen</i> , 192 U.S. 543 (1904).....	<i>passim</i>
<i>Util. Air Reg. Grp. v. EPA</i> , 134 S. Ct. 2427 (2014).....	13

CONSTITUTIONAL PROVISIONS, STATUTES, AND RULES

U.S. Const., Art. I, § 8, cl. 8.	5
28 U.S.C. § 1295	20–21
28 U.S.C. § 1331	10
28 U.S.C. § 1338.....	10
35 U.S.C. § 6.....	12, 13, 14, 17, 21
35 U.S.C. § 101	5
35 U.S.C. § 102	5
35 U.S.C. § 111	5
35 U.S.C. § 112	5

35 U.S.C. § 131	5
35 U.S.C. § 132	6
35 U.S.C. § 134	<i>passim</i>
35 U.S.C. § 141	7, 15
35 U.S.C. § 145	7, 15
37 C.F.R. § 1.104	20
37 C.F.R. § 1.111	6
37 C.F.R. § 41.31	6
37 C.F.R. § 41.35	8
37 C.F.R. § 41.37	6
37 C.F.R. § 41.39	7
37 C.F.R. § 41.50	7
MPEP § 1207.04	<i>passim</i>
MPEP § 1208.02	7
MPEP § 2103.I	20

OTHER AUTHORITIES

<i>Black's Law Dict.</i> (10th ed. 2014)	14
Matthew Bultman, <i>Fed. Circ. Preserves Rule Inventors Say Can Be a Burden</i> , Law360, Oct. 5, 2018	3
Chad Gilles, <i>30% of Appeal Briefs Result in an Allowance or Reopening of Prosecution</i> , BigPatentData, Sep. 5, 2018	3, 18

PETITION FOR WRIT OF CERTIORARI

This case concerns the Patent and Trademark Office's dubious claim of authority to block patent applicants from exercising their statutory rights to administrative review and judicial review of adverse decisions on their patent applications. Until the Federal Circuit's decision in this case, the prevailing view was that Congress meant what it said when it provided in the Patent Act that an "applicant for a patent, any of whose claims has been twice rejected, may appeal from the decision of the primary examiner to the Patent Trial and Appeal Board" and that the Appeal Board "shall...on written appeal of an applicant, review adverse decisions of examiners upon applications for patents." 35 U.S.C. §§ 134(a), 6(b)(1). Yet the decision below upheld a PTO rule, contained in Manual of Patent Examining Procedure ("MPEP") § 1207.04, that permits the PTO to unilaterally terminate any appeal by reopening patent prosecution—that is, to block the appeal from ever reaching the Board by resuming the pre-appeal examination process to enter a third or subsequent rejection. The PTO's choosing to allow an appeal to proceed to the Board is, in the Federal Circuit's view, just "another condition that must be satisfied before an appeal reaches the Board," like paying the appeal fee. Pet.App.20.

That decision—which is now the law of the land, given the Federal Circuit's exclusive jurisdiction over questions of patent law—is at odds with the statutory text. The Act, after all, vests appeal rights at a specific

time, following a second rejection, irrespective of whether the PTO might wish to enter additional rejections before an applicant can obtain Board review and, following the Board's decision, judicial review. And the Act provides a right to "appeal," not just to file a piece of paper labeled "Notice of Appeal" that the PTO can choose to honor or disregard at its discretion.

That is, in fact, how this Court interpreted the Act in *U.S. ex rel. Steinmetz v. Allen*, holding that mandamus was the appropriate remedy when the PTO refused to allow an appeal to proceed to the Appeal Board's predecessor. 192 U.S. 543, 563–66 (1904). The PTO is now reasserting that same discredited view of its own authority in MPEP § 1207.04. And the Federal Circuit, ignoring *Steinmetz*, upheld it.

In so doing, the Federal Circuit broke from a century of settled law to sanction, for the first time ever, a device that the PTO increasingly wields to defeat applicants' appeal rights. For years, the PTO recognized applicants' right to proceed with appeals even when examiners proposed reopening prosecution to enter additional rejections. Only in 2005, having by all indications forgotten about *Steinmetz*, did it reverse course by adopting MPEP § 1207.04.

That action brought serious consequences. Over the past decade, the PTO's use of MPEP § 1207.04 has exploded. In recent years, the PTO has blocked appeals in nearly 15 percent of cases where an applicant has filed an appeal brief and in as many as 24 percent of

such cases arising from certain technology groups.¹ In addition to distorting the patent-prosecution process, the PTO's use of MPEP § 1207.04 directly imposes untold costs, burdens, and delays on the thousands of applicants whose appeals are blocked each year. And it indefinitely delays their right to obtain judicial review, particularly where the PTO has blocked multiple appeals in a single application. As one practitioner put it, "They only have to do it a few times before they wear the applicant down and they give up."²

That is not what Congress intended when it gave applicants the right to appeal adverse decisions. It contravenes governing legal authority. And it is subject to abuse, such as when the PTO terminated 80 appeals, some of which had been pending for nearly a decade, filed and fully briefed by Petitioner Gilbert P. Hyatt.

This Court's review is required to enforce its longstanding precedent and to resolve a fundamental question of patent procedure that is of exceptional importance to the operation of the patent system.

¹ Chad Gilles, *30% of Appeal Briefs Result in an Allowance or Reopening of Prosecution*, BigPatentData, Sep. 5, 2018, <https://bigpatentdata.com/2018/09/30-of-appeal-briefs-result-in-an-allowance-or-reopening-of-prosecution/>.

² Matthew Bultman, *Fed. Circ. Preserves Rule Inventors Say Can Be a Burden*, Law360, Oct. 5, 2018, <https://www.law360.com/ip/articles/1089917/fed-circ-preserves-rule-inventors-say-can-be-a-burden>.

OPINIONS BELOW

The Federal Circuit's opinion is reported at 904 F.3d 1361 and reproduced at Pet.App.1. The opinion of the District Court for the District of Nevada is unpublished and reproduced at Pet.App.23.

JURISDICTION

The judgment of the court of appeals was entered on September 24, 2018. A timely petition for rehearing and rehearing *en banc* was denied on January 10, 2019. Pet.App.28. This Court has jurisdiction pursuant to 28 U.S.C. § 1254(1).

STATUTES AND RULE INVOLVED

Section 6(b) of the Patent Act, 35 U.S.C. § 6(b), provides, in relevant part:

The Patent Trial and Appeal Board shall—
(1) on written appeal of an applicant, review adverse decisions of examiners upon applications for patents pursuant to section 134(a)[.]

Section 134(a), 35 U.S.C. § 134(a), provides:

An applicant for a patent, any of whose claims has been twice rejected, may appeal from the decision of the primary examiner to the Patent Trial and Appeal Board, having once paid the fee for such appeal.

MPEP § 1207.04 provides, in relevant part:

The examiner may, with approval from the supervisory patent examiner, reopen prosecution

to enter a new ground of rejection in response to appellant's [appeal] brief.

The complete text of the rule, as well as other relevant provisions, is reproduced at Pet.App.91; *see also* Pet.App.74.

STATEMENT OF THE CASE

A. Patent Prosecution and Appeal

The Constitution empowers Congress to “promote the Progress of Science and useful Arts” by securing to “Inventors the exclusive Right to their...Discoveries.” U.S. Const., Art. I, § 8, cl. 8. In exercise of that power, Congress enacted the Patent Act of 1952 so that a person who “invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor....” 35 U.S.C. § 101. Under the Act, a patent applicant whose invention is novel and non-obvious “shall be entitled to a patent.” 35 U.S.C. § 102(a).

The Patent Act prescribes the process for an inventor to obtain a patent. The “prosecution” stage of the process begins when an inventor files a patent application with the PTO containing a written description of the invention, drawings, and one or more claims that define the invention for which a patent is sought. 35 U.S.C. §§ 111–12. A patent examiner then reviews the application to determine if “the applicant is entitled to a patent under the law.” 35 U.S.C. § 131. If he is, the PTO “shall issue a patent therefor.” *Id.*

Of course, not all applications and claims are issued. When an examiner rejects a claim, he must notify the applicant of the grounds for that determination and provide the applicant with “such information and references as may be useful in judging...the propriety of continuing the prosecution of his application.” 35 U.S.C. § 132(a). At that point, the applicant has the right to “request reconsideration or further examination” by filing a “reply” that “present[s] arguments pointing out the specific distinctions believed to render the claims...patentable.” 37 C.F.R. § 1.111(a)(1), (b). In conjunction with his reply, the applicant may also amend his application. 35 U.S.C. § 132(a); 37 C.F.R. § 1.111(a)(1). Once the reply has been filed, “the application shall be reexamined.” 35 U.S.C. § 132(a).

A second rejection—often referred to as a “final rejection,” although not final agency action—entitles the applicant to “appeal from the decision of the primary examiner to the Patent Trial and Appeal Board.” 35 U.S.C. § 134(a). Among the Appeal Board’s “duties” is that it “shall...on written appeal of an applicant, review adverse decisions of examiners upon applications for patents pursuant to section 134(a).” 35 U.S.C. § 6(b)(1).

In most respects, patent appeals resemble appeals in federal court. The applicant initiates the appeal by filing a notice of appeal, 37 C.F.R. § 41.31(a), and then files an initial “appeal brief” in which he presents “[t]he arguments...with respect to each ground of rejection.” 37 C.F.R. § 41.37(a), (c)(1). The examiner

“may, within such time as may be directed by the Director, furnish a written answer to the appeal brief,” referred to as the “examiner’s answer.” 37 C.F.R. § 41.39(a). The patent applicant then may file a reply brief. 37 C.F.R. § 41.41. At that point, the matter is ripe for decision by the Appeal Board. 37 C.F.R. § 41.50.

The appeal culminates in final agency action when the Appeal Board issues its decision. Only after the Appeal Board acts may an applicant obtain judicial review, by either appealing its decision to the Federal Circuit or filing a civil action to obtain a patent in the Eastern District of Virginia. 35 U.S.C. §§ 141(a), 145.

B. The PTO Adopts MPEP § 1207.04 To Block Applicant Appeals by Reopening Prosecution

Until 2005, the PTO recognized the right of an applicant to appeal following a second rejection. Although its procedures catalogued in the Manual of Patent Examining Procedure permitted examiners to propose to reopen prosecution and enter additional rejections instead of filing an examiner’s answer, they also permitted the applicant to disregard the examiner’s proposal and press forward with the appeal. *See* MPEP § 1208.02 (Aug. 2001).

That changed in August 2005, when the PTO adopted MPEP § 1207.04. It provides that an examiner need not file an answering brief at all. Instead, the PTO may “reopen prosecution to enter a new ground of rejection in response to appellant’s brief.”

The decision to reopen prosecution terminates the appeal, requiring the applicant to either respond to the new rejections or attempt to “initiate a new appeal.” Because no examiner’s answer is filed, the appeal is never transmitted to the Board, and the Board renders no decision.³

Since adopting MPEP § 1207.04, the PTO has significantly expanded the circumstances in which an examiner may reopen prosecution and thereby terminate an appeal. For example, an examiner may now reopen prosecution based on a new ground of rejection that would be appropriate to raise in the examiner’s answer without terminating the appeal. *Compare* MPEP § 1207.04 (8th ed., rev. 9, Aug. 2012), *with* MPEP § 1207.04 (9th ed., rev. 1, Mar. 2014).

C. The PTO Denies Mr. Hyatt’s Petitions Challenging the Lawfulness of MPEP § 1207.04

Petitioner Gilbert P. Hyatt is an accomplished engineer, scientist, and inventor, with nearly 75 patents to his name that cover technology from computer memory architecture to sound and speech processing. After the PTO employed MPEP § 1207.04 to terminate 80 of his appeals, Mr. Hyatt filed an Administra-

³ Under PTO regulations, jurisdiction over the application passes to the Appeal Board only upon the filing of the reply brief or expiration of the time to do so. 37 C.F.R. § 41.35(a). Accordingly, without an examiner’s answer, the appeal is never transferred to the Board.

tive Procedure Act rulemaking petition in 2014 demanding that the PTO either repeal it or declare it unenforceable. The petition argued, among other things, that MPEP § 1207.04 contravenes the requirements of the Patent Act regarding appeals. The Chief Administrative Patent Judge denied Mr. Hyatt's petition, stating that MPEP § 1207.04 is "not inconsistent" with the Act. Pet.App.72.

Mr. Hyatt then filed another rulemaking petition requesting that the then-Acting Director of the PTO review the initial denial and either repeal MPEP § 1207.04 or declare it invalid and unenforceable. The PTO denied that petition, as well. Pet.App.66. Its denial reasoned that Section 6(b) is only an organizational provision that does not confer any right and that Section 134(a) "simply affords an applicant the right to file an appeal to the Board," without "compel[ling] any particular result in that appeal" or even requiring that it be heard by the Board. Pet.App.42–43. The examiner's decision not to block an appeal by reopening prosecution is just another of the "various requirements [placed] on an applicant in order to have an appeal heard by the Board," like paying the appeal fee and filing a brief. Pet.App.43. And, in any instance, patent examiners "possess an inherent ability to revisit their earlier patentability decisions," irrespective of whether "an applicant has filed a Board appeal." Pet.App.45.

D. Lower Court Proceedings

Following the denial of his second petition, Mr. Hyatt and the American Association for Equitable Treatment, of which Mr. Hyatt is a member, brought suit under the Administrative Procedure Act challenging the PTO's petition denials and the lawfulness of MPEP § 1207.04.

The district court granted the PTO's motion for summary judgment, and denied the Petitioners', holding that it lacked subject matter jurisdiction over the action because the Patent Act vests exclusive jurisdiction to review Appeal Board decisions in the Eastern District of Virginia and Federal Circuit. Pet.App.26 (citing 35 U.S.C. §§ 144, 145).

On appeal, the Federal Circuit reversed the district court's jurisdictional ruling but ruled for PTO on the merits. The Petitioners' APA challenge to the petition denials, it held, fell within the district court's jurisdiction for civil actions arising under federal law and for actions raising a substantial question of patent law. Pet.App.8 (citing 28 U.S.C. §§ 1331, 1338(a)). The jurisdictional statutes for patent appeals cited by the district court were inapplicable because this action is "not an appeal from an examiner's rejection of [Mr. Hyatt's] applications," but a routine "APA challenge[] to federal agency actions" that was "completely separate from the patent examination process that culminates in final [Appeal Board] decisions." Pet.App.10.

On the merits, the appeals court held that MPEP § 1207.04 does not conflict with the Patent Act. The

court reasoned that “an examiner’s decision not to re-open prosecution is another condition that must be satisfied before an appeal reaches the Board.” Pet.App.20. Nothing in the statute, it said, “suggests the PTO cannot impose conditions on the [Appeal Board’s] ability to reach the merits of an appeal or delay the appeal.” Pet.App.21. And if an applicant believes that the PTO is abusing that authority, it concluded, he can eventually file an APA undue-delay suit. *Id.*

REASONS FOR GRANTING THE PETITION

Congress provided patent applicants the rights to appeal adverse examiner decisions to the Appeal Board and then to court, and the PTO claims authority in MPEP § 1207.04 to deny applicants those rights. The decision below sanctions that rule, holding that the PTO has authority to erect barriers to exercise of applicants’ appeal rights, up to and including blocking appeals altogether, because the Patent Act also permits it to condition appeals on ministerial acts like paying the appeal fee and filing a brief. That decision conflicts with the statutory text, contravenes this Court’s decision on the very same issue in *Steinmetz*, and upsets the balance struck by Congress, which required applicants to endure only so much back-and-forth prosecution with examiners before they have the right to seek independent review from the Appeal Board and ultimately the courts. It also has serious consequences for applicants, who are increasingly being forced to bear the burden, cost, and delay inherent in bringing and briefing statutorily-

authorized appeals only to have the PTO unilaterally terminate them. This Court’s review is required to rein in an agency that refuses to recognize a crucial check on its own authority.

**I. The Federal Circuit’s Decision
Contravenes the Patent Act and Ignores
This Court’s Decision in *Steinmetz***

The Patent Act unambiguously confers on applicants a right to appeal following a second examiner rejection and unambiguously requires the Appeal Board to review examiner rejections. 35 U.S.C. §§ 134(a), 6(b)(1). This Court held as much in *U.S. ex rel. Steinmetz v. Allen*, 192 U.S. 543, 563–66 (1904), finding that mandamus was the appropriate remedy when, as here, the PTO denied its obligation to allow an appeal to proceed to the appeal panel. The contrary decision of the court below, which upheld the PTO’s rule permitting it to block appeals at its sole discretion, contravenes both the statute and *Steinmetz*.

**A. The Patent Act Confers Meaningful
Appeal Rights**

The statutory text clearly precludes the authority to block appeals that the PTO asserts in MPEP § 1207.04. Section 134(a) provides that “[a]n applicant for a patent, any of whose claims has been twice rejected, may appeal from the decision of the patent examiner to the Patent Trial and Appeal Board.” 35 U.S.C. § 134(a). Section 6(b), in turn, states that “[T]he Patent Trial and Appeal Board shall—(1) on

written appeal of an applicant, review adverse decisions of examiners upon applications for patents pursuant to section 134(a).” 35 U.S.C. § 6(b). Taken together, those two provisions guarantee patent applicants the right to appeal examiner rejections to the Appeal Board and therefore prevent the PTO from blocking such appeals by reopening prosecution.

That conclusion is compelled by four features of the statute. First, the vesting of an applicant’s appeal right at a specific time, after any claim has been “twice rejected,” reflects Congress’s decision to limit how much back-and-forth examination an applicant is required to endure before obtaining independent review. After a second rejection, the Act gives the *applicant* the choice to appeal, irrespective of whether the PTO would prefer to extend prosecution with a third, fourth, or even later round of rejections. *Compare Util. Air Reg. Grp. v. EPA*, 134 S. Ct. 2427, 2445–46 (2014) (agency lacks authority to depart from “unambiguous numerical thresholds” set by Congress). The Federal Circuit had nothing to say about this feature of the statute, even though it contradicts the PTO’s asserted authority in MPEP § 1207.04 to reopen prosecution so as to enter additional rejections beyond the second before the applicant can reach the Board.

The second feature is Congress’s use of the word “appeal.” That word has a well-established meaning in the law that goes far beyond just filing a piece of paper labeled “notice of appeal” that an agency is free to disregard, as the PTO does when it invokes MPEP § 1207.04 to resume prosecution notwithstanding the

filing of an appeal. Justice Story’s explication of the word’s meaning is as apt today as it was in his time: “Appeal...is defined ‘ab inferioris judicis sententiâ ad superiorem provocate:’ the removal of a cause from the sentence of an inferior to a superior judge.” *United States v. Wonson*, 28 F. Cas. 745, 748 (C.C.D. Mass. 1812) (No. 16,750); *see also Black’s Law Dict.* (10th ed. 2014) (defining an “appeal” as “[a] proceeding undertaken to have a decision reconsidered by a higher authority; esp., the submission of a lower court’s or agency’s decision to a higher court for review and possible reversal”). The decision below, however, accepted the PTO’s “just-a-piece-of-paper” view of what it means to appeal, holding that it was enough that “[t]he PTO’s rules allow applicants to seek review of examiners’ final rejections before a higher authority.” Pet.App.21. No matter that MPEP 1207.04 empowers the PTO to block that appeal from ever reaching any higher authority—in the Federal Circuit’s view, the PTO’s acquiescence in permitting an appeal is merely a “condition” of exercising the right to appeal. Pet.App.20.

Third is Congress’s command that the “Appeal Board shall—on written appeal of an applicant, review adverse decisions of examiners upon applications for patents pursuant to section 134(a).” 35 U.S.C. § 6(b). It is difficult to conceive of any way that Congress could more clearly have communicated that applicants have the right to Board review: the statute literally says that, when an applicant appeals pursu-

ant to Section 134(a), the Board “shall” conduct review. *See, e.g., Lopez v. Davis*, 531 U.S. 230, 241 (2001) (discussing the import of “legislators’ use of a mandatory ‘shall’”); *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1354 (2018). Yet, according to the decision below, that language has nothing to say about whether the PTO must allow statutorily-authorized appeals to reach the Board. Pet.App.20.

The fourth relevant feature is that Board review is the gateway to judicial review of PTO patentability determinations. Sections 141 and 145 both condition judicial review on an adverse decision of the Appeal Board. 35 U.S.C. §§ 141(a), 145. By empowering PTO to block appeals to the Appeal Board, MPEP § 1207.04 also permits it to block judicial review indefinitely. Even if there was some doubt over the meaning of the Patent Act’s appeal provisions, the “well-settled presumption favoring interpretations of statutes that allow judicial review of administrative action,” *McNary v. Haitian Refugee Ctr., Inc.*, 498 U.S. 479, 496 (1991), would require rejecting PTO’s assertion of authority in MPEP § 1207.04 to block appeals and judicial review. Turning that presumption on its head, the Federal Circuit found it sufficient that, in cases of extreme abuse, an applicant could file an APA undue delay action, Pet.App.21—which would not, in any instance, provide review of PTO’s patentability determinations.

Any of these four features of the statute, standing alone, would be sufficient to reject the interpretation adopted by the court below that an applicant has no

right to reach the Board following a second rejection. Taken together, they conclusively preclude the PTO's self-serving view that its patentability determinations are subject to Board and judicial review only when the agency deigns to permit it.

B. *Steinmetz* Rejects the PTO's Claimed Authority to Block Appeals

The Federal Circuit's interpretation of the Patent Act as authorizing the PTO to block appeals would be indefensible if the court had been writing on a blank slate, but it was not. This Court confronted and rejected the very same assertion of authority by the PTO in *U.S. ex rel. Steinmetz v. Allen*, 192 U.S. 543 (1904). It held that mandamus was the appropriate remedy when the PTO refused to permit an applicant's appeal, filed after a second rejection, to proceed to the board of examiners-in-chief, the predecessor of today's Appeal Board. The Court stated: "It was the duty of the primary examiner...to grant an appeal. It was the duty of the Commissioner to compel the appeal." *Id.* at 565. And because the PTO's undertaking of these "ministerial" duties were "rights which the statutes confer on inventors," they were enforceable through mandamus. *Id.* at 563, 565–66.

Steinmetz should have been controlling here. Although the relevant statutory provisions have been reenacted, they are unchanged in substance since *Steinmetz*'s day. See *In re Hengehold*, 440 F.2d 1395, 1401 n.9 (C.C.P.A. 1971). Revised Statute 4909, like Section 134(a) today, provided that "[e]very applicant for a patent, any of the claims of which have been

twice rejected..., may appeal from the decision of the primary examiner...to the board of examiners-in-chief.” *Steinmetz*, 192 U.S. at 563 (quoting statute). And Revised Statute 482, like Section 6(b) today, provided that the board of examiners-in-chief’s “duty...shall be, on the written petition of the appellant, to revise and determine upon the validity of the adverse decisions of examiners upon applications for patents.” *Id.* So there has been no material change in the law since *Steinmetz*. And yet the Federal Circuit declined to address it.

Instead of following the statutory text and *Steinmetz*, the Federal Circuit gave the PTO free license to override patent applicants’ statutory appeal rights, the sole check on the PTO’s examination conduct. That was serious error.

II. The Question Presented Is Exceptionally Important and Frequently Recurring

Whether an applicant has the right to obtain independent review of the PTO’s patentability decisions is a fundamental question of patent procedure, one that directly impacts thousands of applications every single year and, as a practical matter, affects every single application that the PTO examines.

Recognizing that prosecution can be costly, burdensome, and sometimes result in erroneous determinations, Congress carefully balanced the public’s interest in the thoroughness of examination with applicants’ legitimate interests in speed, economy, and definitive adjudication of their substantive entitlement

to patents on their inventions. MPEP § 1207.04, and the decision below upholding it, severely upset that balance, derogating from the rights Congress afforded applicants in favor of the PTO's convenience. That has serious consequences.

Foremost is the direct injury to thousands of applicants each year when the PTO wields MPEP § 1207.04 to block their appeals. To secure patent rights in their inventions, applicants spend years, and sometimes millions of dollars apiece, prosecuting their applications. Each of those applicants, who have already completed prosecution of their applications, is forced to shoulder the cost, burden, and delay of fully briefing an appeal for decision only to be cast back into prosecution to address new grounds of rejection. They also suffer the delay or practical denial of judicial review, which can proceed only after the Board has had its say.

Thousands of inventors are suffering these consequences every year. According to an analysis of 2017 data, the PTO used MPEP § 1207.04 to block 2,200 appeals in which the applicant had filed an appeal brief, out of 15,800 total, or about 14 percent.⁴ Thus, in a single year, applicants completed prosecution of over 2,000 applications through at least two rounds of rejections, filed appeals to the Board, prepared and filed appeal briefs that are little different from court appeal briefs in length and expense, and then were forced to start over again when the PTO terminated

⁴ Gilles, *supra*.

their appeals. The needless cost and waste associated with these actions is unknown only because the PTO has made no attempt to tally it—for that matter, it has not published any statistics concerning its use of MPEP § 1207.04.

And that is not the worst of it. The PTO has, on thousands of occasions, blocked multiple appeals in a single application.⁵ For example, in Application Ser. No. 10/135,982, the PTO blocked three consecutive appeals beginning in 2007 to enter new grounds of rejection before allowing the fourth appeal to reach the Appeal Board. After the Board reversed the examiner, the PTO reopened prosecution to enter additional rejections on new grounds, necessitating the filing of yet another appeal, which only recently (a decade after the initial abortive appeal) resulted in allowance. In Applications Ser. Nos. 10/142,269 and 11/464,813, the PTO blocked consecutive appeals in that manner five and six times, respectively, before the applicants simply gave up and abandoned their applications. And in Application Ser. No. 13/617,320, the PTO blocked three consecutive appeals, leading the applicant to demonstrate in a subsequent petition that the new grounds of rejection entered by the examiner were made “without even reading the appeal brief.”⁶

⁵ This analysis is based on application data compiled in LexisNexis PatentAdvisor database.

⁶ Petition, at 4, Ser. No. 13/617,320 (filed Nov. 20, 2017).

Then there is the impact on examination quality. MPEP § 1207.04 permits the PTO to draw out examination indefinitely, subjecting applicants to piecemeal identification of new grounds for additional rounds of rejections. The Act, by providing for appeal as of right following a second rejection, strongly incentivizes examiners to identify all relevant grounds of rejection by the second rejection at the latest, when an examiner's work becomes subject to Board review. The PTO itself has recognized as much. *See* 37 C.F.R. § 1.104(b); MPEP § 2103.I (“[E]xaminers should state all reasons and bases for rejecting claims in the first Office action.”). By giving examiners discretion to undertake unlimited additional rounds of rejections prior to Board review, MPEP § 1207.04 relieves examiners from their duty to complete quality examination in the first instance and attenuates the accountability function of Board review. That, in turn, adversely affects examination for all applicants, not only those who appeal or whose appeals are blocked. In this way, MPEP § 1207.04's departure from the Act's appeal structure undermines examination quality across the board.

III. This Case Is an Ideal Vehicle To Assess the Lawfulness of MPEP § 1207.04

This case presents an ideal and timely vehicle for the Court to resolve a fundamental question of patent procedure, patent-applicant rights, and agency power. Given the Federal Circuit's exclusive jurisdiction over questions of patent law, 28 U.S.C.

§ 1295(a)(1), there will be no further percolation of this issue through the lower courts.

To begin with, this case properly raises the issue of the PTO's claimed authority in MPEP § 1207.04 to block statutorily-authorized appeals by patent applicants. That issue was raised before the agency in Mr. Hyatt's petitions, and the agency addressed it at length, expressing its views on the proper interpretation of Sections 6 and 134 and the extent of its authority to impose non-statutory "conditions" on appeals and to reconsider its patentability determinations. Pet.App.20. After being fully exhausted before the agency, that issue was then briefed before the district court and Federal Circuit, which addressed it on the merits.

Moreover, although the issue presented is an important and recurring one, it is unlikely that another vehicle will soon arise for the Court to address it. When the PTO applies MPEP § 1207.04 to block an appeal, that action...blocks the appeal, preventing judicial review. The fact that an applicant is able to make it to court means that the PTO has not applied MPEP § 1207.04, precluding the issue from ever being raised directly. And no one could have suspected, when the PTO promulgated MPEP § 1207.04 in 2005, that it would, years later, come to regard the use of that extraordinary device as a routine matter.

Accordingly, the only available vehicle to challenge the PTO's claim of authority in MPEP § 1207.04 is through petitioning the PTO for rulemaking to repeal the rule and then bringing an APA action to challenge

the petition denial—a process that takes years and involves substantial expense. The Petitioners have borne that burden so as to obtain relief from an unlawful PTO policy that would otherwise escape review. Another vehicle raising this important and recurring issue is not likely to come anytime soon.

CONCLUSION

The Court should grant the petition.

Respectfully submitted,

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APRIL 2019

APPENDIX

App. 1

**United States Court of Appeals
for the Federal Circuit**

**GILBERT P. HYATT, AMERICAN
ASSOCIATION FOR EQUITABLE
TREATMENT, INC.,**
Plaintiffs-Appellants

v.

**UNITED STATES PATENT AND TRADEMARK
OFFICE, ANDREI IANCU, IN HIS OFFICIAL
CAPACITY AS UNDER SECRETARY OF
COMMERCE FOR INTELLECTUAL
PROPERTY AND DIRECTOR OF THE UNITED
STATES PATENT AND TRADEMARK OFFICE,**
Defendants-Appellees

2017-1722

Appeal from the United States District Court for
the District of Nevada in No. 2:16-cv-01490-RCJ-PAL,
Judge Robert Clive Jones.

Decided: September 24, 2018

ANDREW M. GROSSMAN, Baker & Hostetler LLP, Washington, DC, argued for plaintiffs-appellants. Also represented by MARK W. DELAQUIL.

MOLLY R. SILFEN, Office of the Solicitor, United States Patent and Trademark Office, Alexandria, VA, argued for defendants-appellees. Also represented by THOMAS W. KRAUSE, ROBERT J. MCMANUS.

Before REYNA, WALLACH, and HUGHES, *Circuit Judges*. HUGHES, *Circuit Judge*.

Gilbert Hyatt sued the United States Patent and Trademark Office alleging that the PTO acted unlawfully in denying his petition for rulemaking. Mr. Hyatt now appeals from the district court's grant of the PTO's motion for summary judgment and dismissal of his claims for lack of subject matter jurisdiction. We reverse the district court's dismissal for lack of subject matter jurisdiction. Because Mr. Hyatt's claims are either time-barred or reliant on mistaken statutory interpretation, however, we affirm on alternate grounds the district court's grant of summary judgment.

I

Mr. Hyatt is the named inventor on more than 70 issued patents and approximately 400 pending patent applications, all of which were filed before June 8, 1995. Due to Mr. Hyatt's numerous amendments,

App. 3

those pending applications contained approximately 115,000 total claims as of August 2015. Each of these applications incorporates by reference, and claims priority from, numerous previously-filed applications dating back to the early 1970s. In October 2012, the PTO dedicated twelve fulltime patent examiners to the sole task of examining Mr. Hyatt's applications. By 2015, that number had increased to fourteen.

The PTO's examination of these patents has proven slow going. Beginning in the mid-2000s, the PTO started issuing final rejections for some applications, prompting Mr. Hyatt to appeal the rejections to the Patent Trial and Appeal Board (PTAB). Upon an applicant's filing of an appeal brief before the Board, the patent examiner may file an examiner's answer setting forth the grounds on which the patent was rejected or adding a new ground of rejection. 37 C.F.R. § 41.39(a). But there is no statutory or regulatory deadline for filing an answer. In Mr. Hyatt's case, the examiners never filed answers to his briefs, which prevented the PTAB from acquiring jurisdiction over his appeals. *See* 37 C.F.R. § 41.35(a).

In 2013, the PTO issued a series of formal office actions, called "Requirements," intended to accelerate examination of Mr. Hyatt's claims. These Requirements instructed Mr. Hyatt to limit the number of claims from each patent family to 600 absent a showing that more claims were necessary, identify the earliest possible priority date and supporting disclosure for each selected claim, and present a copy of the selected claims to the PTO. Although Mr. Hyatt chal-

lenged the PTO's authority to issue these Requirements, we held that the special circumstances of Mr. Hyatt's applications justified the unique disclosure requirements. *Hyatt v. U.S. Patent & Trademark Office*, 797 F.3d 1374, 1385 (Fed. Cir. 2015). Following issuance of the Requirements, the PTO reopened prosecution of 80 applications that its examiners had previously rejected.

In February 2014, Mr. Hyatt responded to the reopening of his 80 applications with a suit in the U.S. District Court for the District of Nevada alleging the PTO unreasonably delayed examination of his applications by reopening prosecution rather than letting the PTAB hear his appeals. *See Hyatt v. U.S. Patent & Trademark Office*, No. 2:14-CV-00311-LDG, 2014 WL 4829538, at *1 (D. Nev. Sept. 30, 2014). The Nevada district court determined that it lacked jurisdiction over Mr. Hyatt's claims and transferred his case to the U.S. District Court for the Eastern District of Virginia. *Id.* In November 2015, the Eastern Virginia district court granted summary judgment for the PTO. *Hyatt v. U.S. Patent & Trademark Office*, 146 F. Supp. 3d 771, 787 (E.D. Va. 2015). Mr. Hyatt did not appeal the court's decision.

While his unreasonable delay case was pending before the Nevada district court, Mr. Hyatt filed a petition for rulemaking with the PTO pursuant to 5 U.S.C. § 553(e). His petition requested that the PTO either promulgate a rule repealing Manual of Patent Examining Procedure (MPEP) § 1207.04 or declare that MPEP provision unenforceable. Section 1207.04 describes an examiner's ability to, "with approval

from the supervisory patent examiner, reopen prosecution to enter a new ground of rejection in response to appellant's brief." This section provides an alternative to MPEP § 1207.03, which allows examiners to include new grounds of rejection in their answers to an applicant's appeal brief. To avoid abandonment of an application following a reopening of prosecution, the applicant must file a reply to the office action reopening prosecution or initiate a new appeal to the PTAB by filing a new notice of appeal. MPEP § 1207.04.

Mr. Hyatt's petition raised three arguments in support of repealing MPEP § 1207.04. He argued that MPEP §1207.04 (1) conflicts with 35 U.S.C. § 6(b)(1)'s creation of a right for applicants to appeal rejections; (2) conflicts with 37 C.F.R. § 41.39's implicit disallowance of prosecution reopening after an applicant's filing of an appeal brief; and (3) was improperly adopted without notice-and-comment rulemaking. In September 2014, the PTO denied Mr. Hyatt's petition. He subsequently requested reconsideration of that denial, which the PTO denied in December 2015.

In June 2016, Mr. Hyatt filed this suit challenging the denial of his petition for rulemaking in Nevada district court under the Administrative Procedure Act. *See* 5

U.S.C. §§ 701–706. Mr. Hyatt's complaint primarily alleges, for the same reasons raised in his petition for rulemaking, that the PTO's adoption of MPEP § 1207.04 was arbitrary and capricious, in excess of

App. 6

statutory authority, and without observance of procedure required by law. Accordingly, he alleges that the PTO's denial of his request to rescind MPEP § 1207.04 was similarly arbitrary and capricious, an abuse of discretion, or otherwise not in accordance with law.

The district court granted summary judgment to the PTO and dismissed all of Mr. Hyatt's claims, determining that it lacked subject matter jurisdiction over them. In choosing to dismiss the case rather than transfer it to a court with the requisite jurisdiction, the district court reasoned that Mr. Hyatt's challenges to MPEP § 1207.04 were "likely precluded" because he could have raised the same arguments in his prior unreasonable delay suit. J.A. 4. Mr. Hyatt now appeals. We have jurisdiction under 28 U.S.C. § 1295(a)(1).

II

We review a district court's grant of summary judgment according to the law of the regional circuit. *Teva Pharm. Indus. Ltd. v. AstraZeneca Pharm. LP*, 661 F.3d 1378, 1381 (Fed. Cir. 2011) (quoting *Lexion Med., LLC v. Northgate Techs., Inc.*, 641 F.3d 1352, 1358 (Fed. Cir. 2011)). The Ninth Circuit reviews such grants de novo. *Universal Health Servs., Inc. v. Thompson*, 363 F.3d 1013, 1019 (9th Cir. 2004). Following the Ninth Circuit, "[w]e must determine, viewing the evidence in the light most favorable to the nonmoving party, whether there are any genuine issues of material fact and whether the district court correctly applied the relevant substantive law." *Id.*

(quoting *EEOC v. Luce, Forward, Hamilton & Scripps*, 345 F.3d 742, 746 (9th Cir. 2003)).

“The district court’s conclusion that it lacks subject matter jurisdiction is subject to de novo review.” *Ip v. United States*, 205 F.3d 1168, 1170 (9th Cir. 2000) (quoting *Central Green Co. v. United States*, 177 F.3d 834, 835 (9th Cir. 1999)). When an issue of claim preclusion is “particular to patent law,” we analyze it under our own law. *Acumed LLC v. Stryker Corp.*, 525 F.3d 1319, 1323 (Fed. Cir. 2008) (quoting *Hallco Mfg. Co. v. Foster*, 256 F.3d 1290, 1294 (Fed. Cir. 2001)). We review de novo whether claim preclusion bars a plaintiff’s claim. *Faust v. United States*, 101 F.3d 675, 677 (Fed. Cir. 1996). Whether a claim is barred by a statute of limitations is also a legal question subject to de novo review. *Newby v. Enron Corp.*, 542 F.3d 463, 468 (Fed. Cir. 2008). An agency’s denial of a petition for rulemaking is reviewed for whether it is arbitrary and capricious. *Preminger v. Sec’y of Veterans Affairs*, 632 F.3d 1345, 1353 (Fed. Cir. 2011).

A

As an initial matter, the district court had subject matter jurisdiction over Mr. Hyatt’s challenge to the PTO’s denial of his petition for rulemaking. Under 28 U.S.C. § 1331, district courts have “original jurisdiction of all civil actions arising under the Constitution, laws, or treaties of the United States.” The APA is a federal statute that provides a cause of action for persons “suffering legal wrong because of agency action.” 5 U.S.C. § 702. Subject to some exceptions inapplica-

ble in this case, APA challenges to federal agency actions usually fall within the district courts' § 1331 jurisdiction. *See Califano v. Sanders*, 430 U.S. 99, 105–07 (1977). In addition, if a plaintiff's APA challenge raises a substantial question of patent law, district courts have jurisdiction under 28 U.S.C. § 1338(a). *Helgott & Karas, P.C. v. Dickinson*, 209 F.3d 1328, 1334 (Fed. Cir. 2000). Here, Mr. Hyatt challenges the validity of a PTO rule, in part on the basis that it conflicts with statutes and regulations governing the patent application process. We have held that “the question of whether the [PTO] has violated the APA in applying . . . its own regulations . . . raises a substantial question under the patent laws sufficient to vest jurisdiction with the district court based in part upon 28 U.S.C. § 1338(a).” *Id.* Thus, the district court had original jurisdiction over Mr. Hyatt's case.

Although Congress has granted this court and the Eastern Virginia district court exclusive jurisdiction to review final PTAB application decisions, this grant does not displace the district court's jurisdiction in this case. Under 35 U.S.C. § 141(a), if the PTAB affirms an examiner's final rejection, the applicant may appeal the PTAB's final decision to this court. Under 35 U.S.C. § 145, an applicant may alternatively challenge the PTAB's decision by instituting a civil action against the PTO Director in the Eastern Virginia district court. But here, Mr. Hyatt's petition for rulemaking was not an appeal from an examiner's rejection of his applications. Relatedly, the PTO Director's denial of Mr. Hyatt's petition is not a PTAB decision. Thus, Mr. Hyatt's challenge to the denial of his petition falls

outside the exclusive zone of jurisdiction created by § 141 and § 145.

The district court reasoned that, even though the denial of Mr. Hyatt’s petition for rulemaking was not itself a final PTAB decision within the scope of § 141 and § 145, it lacked jurisdiction because an order invalidating MPEP § 1207.04 would indirectly affect our jurisdiction over appeals from final PTAB decisions. This reasoning reflected the district court’s interpretation of *Telecommunications Research & Action Center v. FCC*, 750 F.2d 70 (D.C. Cir. 1984) (“*TRAC*”), a case in which the D.C. Circuit noted a “well settled” rule that “where a statute commits review of agency action to the Court of Appeals, any suit seeking relief that might affect the Circuit Court’s future jurisdiction is subject to the exclusive review of the Court of Appeals.” *Id.* at 76, 78–79.

The district court, however, read the *TRAC* rule too broadly. The rule applies to cases concerning interlocutory challenges to agency proceedings that will culminate in final agency actions exclusively reviewable by certain courts. In those cases, the court with jurisdiction over the final agency action also has exclusive jurisdiction over the interlocutory challenges in order to “protect its future jurisdiction.” *In re Nat. Res. Def. Council*, 645 F.3d 400, 405 (D.C. Cir. 2011). For example, in *TRAC*, public interest groups petitioned the D.C. Circuit for a writ of mandamus to compel the Federal Communications Commission to resolve several matters pending before the agency. 750 F.2d at 72. The court determined that district courts would lack jurisdiction over this type of unreasonable

delay challenge because the final agency action that the petitioners sought to compel would be exclusively reviewable in the courts of appeals. *Id.* at 75, 77. Similarly, in *Public Utility Commissioner of Oregon v. Bonneville Power Administrator*, 767 F.2d 622 (9th Cir. 1985), utility companies sued the Bonneville Power Administration in district court to challenge the constitutionality of the agency's process for adjusting the way in which it calculated certain electricity prices. *Id.* at 624–25. The court determined that, because the agency's final decision on rate calculations would be exclusively reviewable in the court of appeals, an interlocutory challenge to the process of making that decision could not be brought in the district courts. *Id.* at 625–26.

In contrast to the agency actions challenged in those cases, the PTO's denial of Mr. Hyatt's petition was not an intermediate action taken in the course of proceedings that would culminate in a final agency action exclusively reviewable by this court and the Eastern Virginia district court. The process for petitioning the PTO for rulemaking is completely separate from the patent application examination process that culminates in final PTAB decisions. Thus, we do not need to exercise exclusive jurisdiction over denials of petitions for rulemaking in order to protect our future jurisdiction. If another court granted Mr. Hyatt's requested relief and prohibited PTO examiners from reopening prosecution of applications after an appeal brief has been filed, the prosecution process would change, but our ability to review final PTAB decisions would remain unaffected.

Accordingly, the exclusive jurisdiction of this court and the Eastern Virginia district court to review final PTAB decisions under § 141 and § 145 does not displace the district court's jurisdiction over APA challenges to the PTO's denial of a petition for rulemaking.

B

The PTO argues that the judgment in Mr. Hyatt's prior unreasonable delay case bars his present claims under the doctrine of claim preclusion. In his prior suit, Mr. Hyatt challenged the PTO's reopening of prosecution for 80 of his pending applications. *Hyatt*, 146 F. Supp. 3d at 773. He alleged that the prosecution re-openings formed part of a pattern of unreasonable delay by the PTO that included issuing repeated examination suspensions and raising new grounds of rejection. *Id.* at 773, 780. He sought a declaration that the PTO had "unreasonably delayed final agency action on the 80 patent applications in issue" and injunctive relief "barring the PTO from reopening prosecution on the PTO's own initiative once plaintiff files ... an appeal brief." *Id.* at 780. The Eastern Virginia district court granted summary judgment for the PTO on the grounds that Mr. Hyatt lacked a remedy because the PTO had recommenced examination of his applications. *Id.* at 787. Mr. Hyatt does not dispute that he could have argued in his prior suit that MPEP § 1207.04 is invalid.

For general principles of claim preclusion, we apply the law of the regional circuit. But, for claim preclusion issues "particular to patent law," as is the case

here which requires an analysis of issues related to the prosecution and examination of patents, we apply our own law. *Acumed LLC*, 525 F.3d at 1323. Claim preclusion applies when “(1) there is identity of parties (or their privies); (2) there has been an earlier final judgment on the merits of a claim; and (3) the second claim is based on the same set of transactional facts as the first.” *Jet, Inc. v. Sewage Aeration Sys.*, 223 F.3d 1360, 1362 (Fed. Cir. 2000). Both parties agree that the prior unreasonable delay case involved identical parties and reached a final judgment on the merits. They only dispute whether the prior case involved the same set of transactional facts.

To determine whether there is an identity of claims, this court is guided by the Restatement (Second) of Judgments. *Foster v. Hallco Mfg. Co.*, 947 F.2d 469, 478 (Fed. Cir. 1991). Under the Restatement approach, what constitutes the same transaction of facts is “to be determined pragmatically,” considering “whether the facts are related in time, space, origin, or motivation, whether they form a convenient trial unit, and whether their treatment as a unit conforms to the parties’ expectations or business understanding or usage.” Restatement (Second) of Judgments, § 24 (Am. Law Inst. 1982).

Consideration of these factors makes clear that Mr. Hyatt’s claims in this case do not share an identity with his unreasonable delay claims. First, the two sets of claims relate to different sets of facts. Mr. Hyatt’s unreasonable delay claims arose from the PTO’s reopening of prosecution for 80 of his applications in 2013. In contrast, his present claims arose from the

PTO's denial of his petition for rulemaking in December 2015. This petitioning process is completely independent of the PTO's application examination process. In addition, the two sets of claims could not have been conveniently tried together. Mr. Hyatt's petition for rulemaking was not denied until December 2015, more than two years after the re-openings of his applications and a month after the final decision in his unreasonable delay case. Thus, even though Mr. Hyatt could have raised the same *arguments* concerning MPEP § 1207.04's validity in his prior suit, his present *claims* arise from a different set of facts unrelated in time, origin, or motivation to his prior unreasonable delay claims. Accordingly, claim preclusion does not bar his present claims.

The PTO's argument that the two sets of claims arise from the same set of transactional facts relies on a misunderstanding of Mr. Hyatt's claims. The PTO frames Mr. Hyatt's suit as a collateral attack on the agency's reopening prosecution for the 80 applications at issue in his unreasonable delay case. But Mr. Hyatt's present suit does not seek any relief related to those 80 applications. His claims challenge the PTO's denial of his petition for rulemaking and his complaint only seeks forward-looking relief such as “[a] declaration that MPEP § 1207.04 is unlawful,” “[a] declaration that the PTO ... unlawfully denied the Director Petition,” and “[a]n order enjoining the PTO ... from enforcing MPEP § 1207.04.” J.A. 23–24. The re-

requested relief makes clear that Mr. Hyatt is not collaterally attacking the PTO's prior prosecution reopenings.¹

C

The PTO next argues that Mr. Hyatt's claims are time-barred. In the absence of a specific statutory limitations period, actions for judicial review against the United States under the APA are subject to the statute of limitations in 28 U.S.C. § 2401(a). *See Schwalier v. Hagel*, 776 F.3d 832, 835 (Fed. Cir. 2015); *Preminger v. Sec'y of Veterans Affairs*, 517 F.3d 1299, 1307 (Fed. Cir. 2008). Section 2401(a) provides that "every civil action commenced against the United States shall be barred unless the complaint is filed within six years after the right of action first accrues."

A procedural challenge to an agency rulemaking under the APA accrues at the time of final agency action. *Preminger*, 517 F.3d at 1307. The promulgation of a regulation is a final agency action. *Id.* Although the issue has not been directly addressed by this

¹ Although claim preclusion does not bar Mr. Hyatt's challenge to MPEP § 1207.04 in this challenge to the PTO's denial of his petition for rulemaking, he does not have free reign to raise similar challenges in any future proceeding. Because Mr. Hyatt undoubtedly could have challenged the validity of MPEP § 1207.04 in his unreasonable delay suit, claim preclusion would bar him from doing so in any future case arising from the PTO's reopening of prosecution for the 80 applications at issue in his prior case.

court, other circuits apply a separate standard to accrual for substantive challenges to agency rulemaking. *See Wind River Min. Corp. v. United States*, 946 F.2d 710, 714–15 (9th Cir. 2001); *see also Pub. Citizen v. Nuclear Regulatory Comm’n*, 901 F.2d 147, 152 (D.C. Cir. 1990). A substantive challenge alleges that the agency acted in excess of its constitutional or statutory authority. *Wind River Min. Corp.*, 946 F.2d at 715. For substantive challenges, the right of action accrues either when the agency makes its initial decision or at the time of an adverse application of the decision against the plaintiff, whichever comes later. *Id.* An agency’s denial of a plaintiff’s petition for rulemaking qualifies as an adverse application of the existing rule against the plaintiff. *Nw. Envtl. Advocates v. EPA*, 537 F.3d 1006, 1019 (9th Cir. 2008). We see no reason to depart from this precedent regarding the accrual date for a substantive challenge.

Here, Mr. Hyatt’s challenge to the PTO’s denial of his petition for rulemaking is based on three challenges to MPEP § 1207.04, two of which are time-barred. First, Mr. Hyatt argues that the PTO promulgated MPEP § 1207.04 without providing public notice and an opportunity to comment. Because this challenge alleges a procedural irregularity in the PTO’s adoption of the rule, this right of action accrued at the time the agency made its initial decision to adopt MPEP § 1207.04. The PTO added MPEP § 1207.04 to the MPEP in 2005. *See* MPEP § 1207.04 (8th ed. , rev. 3, Aug. 2005). Mr. Hyatt filed his complaint in 2016. Thus, his notice-and-comment claim

was filed outside of the six-year statute of limitations period and is time-barred.

Mr. Hyatt argues that, although the PTO added MPEP § 1207.04 to the MPEP in 2005, the PTO's subsequent amendments to MPEP § 1207.04 in 2014 restarted the statute of limitations. This court has not addressed the impact of rule amendments on the statute of limitations for procedural challenges to a rule. Mr. Hyatt urges the adoption of the D.C. Circuit's rule that treats an amendment that "substantively alter[s]" the rule in a way that "alter[s] the rights and obligations" of regulated persons as restarting the statute of limitations. *Mendoza v. Perez*, 754 F.3d 1002, 1019–20 (D.C. Cir. 2014).

Even under the D.C. Circuit's rule, however, the statute of limitations would not be reset by the PTO's 2014 amendment to § 1207.04 because the amendment did not substantively alter the rule. In *Mendoza*, the D.C. Circuit determined that the Department of Labor substantively altered the foreign worker visa process by altering substantive rights (e.g., minimum wage rates for sheep herders) as well as procedural rules governing the visa application process. *Id.* at 1019–20. Here, the PTO added language to MPEP § 1207.04 providing that a new ground of rejection raised by the examiner to reopen prosecution could "include[] both a new ground that would not be proper in the examiner's answer as described in MPEP § 1207.03, subsection II and a new ground that would be proper." *Compare* MPEP § 1207.04 (8th ed., rev. 9, Aug. 2012), *with* MPEP § 1207.04 (9th ed., rev. 1, Mar. 2014). These changes clarified the meaning of a term

that already appeared in the original rule. They did not alter the procedures by which an examiner reopened prosecution or alter the substantive rights of the applicant. Thus, the PTO's amendments to MPEP § 1207.04 did not restart the statute of limitations for Mr. Hyatt's procedural challenges.

Mr. Hyatt also argues that the PTO's reconsideration of the issue of reopening prosecution in 2011 and 2013 restarted the statute of limitations. When "an agency's actions show that it has not merely republished an existing rule ... but has reconsidered the rule and decided to keep it in effect," the agency's "renewed adherence" to the rule is "substantively reviewable" even if a challenge to the agency's original adoption of the rule would be timebarred. *See Pub. Citizen*, 901 F.2d at 150 (quoting *Ass'n of Am. R.Rs. v. ICC*, 846 F.2d 1465, 1473 (D.C. Cir. 1988)). Here, the PTO's actions do not show any reconsideration of the practices codified in MPEP § 1207.04. In 2011, the PTO declined to alter the level of supervisory approval necessary for an examiner to reopen prosecution. *Rules of Practice Before the Board of Patent Appeals and Interferences in Ex Parte Appeals*, 76 Fed. Reg. 72,287 (Nov. 22, 2011). In 2013, the PTO adjusted its appeal fee structures to limit fees when an examiner reopens prosecution after an appeal brief has been filed. *Setting and Adjusting Patent Fees*, 78 Fed. Reg. 4,230–31 (Jan. 18, 2013). While these issues tangentially relate to prosecution reopening, the PTO's discussion of them does not suggest that it reconsidered whether examiners should be able to reopen prosecution of an application after an applicant

files an appeal brief before the PTAB. Accordingly, the PTO's 2011 and 2013 discussions of related issues did not restart the statute of limitations for Mr. Hyatt's challenges to MPEP § 1207.04.

Mr. Hyatt's argument that MPEP § 1207.04 conflicts with 37 C.F.R. § 41.39 is also time-barred. This challenge is not "substantive" because an agency can violate its own regulations while remaining within its statutory and constitutional authority. Nor is the challenge "procedural" because an argument that two rules substantively conflict does not challenge how the agency adopted the rules. Thus, for the purpose of determining when a right of action accrues under § 2401(a), we view a claim that an agency's action conflicts with a preexisting regulation as a policy-based challenge. Because the right of action for a policy-based challenge to an agency action accrues at the same time as the right of action for a procedural challenge, *see Wind River Min. Corp.*, 946 F.2d at 715, the latest that this right of action could have accrued was also 2005, outside the six-year statute of limitations period. Thus, Mr. Hyatt's claim that MPEP § 1207.04 conflicts with 37 C.F.R. § 41.39 is also time-barred.

Mr. Hyatt's argument that MPEP § 1207.04 violates 35 U.S.C. § 6(b)(1), however, is timely. This claim concerns the statutory authority of the PTO to adopt MPEP § 1207.04, which makes it a substantive challenge. The PTO denied Mr. Hyatt's petition for rulemaking in 2015, which qualifies as an adverse application of MPEP § 1207.04 against him. *See Nw. Entl. Advocates*, 537 F.3d at 1019. As a result, his right

of action accrued in 2015, well within the limitations period.

D

Because his other claims are time-barred, we only consider the merits of Mr. Hyatt's claim that the PTO unlawfully denied his petition for rulemaking because MPEP § 1207.04 violates 35 U.S.C. § 6(b)(1). Section 6(b)(1) requires that the PTAB "shall — (1) on written appeal of an applicant, review adverse decisions of examiners upon applications for patents pursuant to section 134(a)." Under 35 U.S.C. § 134(a), "[a]n applicant for a patent, any of whose claims has been twice rejected, may appeal from the decision of the primary examiner to the Patent Trial and Appeal Board, having once paid the fee for such appeal." Mr. Hyatt argues that an examiner's ability to reopen prosecution after an appeal brief has been filed deprives applicants of their right to maintain an appeal under § 6(b)(1). He contends that the statute's use of the term "shall" unambiguously requires the Board to hear an appeal if an applicant files an appeal brief after his claims have been twice rejected. He also contends that the term "appeal" precludes PTO examiners from unilaterally preventing review of their rejections.

"Statutory interpretation begins with the language of the statute." *Norfolk Dredging Co. v. United States*, 375 F.3d 1106, 1110 (Fed. Cir. 2004). "A court derives the plain meaning of the statute from its text and structure." *Id.* When the language of the statute

is clear and unambiguous, the plain meaning of the statute is conclusive absent special circumstances. *Id.*

Here, the plain meaning of § 6(b)(1)'s text refutes Mr. Hyatt's arguments. Section 6(b) outlines the PTAB's duties. The statute's mandatory language indicates that the PTAB does not have discretion over whether to review an examiner's rejection of an application. But the text does not require the PTAB to reach the merits of every appeal that is filed. Section 134(a) explicitly conditions an applicant's ability to appeal on the payment of a fee. Mr. Hyatt does not question the PTO's authority to impose procedural conditions that must be satisfied prior to PTAB review, such as time limits and content restrictions for the filing of an appeal brief. *See* 37 C.F.R. § 41.37. Failure to comply with these procedural requirements can result in dismissal of an appeal even after the applicant has filed the written notice of appeal contemplated by § 6(b)(1). 37 C.F.R. § 41.37(c). Under current examination rules, an examiner's decision not to reopen prosecution is another condition that must be satisfied before an appeal reaches the Board. These conditions on the PTAB reaching the merits of an appeal do not conflict with § 6(b)(1)'s requirement that the PTAB review rejections.

The inclusion of the term "appeal" in § 6(b)(1) does not alter this analysis. Mr. Hyatt asserts that "appeal" is a term of art that connotes an adverse party, here the PTO examiner, cannot unilaterally prevent review. He cites Black's Law Dictionary, which defines "appeal" as "[a] proceeding undertaken to have a decision reconsidered by a higher authority; esp.,

the submission of a lower court's or agency's decision to a higher court for review and possible reversal." Black's Law Dictionary (10th ed. 2014). Even assuming Congress intended to adopt this definition for § 6(b)(1), it does not support Mr. Hyatt's inference. The PTO's rules allow applicants to seek review of examiners' final rejections before a higher authority, the PTAB. Nothing in this definition of appeal suggests the PTO cannot impose conditions on the PTAB's ability to reach the merits of an appeal or delay the appeal. Allowing examiners to reopen prosecution does not deprive applicants of their right to appeal final examiner rejections because reopening prosecution cannot circumvent PTAB review. Once the examiner adds a new ground of rejection, the applicant may immediately appeal it along with the old grounds. MPEP § 1207.04.

Mr. Hyatt expresses concern that examiners could use repeated prosecution re openings to prevent the PTAB from ever reviewing application rejections. But the prospect that prosecution re openings after the filing of an appeal brief might be used abusively cannot override the plain meaning of § 6(b)(1). Moreover, as Mr. Hyatt knows, the APA offers a remedy for such situations by enabling reviewing courts to compel agency actions unlawfully withheld or unreasonably delayed without adequate reason or justification. 5 U.S.C. §§ 702, 706(1). Mr. Hyatt's prior petition for a writ of mandamus on the basis of unreasonable delay failed because the PTO had already recommenced its examination of his applications by the time the district court reached the case's merits. *Hyatt*, 146 F.

Supp. 3d at 785–86. There is no evidence in the record that, in the wake of that decision, PTO examiners have repeatedly reopened prosecution of Mr. Hyatt’s applications for the purpose of further delaying PTAB review.

III

Mr. Hyatt’s petition for rulemaking relied on two time-barred challenges to MPEP § 1207.04 and an erroneous interpretation of § 6(b)(1). The PTO’s denial of this petition was not arbitrary and capricious. Therefore, we affirm the district court’s grant of the PTO’s motion for summary judgment. Because the district court had jurisdiction over Mr. Hyatt’s claims, however, we reverse the district court’s dismissal of Mr. Hyatt’s action for lack of subject matter jurisdiction and remand for the court to enter judgment in favor of the PTO consistent with this opinion.

AFFIRMED-IN-PART AND REVERSED-IN-PART

Costs

No costs.

**UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA**

GILBERT P. HYATT et
al.

Plaintiffs,

vs.

U.S. PATENT &
TRADEMARK OFFICE
et al.,

Defendants.

2:16-cv-01490-RCJ-PAL

ORDER

This case arises out of the reopening of prosecution of certain patent applications before the U.S. Patent and Trademark Office (“USPTO”). Pending before the Court are cross motions for summary judgment.

I. FACTS AND PROCEDURAL HISTORY

Plaintiffs Gilbert Hyatt and the American Association for Equitable Treatment¹ have sued the USPTO and Director Michelle Lee in this Court. The Complaint lists five causes of action arising out of the alleged unlawfulness of section 1207.04 of the Manual of Patent Examining Procedure (“MPEP”), under which an examiner may “reopen prosecution to enter a new ground of rejection in response to [an appeal to

¹ Hyatt founded this entity in 2016.

the Patent Trial and Appeal Board].” MPEP § 1207.04. Plaintiffs allege that § 1207.04 enables the USPTO to repeatedly reopen prosecution of finally rejected claims upon appeal, thereby frustrating appellate review by the Patent Trial and Appeals Board (“PTAB”) and ultimately the federal courts. Plaintiffs claim in five related causes of action that § 1207.04 is unlawful under the APA and/or the Patent Act or that at a minimum Defendants’ actions in this case violate the APA. The parties have filed cross motions for summary judgment.

II. DISCUSSION

Defendants note that Hyatt currently has approximately 400 patent applications pending, with a total of over 115,000 claims, all filed in or before 1995, and that Hyatt has filed so many amendments to his interrelated claims that the USPTO has 14 patent examiners dedicated full time to examining his applications. Defendants argue that the 2013 decision to reopen prosecution of 80 of his approximately 400 applications was made in order to ensure consistent treatment between the many interrelated applications, not to frustrate appellate review. Defendants ask the Court to grant summary judgment alternatively based on: (1) lack of subject matter jurisdiction; (2) claim preclusion; (3) the statute of limitations; and (4) the merits.

Hyatt previously sued Defendants in this District in 2014, complaining of the delay in appellate review as to the same 80 applications at issue here (“the Previous Action”). (*See* Compl., ECF No. 1 in Case No.

2:14-cv-311). Judge George transferred the Previous Action to the Eastern District of Virginia, which shared exclusive jurisdiction with the Court of Appeals. (See Order, ECF No. 29 in Case No. 2:14-cv-311). That court granted summary judgment to Defendants on the merits. See *Hyatt v. USPTO*, 146 F. Supp. 3d 771, 787 (E.D. Va. 2015). Plaintiff did not appeal. Although the Complaint in the Previous Action did not specifically refer to the reopening of Hyatt's applications under MPEP § 1207.04, but only to the delay in 23 prosecution and appeal generally, when granting summary judgment against the claims, the court discussed the reopening of prosecution generally and cited § 1207.04 in particular:

Plaintiff has no right to an examination free from suspensions, new grounds for rejection, *or reopened prosecution*; plaintiff's right is merely to an examination of his patent applications. Simply put, the remedy for unreasonable delay under § 706(1) is action, not preferential treatment.

Because the statutorily required action—examination of plaintiff's 80 patent applications in issue—is already actively underway, there is nothing for a court to compel. The absence of a remedy eliminates the need to determine whether past delays, if any, were unreasonable.

Id. at 785–86 & n.33 (citing 37 C.F.R. §§ 1.103(e), 41.39(a)(2); MPEP § 1207.04) (footnote omitted; emphasis added). Accordingly, the present claims are precluded.

Moreover, as noted by Judge George in the Previous Action, the courts of this District simply have no subject matter jurisdiction to determine Plaintiffs' claims. *See Pub. Util. Comm'r of Or. v. Bonneville Power Admin.*, 767 F.2d 622, 626 (9th Cir. 1985) (Kennedy, J.) (citing *Telecomms. Research & Action Ctr. v. FCC*, 750 F.2d 70 (D.C. Cir. 1984)) (“[W]here a statute commits review of final agency action to the court of appeals, any suit seeking relief that might affect the court’s future jurisdiction is subject to its exclusive review.”). Because an order invalidating the reopening of prosecution under § 1207.04 would affect the jurisdiction of the PTAB to review the applications at issue and ultimately the jurisdiction of the U.S. District Court for the Eastern District of Virginia or the U.S. Court of Appeals for the Federal Circuit to further review the applications, *see* 35 U.S.C. §§ 144–45, the latter courts have exclusive jurisdiction over the present claims. The Court must therefore either dismiss the case for lack of subject matter jurisdiction or transfer it to one of those courts. The Court will not burden either of those courts with this likely precluded matter. If Plaintiffs wish to refile in one of those courts, they may do so on their own initiative.

CONCLUSION

IT IS HEREBY ORDERED that the Motion for Summary Judgment (ECF No. 22) is GRANTED.

App. 27

IT IS FURTHER ORDERED that the Motion for Summary Judgment (ECF No. 21) is DENIED.

IT IS FURTHER ORDERED that the Clerk shall enter judgment dismissing this action for lack of subject matter jurisdiction and close the case.

IT IS SO ORDERED.

DATED: This 17th day of February, 2017.

ROBERT C. JONES
United States District Judge

App. 28

NOTE: This order is nonprecedential.

**United States Court of Appeals
for the Federal Circuit**

**GILBERT P. HYATT, AMERICAN
ASSOCIATION FOR EQUITABLE
TREATMENT, INC.,**
Plaintiffs-Appellants

v.

**UNITED STATES PATENT AND TRADEMARK
OFFICE, ANDREI IANCU, IN HIS OFFICIAL
CAPACITY AS UNDER SECRETARY OF
COMMERCE FOR INTELLECTUAL
PROPERTY AND DIRECTOR OF THE UNITED
STATES PATENT AND TRADEMARK OFFICE,**
Defendants-Appellees

2017-1722

Appeal from the United States District Court for
the District of Nevada in No. 2:16-cv-01490-RCJ-PAL,
Judge Robert Clive Jones.

**ON PETITION FOR PANEL REHEARING
AND REHEARING EN BANC**

Before PROST, *Chief Judge*, NEWMAN, LOURIE, DYK,
MOORE, O'MALLEY, REYNA, WALLACH, and HUGHES,
*Circuit Judges**.

PER CURIAM.

O R D E R

Appellants American Association For Equitable Treatment, Inc. and Gilbert P. Hyatt filed a combined petition for panel rehearing and rehearing en banc. A response to the petition was invited by the court and filed by Appellee Andrei Iancu. The petition was referred to the panel that heard the appeal, and thereafter the petition for rehearing en banc was referred to the circuit judges who are in regular active service.

Upon consideration thereof,

IT IS ORDERED THAT:

The petition for panel rehearing is denied.

The petition for rehearing en banc is denied.

The mandate of the court will issue on January 17, 2019.

FOR THE COURT

* Circuit Judges Stoll, Taranto, and Chen did not participate.

App. 30

January 10, 2019

Date

/s/ Peter R.

Marksteiner

Peter R. Marksteiner

Clerk of Court

**PETITION TO THE ACTING DIRECTOR HERSELF FOR
REVIEW OF A PETITION DECISION BY CHIEF APJ SMITH
AND FOR RULEMAKING PURSUANT TO 5 U.S.C. § 553(E)
TO REPEAL PARTS OF MPEP §§ 1204 AND 1207**

DECISION

**United States Patent and Trademark Office
Decision on Petition**

I. Introduction

In July 2014, Gilbert P. Hyatt filed a “Petition for Rulemaking Pursuant to 5 U.S.C. § 553(e) or for Other Relief Pursuant to 37 C.F.R. § 1.182 to Repeal Parts of MPEP §§ 1204 and 1207” (“Petition for Rulemaking”). On September 5, 2014, in a decision (“Decision”) signed by the Chief Administrative Patent Judge of the Patent Trial and Appeal Board (“Board”), the USPTO denied Mr. Hyatt’s Petition for Rulemaking. Mr. Hyatt now requests review of the Decision in a “Petition to the Acting Director Herself for Review of a Petition Decision by Chief APJ Smith and for Rulemaking Pursuant to 5 U.S.C. § 553(e) to Repeal Parts of MPEP §§ 1204 and 1207” (“Petition for Review”). Mr. Hyatt asserts, first, that Chief APJ Smith did not have authority to decide the Petition for Rulemaking and, second, that the Decision was incorrect because MPEP § 1207.04 is inconsistent with the

USPTO's statutes and regulations, and invalid for failure to comply with the APA's notice-and-comment procedures. With respect to the first issue, Mr. Hyatt's Petition for Review is **moot** in light of the underlying decision here. With respect to the second issue, because MPEP § 1207.04 is consistent with the statutes and regulations (having even been discussed in the USPTO's rulemaking process), Mr. Hyatt's Petition for Review is **denied**.

II. Authority to Decide the Initial Petition for Rulemaking

Mr. Hyatt argues that his Petition for Rulemaking "should not have been decided by the Chief APJ." Petition for Review, at 3. MPEP § 1002 does not specifically delegate decisions on Petitions for rulemaking like the one filed by Mr. Hyatt to a particular USPTO official. Thus, the fact that MPEP § 1002.02(f)-which lists petitionable matters delegated to the Board for a decision-does not include petitions under 5 U.S.C. § 553(e) is irrelevant. *See id* And even if decisions on petitions under 5 U.S.C. § 553(e) had been delegated to a particular USPTO official in MPEP § 1001, that would not have "confer[red] a right to have a matter decided by" that particular official. MPEP § 1001.01 (Mar. 2014).

Equally unavailing is Mr. Hyatt's contention that the Chief APJ could not decide his Petition for Rulemaking because the Petition did "not involve[] the 'functions of the Board; it involve[d] the actions of the examining operation.'" Petition for Review, at 3. Mr. Hyatt's Petition for Rulemaking sought either repeal

of MPEP § 1207.04, or a declaration from the Director that MPEP § 1207.04 is “unenforceable.” Petition for Rulemaking, at 1. MPEP § 1207.04 resides in MPEP § 1200 titled “Appeals,” making the Petition for Rulemaking one that the Chief APJ of the Board was qualified to address. Whether or not the Board or the Chief APJ has “supervisory authority over the actions of the examining corps” (Petition for Review, at 3) is irrelevant since the relief that Mr. Hyatt sought in his Petition for Rulemaking did not seek to compel or review a particular action by an Examiner; thus, no “supervision” was sought. While, for reasons discussed herein, the USPTO agrees with Mr. Hyatt that MPEP § 1207.04 involves the actions of the examining corps before an appeal reaches the jurisdiction of the Board, that does not mean that an official from within the examination ranks had to decide his Petition for Rulemaking. In short, it was not improper to have the Chief Administrative Patent Judge of the USPTO Patent Trial and Appeal Board decide the Petition for Rulemaking. In any event, Mr. Hyatt’s argument is **moot** in view of this decision.

III. Propriety of MPEP § 1207.04

Mr. Hyatt argues that MPEP § 1207.04—which provides guidance to examiners regarding reopening prosecution after a Board appeal brief has been filed—should be declared invalid or unenforceable because the USPTO lacks such authority. Specifically, first, Mr. Hyatt argues that MPEP § 1207.04 conflicts with 35 U.S.C. § 6(b)(1). Petition for Review, at 4-5. Second, Mr. Hyatt argues that MPEP § 1207.04 conflicts with 37 C.F.R. § 41.39 (“Rule 39”).

Id., at 5-6. Third, Mr. Hyatt makes a number of policy-based arguments why MPEP § 1207.04 should be repealed. *Id.*, at 10-12. Additionally, Mr. Hyatt argues that even if the USPTO has the authority to reopen prosecution after the appeal brief, the authority represents a procedural regulation that must be promulgated through notice-and-comment (although Mr. Hyatt does not actually request that the USPTO undertake such a promulgation). Mr. Hyatt asserts that because MPEP § 1207.04 did not undergo notice-and-comment, it is invalid. *Id.*, at 6-10. As discussed below, MPEP § 1207.04 will neither be repealed nor declared unenforceable.

a. Background

Current MPEP § 1207.04, titled “Reopening of Prosecution After Appeal,” explains that the

examiner may, with approval from the supervisory patent examiner, reopen prosecution to enter a new ground of rejection in response to appellant’s brief. A new ground as used in this subsection includes both a new ground that would not be proper in an examiner’s answer ... and a new ground that would be proper (with appropriate supervisory approval).

MPEP § 1207.04 (Mar. 2014). If the examiner elects not to reopen prosecution after seeing the applicant’s appeal brief, the examiner may file an examiner’s answer in response to the appeal brief. *See* 37 C.F.R. § 41.39. Rule 39, titled “Examiner’s answer,”

provides some information about the content of the examiner's answer, including that it may include a new ground of rejection. *Id.* at § 41.39(a)(2). It then provides the procedural choices available to the applicant if the examiner's answer includes a new ground, specifically that the applicant can either (1) request that prosecution be reopened or (2) maintain the appeal by filing a reply brief responding to the new ground. *See id.* at § 41.39(b).

Thus, the examiner may choose the route for entering a new ground of rejection after the Board appeal brief is filed if deemed necessary and subject to approval. MPEP § 1207.04 provides guidance to the examiner "[i]n deciding whether to reopen prosecution or to add a new ground of rejection to an examiner's answer." MPEP § 1207.04 explains that there may be circumstances in which reopening prosecution to enter a new ground of rejection instead of the examiner's answer is the correct route to take, whether because the new ground would not be proper in an examiner's answer or the new ground would be proper but there are other reasons why it would make more sense to reopen prosecution. MPEP § 1207.04 also directs examiners to the USPTO's interpretation of what constitutes a "new ground of rejection" in deciding how to exercise the examiner's discretion. *See* MPEP § 1207.04 (Mar. 2014) (citing MPEP § 1207.03 subsections II and III).

Critically, while MPEP § 1207.04 and Rule 39 both relate to reopening of prosecution, they do so for different purposes at different stages. MPEP

§ 1207.04 reflects the examiner's discretion to reopen prosecution after considering the applicant's appeal brief but before issuing an examiner's answer. *See* MPEP § 1207.04 (reopening is "in response to appellant's brief"). If the examiner deems it advisable instead to file an answer, Rule 39 addresses the contents of that answer and defines the options available to the applicant to respond to any new ground included therein, including reopening of prosecution. Rule 39, then, does not discuss the possible examiner actions that might precede filing an examiner's answer.

The MPEP guidance regarding reopening of prosecution to enter a new ground of rejection pre-dates 37 C.F.R. § 41.39. Rule 39 was enacted pursuant to notice-and-comment rulemaking; it was first proposed on November 26, 2003, and became final on August 12, 2004. A version of MPEP § 1207.04, which is substantively similar to the current version, was issued soon after that in August 2005. *See* MPEP § 1207.04 (Aug. 2005). Even before Rule 39 was proposed and adopted, however, MPEP § 1208.02 explained that an "examiner may, with approval from the supervisory patent examiner, reopen prosecution to enter a new ground of rejection after appellant's brief or reply brief has been filed." *See, e.g.*, MPEP § 1208.02 (Feb. 2003); MPEP § 1208.02 (Aug. 2001).¹ MPEP § 1208.02-

¹ The MPEP has contained the same or similar guidance going back to at least 1953. *See* MPEP § 1208.01 (Nov. 1953) ("A new ground of rejection (new reference or oth-

the predecessor to MPEP § 1207.04-was substantively similar to current MPEP § 1207.04.²

Not surprisingly, then, the notice-and-comment period leading to the adoption of Rule 39 discussed the examiner's ability to reopen prosecution within the boundaries of that Rule. *See Rules of Practice Before the Board of Patent Appeals and Interferences*, 68 Fed. Reg. 66648, 66653 (Nov. 26, 2003) (Notice of Proposed Rulemaking); *Rules of Practice Before the Board of Patent Appeals and Interferences*, 69 Fed. Reg. 49960, 49979-80 (Aug. 12, 2004) (Final Rulemaking). The USPTO explained in the

erwise) may be introduced after appeal either by reopening the prosecution or by including the rejection in the Examiner's Answer"). Given that the guidance challenged here by Mr. Hyatt has been publicly available for decades, it seems beyond debate that the issues raised now could have been raised long ago. Nonetheless, the USPTO will address the merits of the petition. *See* 5 U.S.C. §§ 553, 555(e).

² Mr. Hyatt asserts that MPEP § 1208.02 substantively changed when it became MPEP § 1207.04. Petition for Review, 9-10. Although, as Mr. Hyatt notes, the MPEP no longer allowed an applicant to request to reinstate an existing appeal with a required accompanying supplemental appeal brief, the applicant could effectively do the same thing by filing a new notice of appeal and appeal brief without paying a new fee. *Compare* MPEP § 1208.02 (Feb. 2003) *with* MPEP § 1207.04 (Aug. 2005). In either case, the applicant would have to address the examiner's new ground, in either the supplemental appeal brief or the revised appeal brief.

Notice of Proposed Rulemaking that examiners could include new grounds of rejection in an answer under then-proposed Rule 39. But, according to the Notice, “[w]here, for example, a new argument(s) or new evidence cannot be addressed by the examiner based on the information then of record, the examiner may need to reopen prosecution rather than apply a new ground of rejection in an examiner’s answer to address the new argument(s) or new evidence.” 68 Fed. Reg. at 66653. The USPTO provided examples to illustrate its interpretation of Rule 39, including one in which the examiner would be expected to reopen prosecution rather than issuing a new ground of rejection in an examiner’s answer. *See id* (Example 2). That example cited MPEP § 1208.02, titled “Reopening of Prosecution After Appeal,” which later became § 1207.04.

The USPTO then received comments in response to the 2003 Notice of Proposed Rulemaking.³ Several of the comments about proposed Rule 39 addressed the issue that the examiner now had a choice within the boundaries of the proposed Rule between reopening prosecution, and issuing new grounds of rejection in an examiner’s answer. For

³ Although Mr. Hyatt had many applications pending during the notice-and-comment period, and although he has been known to comment on proposed rule changes (*see* Comments on July 2007 Rules of Practice Before the Board of Patent Appeals and Interferences in Ex Parte Appeals *available* at <http://www.uspto.gov/ip/rules/comments/bpai1.jsp>), Mr. Hyatt did not comment on proposed Rule 39.

example, “[o]ne comment suggest[ed] that allowing the examiner to institute a new ground of rejection in the examiner’s answer is unfair to the appellant and the examiner should be required to reopen prosecution.” 69 Fed. Reg. at 49979 (Comment 65) (emphasis added). In response, the USPTO did not dispute that the examiner could still reopen prosecution, but explained that the applicant also could request that prosecution be reopened, mooted the commenter’s criticism. *Id.* In response to another comment, the USPTO explained that “in general, if an appellant has previously submitted an argument during prosecution of the application and the examiner has ignored that argument, the examiner will not be permitted to add a new ground of rejection in the examiner’s answer to respond to that argument but would be permitted to reopen prosecution, if appropriate.” *Id.* at 49979-80 (Answer to Comment 68) (emphasis added).

The USPTO thus issued a Final Rulemaking demonstrating its interpretation of Rule 39. Specifically, the USPTO indicated its position that while Rule 39 had been amended to remove the previous prohibition against including new grounds of rejection in the answer, the already-existing ability to reopen prosecution to issue a new ground of rejection remained unchanged.

The USPTO has since repeated its interpretation that Rule 39 did not change the examiner’s preexisting ability to reopen prosecution after an appeal brief. Specifically, in July 2007, the USPTO issued a notice of proposed rulemaking relating to

the Board appeal rules that concluded in November 2011 with a final rule. *See Rules of Practice Before the Board of Patent Appeals and Interferences in Ex Parte Appeals*, 72 Fed. Reg. 41472 (July 30, 2007) (proposed rule); *Rules of Practice Before the Board of Patent Appeals and Interferences in Ex Parte Appeals*, 73 Fed. Reg. 32938 (June 10, 2008) (final rule); *Rules of Practice Before the Board of Patent Appeals and Interferences in Ex Parte Appeals*, 73 Fed. Reg. 74972 (Dec. 10, 2008) (delay of final rule effective date); *Rules of Practice Before the Board of Patent Appeals and Interferences in Ex Parte Appeals*, 74 Fed. Reg. 67987 (Dec. 22, 2009) (advance proposed rule); *Rules of Practice Before the Board of Patent Appeals and Interferences in Ex Parte Appeals*, 75 Fed. Reg. 69828 (Nov. 15, 2010) (proposed rule); *Rules of Practice Before the Board of Patent Appeals and Interferences in Ex Parte Appeals*, 76 Fed. Reg. 72270 (Nov. 22, 2011) (final rule).

That rulemaking included proposed changes to Rule 39. *Compare* 72 Fed. Reg. at 41487 *with* 37 C.F.R. § 41.39 (2005) *and* 37 C.F.R. § 41.39 (2012). In response to the proposed changes, two comments discussed the examiner's option "to reopen prosecution after filing an appeal brief," suggesting that Rule 39 should require a Technology Center Director's approval for the examiner to reopen prosecution at that point. 76 Fed. Reg. at 72287. The USPTO declined to adopt that suggestion because it was

outside the scope of the proposed rules. The proposed rules do not address reopening of

prosecution by the examiner after filing an appeal brief. Rather, subparagraph (a)(2) of proposed and final Bd.R. 41.39 addresses only new grounds of rejection raised in an examiner's answer, and subparagraph (b)(1) of final Bd.R. 41.39 addresses the appellant's right to reopen prosecution in this instance. MPEP § 1207.04 already requires approval from the supervisory patent examiner to reopen prosecution after an appellant's brief or reply brief has been filed.

76 Fed. Reg. at 72287. The USPTO thus repeated its interpretation that Rule 39 did not address or otherwise abridge the examiner's preexisting authority to reopen prosecution after an appeal brief discussed in MPEP § 1207.04. USPTO rulemaking on other subjects reflects the same interpretation. *See, e.g., Setting and Adjusting Patent Fees*, 78 Fed. Reg. 4212, 4230-31 (Jan. 18, 2013) (revising *ex parte* appeal fee structure to permit applicants to avoid paying the majority of the fee in situations where the examiner reopens prosecution, or allows an application, after an appeal brief is filed).

b. MPEP § 1207.04 Does Not Conflict With 35 U.S.C. § 6(b)(1)

35 U.S.C. § 6(b)(1) provides that the Board "shall ... on written appeal of an applicant, review adverse decisions of examiners upon applications for patents pursuant to section 134(a)." Mr. Hyatt asserts that § 6 "appoint[s] a duty to the Board to decide" an applicant's appeal once brought. *Petition for Review*,

at 4. Elsewhere, Mr. Hyatt states that “[b]y conferring the obligation on the Board to review adverse decisions, the Patent Act forecloses a procedure whereby an examiner can, after appeal is taken, short-circuit that review.” Petition for Review, at 5. No conflict exists.

The basis for Mr. Hyatt’s argument that a conflict exists is unclear. On the one hand, Mr. Hyatt seems to be arguing that § 6 creates an unavoidable duty on the part of the Board to “review adverse decisions of examiners” once an applicant files a notice of appeal; thus, because the MPEP discusses the ability of the examiner to reopen prosecution before the case reaches the Board, MPEP § 1207.04 conflicts with 35 U.S.C. § 6. However, § 6 only “provides in general terms an organization or vehicle for review of adverse decisions.” *In re Hengehold*, 440 F.2d 1395, 1404 (CCPA 1971) (referring to predecessor version 35 U.S.C. § 7). That § 6 provides only a vehicle for review of adverse examiner decisions is confirmed by its presence in Chapter 1 of Title 35, providing generally for USPTO organization and personnel.

Moreover, § 6 does not even provide for an applicant’s right to appeal; 35 U.S.C. § 134(a) provides that right. *Hengehold*, 440 F.2d at 1404 (explaining that “Section 134 ... is among the sections establishing the statutory rights an applicant has during the examination proceeding.”). But even if Mr. Hyatt had based his argument upon 35 U.S.C. § 134(a), it would fail. Section 134(a) simply affords an applicant the right to file an appeal to the Board;

it does not compel any particular result in that appeal, let alone create an unavoidable duty on the Board to review the rejections that form the basis for the appeal.

Mr. Hyatt's interpretation also fails to account for other portions of the Patent Act and related implementing regulations, which place various requirements on an applicant in order to have an appeal heard by the Board. In particular, § 134(a) requires that the applicant have claims that have been twice rejected and that the applicant have "once paid the fee" for an appeal. Indeed, § 134(a)'s recognition that the applicant need only have "once paid the fee" for an appeal recognizes that an applicant's appeal might be reinstated later, after further action by the USPTO, but that the applicant in that situation need not pay the fee again for that particular appeal. *See, e.g.*, MPEP § 1207.04; 37 C.F.R. § 41.3 l(c) ("Questions relating to matters not affecting the merits of the invention may be required to be settled before an appeal can be considered."); *see also* 78 Fed. Reg. at 4230-31 (revising *ex parte* appeal fee structure to permit applicants to avoid paying the majority of the appeal fee if the examiner reopens prosecution after an appeal brief is filed). Thus, even § 134(a) contemplates that the Board may not reach the merits of an appeal even though one has been filed.

Moreover, the Patent Act and USPTO regulations impose time limits, requirements for the contents of an applicant's brief, and mandatory fees that must accompany appeals. *See, e.g.*, 35 U.S.C. §

133 (mandatory time limit); 35 U.S.C. § 41(a)(6) (requiring USPTO to charge specific appeal fees); 35 U.S.C. § 2(b)(2)(A) & (B); 37 C.F.R. § 41.4 (indicating that late filings will result in abandonment); 37 C.F.R. § 41.35(b)(5); 37 C.F.R. § 41.37 (setting out contents for brief and, in subsections (b) and (d), explaining that appeal will be dismissed if timely brief is not filed with all of the required content); 37 C.F.R. § 41.45 (fee to be paid following entry of examiner's answer in order to forward appeal to Board). An applicant's failure to comply with these requirements prevents an applicant from having an appeal heard by the Board, even if the applicant has filed a "written appeal" as specified in 35 U.S.C. § 6(b)(l). Mr. Hyatt does not address these statutes or regulations, or otherwise challenge the validity of the USPTO regulations.

Consistent with these requirements, Federal Circuit precedent recognizes that the Board may adjudicate an appeal without "review[ing] adverse decisions of examiners." *See, e.g., In re Riggs*, 457 F. App'x 923, 925 (Fed. Cir. 2011) (discussing approvingly the rules that require that an appeal be "properly prepare[d]" before it reaches the Board, and dismissing appeal for lack of jurisdiction over Board action relating to procedural rules and compliance); *In re James*, 432 F.2d 473, 475-76 (CCPA 1970) (observing and holding that the court lacked jurisdiction to review Board action disposing of appeal on procedural matters); *In re Voss*, 557 F.2d 812, 816 (CCPA 1977). The CCPA observed in *James* that § 6 (then, § 7) only confers authority on

the Board to review the merits of “adverse decisions of examiners,” recognizing that a Board appeal may be disposed of without conducting such a review. *See James*, 432 F.2d at 475-76 (Rich, J., dissenting).

Lastly, Mr. Hyatt’s argument fails to recognize that the Board does not take jurisdiction over an appeal until either the applicant files his reply brief or the time for filing one passes. *See* 37 C.F.R. § 41.35(a). The examiner remains the USPTO individual responsible for considering the merits of the application when an appeal is filed with the Board. The examiner’s obligation to consider the patentability of the proposed claims does not terminate because an applicant has filed a Board appeal. *See Butterworth v. Hoe*, 112 U.S. 50, 67 (1884) (“That it was intended that the Commissioner of Patents, in issuing or withholding patents ... should exercise quasi-judicial functions, is apparent from the nature of the examinations and decisions he is required to make.”); *W Elec. Co. v. Piezo Tech., Inc.*, 860 F.2d 428, 431-32 (Fed. Cir. 1988) (“Patent examiners are *quasi-judicial* officials.”). Examiners thus possess an inherent ability to revisit their earlier patentability decisions, particularly in light of the arguments advanced in the appeal brief (which are often new to the proceedings). *See, e.g., Tokyo Kikai Seisakusho, Ltd. v. United States*, 529 F.3d 1352, 1360-61 (Fed. Cir. 2008) (“[T]he courts have uniformly concluded that administrative agencies possess inherent authority to reconsider their decisions, subject to certain limitations, regardless of

whether they possess explicit statutory authority to do so.”); *Last Best Beef, LLC v. Dudas*, 506 F.3d 333, 340-41 (4th Cir. 2007) (as a federal agency, USPTO possesses “inherent discretion to correct its own errors and to manage its own docket”); see *Macktal v. Chao*, 286 F.3d 822, 825-26 (5th Cir. 2002) (collecting cases). That legal principle has particularly strong application in the patent examination context, given that the Director “has an obligation to refuse to grant a patent if [s]he believes that doing so would be contrary to law.” *In re Alappat*, 33 F.3d 1526, 1535 (Fed. Cir. 1994); see *BlackLight Power, Inc. v. Rogan*, 295 F.3d 1269, 1273-74 (Fed. Cir. 2002) (observing that “the PTO’s responsibility for issuing sound and reliable patents is critical to the nation” and “[t]he object and policy of the patent law require issuance of valid patents”); see also *In re Gould*, 673 F.2d 1385, 1386 (CCPA 1982) (recognizing that USPTO can reopen prosecution to enter new grounds of rejection even after federal judicial review of previous rejections); *In re Fisher*, 448 F.2d 1406, 1420 (CCPA 1971) (“After our decision in an ex parte patent case, the Patent Office can always reopen prosecution and cite new references, in which limited sense our mandates amount to remands.”). Nothing in § 6 precludes the examiner from reopening prosecution where necessary to exercise the USPTO’s statutory duty to assess patentability.

Alternatively, Mr. Hyatt appears to be arguing that § 6 commands that the Board take jurisdiction immediately upon the filing of a notice of

appeal such that the examiner must first request remand from the Board in order to reopen prosecution. Petition for Review, at 4. But nothing in § 6 requires that the Board immediately take jurisdiction over an appeal once a notice is filed. And, as just discussed, USPTO regulations make clear that jurisdiction over the appeal does not pass to the Board until a reply brief is filed by the applicant or the time for such filing passes; until that point, jurisdiction remains with the examiner. *See* 37 C.F.R. § 41.35(a). Mr. Hyatt does not acknowledge, let alone challenge, 37 C.F.R. § 41.35(a).

c. MPEP § 1207.04 Does Not Conflict with 37 C.F.R. § 41.39

Mr. Hyatt asserts that Rule 39 precludes MPEP § 1207.04 because Rule 39 defines the only scenario in which the Examiner can add a new ground of rejection after a Board appeal is filed, and allows the applicant to reopen prosecution but does not mention the examiner's ability to reopen prosecution. But nothing in the plain language of Rule 39 addresses the examiner's discretionary ability to reopen prosecution after the appeal brief is filed. It has no need to; as discussed above, Rule 39 addresses actions that happen during and after the examiner files an answer, not before filing the answer. *See* 76 Fed. Reg. at 72287 (issues relating to examiner action before filing answer are outside the scope of Rule 39).

Mr. Hyatt incorrectly assumes that the examiner's ability to reopen prosecution to enter a new ground of rejection before filing his answer was eliminated, *sub silentio*, when Rule 39 extended his discretion to enter new grounds to the answer and, concomitantly, provided applicants with the ability to reopen in response. Nothing in Rule 39 purports to have eliminated the USPTO's already-existing guidance in the MPEP that examiners could reopen prosecution to enter new grounds of rejection.⁴ Similarly, granting applicants the ability to reopen prosecution in certain scenarios did not somehow divest examiners of the same ability.

To the contrary, as the notice-and-comment activity surrounding Rule 39 discussed above makes clear, the USPTO has consistently explained that Rule 39 does not prevent the examiner from reopening prosecution after an appeal brief has been filed under guidance pre-dating Rule 39 and existing today. The USPTO explained that, in practice, barring examiners from introducing new grounds of rejection at the appeal stage resulted in instances in which applications proceeded to the Board with less-than-optimal rejections. *See* 68 Fed. Reg. at 66653 (explaining that the former ap-

⁴ Indeed, in light of the law discussed above, examiners would arguably possess authority to reopen prosecution if that step was deemed necessary to carry out the USPTO's statutory duty to assess patentability and issue rejections as applicable even without MPEP 1207.04.

peal rules resulted in examiners forwarding applications to the Board without addressing the new arguments by the applicant). This resulted in the need to reopen prosecution in the event that the suboptimal rejection was not affirmed, with the consequence of wasting Board resources and placing ultimately a far greater imposition on applicants than simply reopening prosecution before the application is sent to the Board. Similarly, in promulgating Rule 39, the USPTO noted that “[m]any appellants are making new arguments for the first time in their appeal brief (apparently stimulated by a former change to the appeal process that inserted the prohibition on new grounds of rejection in the examiner’s answer).” *Id.*; *see also* 69 Fed. Reg. at 49963. The Notice observed that as a result of the combination of these factors, “some examiners have allowed cases to go forward to the Board without addressing the new arguments.” 68 Fed. Reg. at 66653; *see also* 69 Fed. Reg. at 49963.

Thus, Rule 39 was proposed and ultimately enacted to “improve the quality of examiner’s answers and reduce pendency by providing for the inclusion of the new ground of rejection in an examiner’s answer without having to reopen prosecution.” 68 Fed. Reg. at 66653; *see also* 69 Fed. Reg. at 49963; *id.* at 49979. But the USPTO made clear from the outset that there would be situations where reopening prosecution was advisable. 68 Fed. Reg. at 66653 (“Where, for example, a new argument(s) or new evidence cannot be addressed by the examiner

based on the information then of record, the examiner may need to reopen prosecution rather than apply a new ground of rejection in an examiner's answer to address the new argument(s) or new evidence."); *see id.* (giving examples "when the Office may or may not consider a factual scenario suitable for introducing new grounds of rejection in the examiner's answer"); 69 Fed. Reg. at 49963. Clearly, then, Rule 39 did not divest the examiner of the ability to reopen prosecution to address issues where appropriate. MPEP § 1207.04 reflects that notice-and-comment discussion, pointing out there may be scenarios where it is advisable to reopen prosecution to enter a new ground rather than entering one in the answer.

In short, the particular MPEP provision at issue here was addressed during notice-and-comment rulemaking, and the rulemaking was done in view of that procedural background. The USPTO and commenters all agreed and assumed that the examiner could reopen prosecution to issue new grounds of rejection based on the existing MPEP provisions. The only question was whether Rule 39 should *also* allow the examiner to issue new grounds of rejection without reopening prosecution; the USPTO determined that both should be options, as shown in the promulgated Rule and accompanying discussion, detailed above. Mr. Hyatt is therefore incorrect that Rule 39 conflicts with MPEP § 1207.04, and he has not justified eliminating the latter.

d. Mr. Hyatt's Policy Arguments Have Largely Been Considered and Rejected in the Context of Notice-and-Comment Rulemaking

Mr. Hyatt's assertion that the examiner's reopening of prosecution is a vehicle for "derail[ing] an appeal" (Petition for Review, at 2) is simply untrue. As an initial matter, there are procedural checks against an examiner simply "derailing" an applicant's appeal; the supervisor must agree to reopening, and an applicant may petition for further review of such a reopening. And, as discussed extensively above, the USPTO has considered and rejected the same concerns about delay with respect to Rule 39 and MPEP § 1207.04 (and its predecessors) in the context of notice-and-comment rulemaking. As that discussion makes clear, the USPTO concluded that allowing the examiner to reopen prosecution after an appeal brief (with approval of a supervisor) promotes the overall efficiency of examination. Board appeals often present changed circumstances that make reopening prosecution the more efficient course, whether because the applicant raises new issues in the appeal brief, or the examiner determines that the existing rejections should be modified or additional rejections should be made. In those situations, and other situations in which the examiner determines that a change of circumstances has rendered the existing rejection(s) not useful, it would not make sense to require the applicant, the examiner, and the Board to undergo an entire appeal instead of simply reopening prosecution.

Mr. Hyatt's own applications are a case in point. The USPTO has attempted to implement a consolidated approach to resolving Mr. Hyatt's voluminous application and claim filing strategy, which included reopening prosecution for some applications in which Mr. Hyatt had filed Board appeals in order to enter new grounds of rejection.⁵ In other words, the USPTO determined that the current rejections did not completely capture the patentability problems. Under those circumstances, it would be nonsensically wasteful to nevertheless require the examiner to push forward with an answer, and then force the Board to issue a decision, when the examiner will eventually have the option (subject to supervisor approval) of reopening prosecution again to apply the USPTO's consolidated approach to addressing the patentability of Mr. Hyatt's claims in those applications. At a minimum, such an approach would simply cause additional unwarranted delay in patent applications in which final resolution has proven difficult to obtain.

In a footnote, Mr. Hyatt cites a letter that was filed by the Intellectual Property Section of the American Bar Association during the course of the rulemaking that included Rule 39, arguing that "[c]oncerns over" examiner abuse of the ability to reopen prosecution led to the letter. *Petition for Review*, at 11 n.6. But the letter actually expresses

⁵ Mr. Hyatt does not expressly cite or otherwise challenge the reopening of prosecution in a particular application in the underlying petitions here.

the opposite concern, namely that the Board misuses its own power over cases within its jurisdiction to remand to the examiner for additional prosecution. *Id.*; Petition for Review Ex. 1, at 2. Thus, the letter proposes rule changes that would curtail the Board's ability to remand an appealed application to the examiner on its own authority. The letter does not complain about delay by examiners before the Board has obtained jurisdiction, and it does not address the "power that examiners have purported to claim" or the "potential for serious abuse" of that power as Mr. Hyatt alleges. Petition for Review, at 11. Ironically, accepting Mr. Hyatt's position that examiners lack discretion to reopen prosecution after an appeal brief is filed would exacerbate the problem addressed by the letter; the Board, forced to adjudicate cases in which the issues are not fully crystallized, would be forced to remand more appeals to examiners.

Mr. Hyatt also incorrectly asserts that the examiner's reopening of prosecution somehow differs from the applicant's reopening of prosecution in terms of how much patent-term adjustment is available to an applicant under 35 U.S.C. § 154.⁶ Petition for Review, at 11. Section 154 certainly provides for patent-term adjustment for delays by the USPTO both before and during appeals. *See* 35

⁶ The USPTO notes that patent-term adjustment is not relevant to applications filed before June 8, 1995, which, if granted, would receive a term of seventeen years from issuance.

U.S.C. § 154. The Board obtains jurisdiction over an appeal after a reply brief has been filed or the time for filing a reply brief has run. 37 C.F.R. § 41.35(a). The patent-term adjustment that applies before the Board has obtained jurisdiction falls under 35 U.S.C. §§ 154(b)(1)(A) & (B). *See* 37 C.F.R. § 1.703(b)(4). The only statute and regulation sections that Mr. Hyatt cites refer to the patent-term adjustment that applies *after* the Board has jurisdiction. Mr. Hyatt does not cite any provision regarding the patent-term adjustment that applies before the Board has jurisdiction, and the USPTO can think of no scenario in which the patent-term adjustment would vary depending on whether the applicant or the examiner has reopened prosecution after an appeal brief was filed.

e. Notice-and-Comment Procedures Are Not Necessary For MPEP § 1207.04

Mr. Hyatt argues that MPEP § 1207.04 is “invalid because the PTO did not adopt it as a procedural regulation in accordance with the notice-and-comment rulemaking requirements of the APA, 5 U.S.C. §§ 552 and 553.” Petition for Review, at 6; *see* Petition for Review at 1, 6-10. MPEP § 1207.04 was not subject to the notice-and-comment provisions of 5 U.S.C. § 553 because it falls within the exceptions provided in § 553(b)(A) from its notice-and-comment procedures for “rules of agency organization, procedure, or practice.” Courts recognize that “the ‘critical feature’ of the procedural exception [under § 553] ‘is that it covers agency ac-

tions that do not themselves alter the rights or interests of parties, although it may alter the manner in which the parties present themselves or their viewpoints to the agency.” *JEM Broad. Co. v. FCC*, 22 F.3d 320, 326 (D.C. Cir. 1994) (quoting *Batterton v. Marshall*, 648 F.2d 694, 707 (D.C. Cir. 1980); see *Inova Alexandria Hosp. v. Shala/a*, 244 F.3d 342, 349-50 (4th. Cir. 2001) (endorsing and applying *JEM*). MPEP § 1207.04 is a rule of procedure that does not alter the substantive rules for patentability, but recognizes that there may be instances where having an applicant continue to express his “viewpoint” to the examiner makes sense for efficiency reasons. See *JEM*, 22 F.3d at 327 (recognizing that “APA’s procedural exceptions embrace cases, such as this one, in which the interests ‘promoted by public participation in rulemaking are outweighed by the countervailing considerations of effectiveness, efficiency, expedition and reduction in expense.’”) (quoting *Guardian Fed. Savings & Loan Ass’n v. FSLIC*, 589 F.2d 658, 662 (D.C. Cir. 1978)).

Mr. Hyatt agrees that MPEP § 1207.04 is a “rule of agency ... procedure,” but asserts that 35 U.S.C. § 2 nonetheless obligates use of notice-and-comment procedures. Petition for Review, at 7-8. Section 2 of the Patent Act authorizes the USPTO to “establish regulations” that “govern the conduct of proceedings in the Office.” See 35 U.S.C. § 2(b)(2) (“The Office— ... (2) may establish regulations, not inconsistent with law, which-(A) shall govern the conduct of proceedings in the Office”) (emphasis

added). Written permissively, § 2 does not com-
mand the Agency to establish all procedure as “reg-
ulations.” Furthermore, 35 U.S.C. § 2(b)(2)(B)
states that when the USPTO elects to exercise its
rulemaking authority to “establish regulations ...
[to] govern the conduct of proceedings in the Of-
fice,” such regulations “shall be made in accordance
with section 553 of title 5.” The explicit text in 5
U.S.C. § 553 excepts “rules of agency .. procedure”
from notice-and-comment rulemaking. In short, ac-
cepting Mr. Hyatt’s statutory reading would imper-
missibly read out the exceptions in 5 U.S.C. § 553.
See Animal Legal Defense Fund v. Quigg, 932 F.2d
920,931 (Fed. Cir. 1991) (observing that not “every
action taken by an agency pursuant to statutory
authority [is] subject to public notice and com-
ment,” since such a requirement “would vitiate the
statutory exceptions in section 553(b) itself”).

Thus, the exception to notice-and-comment pro-
cedures in § 553 applies with full force to the proce-
dural rule reflected in MPEP § 1207.04. *See id.* at
930-31; *Cooper Techs. v. Dudas*, 536 F.3d 1330,
1336-37 (Fed. Cir. 2008) (quoting 5 U.S.C.
553(b)(A) and citing *Animal Legal Def Fund*);
Actelion Pharm . v. Kappas, 972 F.Supp.2d 51, 58
n.9 (D.D.C. 2013) (explaining that USPTO was not
“required to use notice-and-comment rulemaking”
to issue its procedures relating to patent-term-ad-
justment calculation because they are “a proce-
dural rule, not a substantive rule”) (citing 5 U.S.C.
§ 553(b)(A)), *aff’d*, 565 F. Appx. 887 (Fed. Cir.
2014). That the provisions in MPEP § 1207.04 did

not need to undergo notice-and-comment is further strengthened by the fact that the USPTO elected not to exercise its authority to “establish regulations” under § 2 for the procedural guidance reflected in MPEP § 1207.04. *See* MPEP, Forward (acknowledging that MPEP “does not have the force of law or the force of the rules in Title 37 of the Code of Federal Regulations”); *Animal Legal Def Fund*, 932 F.2d at 930-31 (§ 553 exceptions to notice-and-comment procedures applicable where nothing “suggests” USPTO purported to exercise rulemaking authority); Petition for Review, at 6 (agreeing that MPEP § 1207.04 is “not a regulation”).

Mr. Hyatt argues that *Cooper Technologies* does not support application of § 553(b)(A)’s exception to notice-and-comment rulemaking for “rules of agency organization, procedure, or practice” to USPTO procedural rules. Petition for Review, at 8. The Federal Circuit in *Cooper Technologies* held that the particular USPTO rule at issue there was an “exercise of the Patent Office’s authority under 35 U.S.C. § 2” because it “govern[ed] the conduct of proceedings in the Patent Office.” *Cooper Techs.*, 536 F.3d at 1336. The court similarly recognized that exercise of § 2 authority “is subject to its compliance with 5 U.S.C. § 553,” citing 35 U.S.C. § 2(a)(2)(B). *Id.* Yet the court held that “[b]y its own terms, section 553 does not require formal notice of proposed rulemaking for ‘interpretative rules, general statements of policy, or rules of agency organization, procedure, or practice.’” *Id.* (quoting 5

U.S.C. § 553 (b)(A)) (emphasis added). The court accordingly concluded that the rule at issue “was therefore not subject to the formal notice-and-comment requirements of section 553.” *Id.* at 1336-37 (citing *Animal Legal Def Fund*, 932 F.2d at 931). While *Cooper Technologies* applied the “interpretative rules” exception in § 553, the court clearly recognized that the exceptions in 5 U.S.C. § 553 applied to USPTO rules, even in the exercise of 35 U.S.C. § 2. Mr. Hyatt identifies no basis to conclude that only some of those exceptions would apply, while others would not. *See* Pet. for Review, at 8. Furthermore, the plain language of 35 U.S.C. § 2 and 5 U.S.C. § 553 supports the USPTO’s interpretation, one that the USPTO has previously expressed. *See, e.g., Changes to Implement and Examination Guidelines for Implementing the First Inventor to File Provisions of the Leahy-Smith America Invents Act*, 78 Fed. Reg. 11024, 11047 (Feb. 14, 2013) (interpreting *Tafas* and *Cooper Techs.*, and rejecting argument that exception to notice-and-comment rulemaking for procedural rules in § 553 does not apply to USPTO); *Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents*, 77 Fed. Reg. 48680, 48710 (Aug. 14, 2012) (§ 553 exceptions apply to USPTO); *Changes to Implement Inter Partes Review Proceedings*, 77 Fed. Reg. 7041, 7047 (Feb. 10, 2012) (same).

In a footnote, Mr. Hyatt cites to the district court decision in *Tafas v. Dudas*, 541 F. Supp. 2d

805, 812 (E.D. Va. 2008), to support his assertion that all USPTO procedure must be embodied in a regulation issued using § 553 notice-and-comment rulemaking. Petition for Review, at 8 n.3. As an initial matter, the trial court did not have any issue before it regarding whether § 2 requires that notice-and-comment procedures must be used for all procedural rules or guidance; the district court in *Tafas* addressed only whether the reference in 35 U.S.C. § 2 to the notice-and-comment provisions of 5 U.S.C. § 553 empowered the USPTO with “substantive” rulemaking authority, since the notice-and-comment requirement ordinarily applies only to substantive rules. 541 F. Supp. 2d at 812. Further, the district court in *Tafas* did not hold that all rules relating to procedure must be promulgated through notice-and-comment rulemaking. The trial court observed only that notice-and-comment provisions apply to the USPTO “when promulgating rules it is otherwise empowered to make.” *Id.* (emphasis added).⁷

Indeed, there would be little purpose for the USPTO to employ notice-and-comment procedures to

⁷ To the extent the district court decision in *Tafas v. Dudas* can be read as expansively as Mr. Hyatt suggests, the Federal Circuit observed on appeal that *Cooper Techs.*, 536 F.3d at 1336-37, “casts doubt” on such a view. *Tafas v. Doll*, 559 F.3d 1345, 1352 n.3 (Fed. Cir. 2009), *rehearing en bane granted and decision vacated*, 328 F. Appx. 658 (Fed. Cir. 2009), *appeal dismissed*, *Tafas v. Kappas*, 586 F.3d 1369 (Fed. Cir. 2009); *see also Tafas v. Doll*, 559 F.3d at 1369 (Radar, C.J., concurring-in-part and dissenting-in-part).

establish MPEP § 1207.04 as a “regulation” in 37 C.F.R. *et seq.* While not required, notice-and-comment procedures can be useful for procedural rules by eliciting feedback from agency stakeholders that is taken into account in promulgating final rules, particularly rules governing applicant conduct. Thus, sometimes the USPTO elects to establish procedural rules using the APA’s notice-and-comment rulemaking procedures. But that cannot possibly bind the USPTO to promulgate all of its procedural rules, currently reflected in the more-than-2600-page (excluding appendices) MPEP, through notice-and-comment rulemaking as a “regulation.” *See Batterton*, 648 F.2d at 707 (exception for procedural rules ensures “that agencies retain latitude in organizing their internal operations”). And the considerations perhaps justifying the expense and effort of employing notice-and-comment procedures for procedural rules do not apply to MPEP § 1207.04, which does not regulate applicant conduct before the USPTO, but instead provides notice regarding possible discretionary procedural action by the USPTO. *See Refac Int’l, Inc. v. Lotus Dev. Corp.*, 81 F.3d 1576, 1584 n.2 (Fed. Cir. 1996) (“The MPEP does not have force and effect of law; however it is entitled to judicial notice as the agency’s official interpretation of statutes and regulations, provided that it is not in conflict with the statutes or regulations.”); Petition for Review, at 6 (Mr. Hyatt recognizing that the MPEP provides “instructions to examiners’ and thus guidance to the public as to procedures that examiners will follow”). MPEP § 1207.04 does not, as Mr. Hyatt asserts, “impose obligations on the public.” Petition for Review, at 6. At most, it “impos[es] on

them the incidental inconveniences of complying with an enforcement scheme,” but “such derivative burdens hardly dictate notice and comment review.” *Am. Hosp. Assn. v. Bowen*, 834 F.2d 1037, 1051 (D.C. Cir. 1987) (applying § 553 exception for procedural rules).

Alternatively, MPEP § 1207.04 reflects a “general statement of policy” exempted from notice-and-comment rulemaking by § 553(b)(A). A rule constitutes a “policy statement” when it (1) has only prospective effect, and (2) leaves the agency decision-makers free to exercise their discretion. *See Chrysler Corp. v. Brown*, 441 U.S. 281, 302 n.31 (1979) (policy statements under § 553 are “statements issued by an agency to ‘advise the public prospectively of the manner in which the agency proposes to exercise a discretionary power’”) (quoting ATTORNEY GENERAL’S MANUAL ON THE ADMINISTRATIVE PROCEDURES ACT 30 n.3 (1947)); *Chen Zhou Chai v. Carroll*, 48 F.3d 1331, 1341 (4th Cir. 1995); *Catawba County, NC v. EPA*, 571 F.3d 20, 33-35 (D.C. Cir. 2009); *Am. Bus Assoc. v. United States*, 627 F.2d 525, 529 (D.C. Cir. 1980).

MPEP § 1207.04 does not impose any “obligations or prohibitions on regulated entities.” *Nat’l Mining Assoc., v. McCarthy*, 758 F.3d 243, 252 (D.C. Cir. 2014) (finding EPA guidance document relating to issuance of Clean Water Act permits to be a “general statement of policy” under the APA for purposes of pre-enforcement review); *Am. Bus*, 627 F.2d at 529; *Pac. Gas & Elec. Co. v. Fed. Power Comm’n*, 506 F.2d 33, 38 (D.C. Cir. 1974) (“A general statement of policy, on the other hand, does not

establish a “binding norm” but instead provides “public dissemination of the agency’s policies prior to their actual application in particular situations”) (citation omitted). Indeed, MPEP § 1207.04 does not expressly “require anyone to do anything or [] prohibit anyone from doing anything,” even examiners. *Nat’l Mining Assoc.*, 758 F.3d at 252; see *Catawba County*, 571 F.3d at 34-35.

MPEP § 1207.04 also leaves discretion open to examiners and their supervisors to reopen prosecution on a case-by-case basis. See *Chen Zhou Chai*, 48 F.3d at 1341 (concluding that interim rule was general statement of policy because it “merely provided that the Attorney General may grant asylum to aliens” for particular reasons); *Am. Mining Cong. v. Mine Safety & Health Admin.*, 995 F.2d 1106, 1111 (D.C. Cir. 19930) (“[A] good rule of thumb is that a norm is less likely to be a general policy statement when it purports (or, even better, has proven) to restrict agency discretion ...”). MPEP § 1207.04 provides guidance to examiners and their supervisors “[i]n deciding whether to reopen prosecution or to add a new ground of rejection to an examiner’s answer where proper under MPEP § 1207.03 et seq.” See MPEP § 1207.04 (discussing various factors to consider in deciding how to proceed) (emphasis added).

Yet still, MPEP § 1207.04 fits comfortably within the exception for notice-and-comment procedures in § 553 for “interpretative rules.” “Interpre-

tative rules ... clarify or explain existing law or regulation and are exempt from notice and comment under section 553(b)(A)” *Nat’l Org. of Veterans’ Advocates, Inc. v. Secy of Veterans Affairs*, 260 F.3d 1365, 1375 (Fed. Cir. 2001) (citation omitted). Thus, the USPTO can adopt interpretive guidance, consistent with its statutes and regulations, to provide for Agency procedure. And that is what the USPTO has done in issuing the MPEP. *See Refac Int’l*, 81 F.3d at 1584 n.2. MPEP § 1207.04 embodies an “interpretative rule” because it clarifies the USPTO’s authority in the context of Board appeals under 35 U.S.C. § 134 and related USPTO regulations (as reflected, for example, in the notice-and-comment discussions relating to Rule 39 discussed above). Indeed, MPEP § 1207.04 provides the USPTO’s interpretation as to what constitutes a “new ground of rejection” under Rule 39 (with reference to other MPEP sections), as well as clarifies when a new ground should be included in the answer under Rule 39 or entered after reopening prosecution. More broadly, MPEP § 1207.04 also expresses the USPTO’s interpretation of the general legal doctrine recognizing that an agency official can revisit prior decisions and take further action, as warranted, applied to the particular context of Board appeals. *See, e.g., Tokyo Kikai*, 529 F.3d at 1360-61; *Last Best Beef*, 506 F.3d at 340-41; *Macktal*, 286 F.3d at 825-26. As such, MPEP § 1207.04 reflects the exceptions in § 553(b) to notice-and-comment procedures for “interpretative rules.” *See, e.g., Nat’l Org. of Veterans’ Advocates*, 260 F.3d at 1375-76; *Animal Legal Def Fund*, 932 F.2d at

927 (“[A] rule which merely clarifies or explains existing law or regulations is ‘interpretative’” and exempt from 5 U.S.C. § 553 rulemaking requirements).

Lastly, Mr. Hyatt asserts that the USPTO “has not complied with the requirements of § 552 of the APA, which requires publication of rules of procedure in the Federal Register.” Petition for Review, at 8. “An agency pronouncement must be published if it is of such a nature that knowledge of it is needed to keep parties informed of the agency’s requirements as a guide for their conduct.” *D&W Food Centers, Inc. v. Block* 786 F.2d 751, 757 (6th Cir. 1986); see *United States v. Hayes*, 325 F.2d 307, 309 (4th Cir. 1963) (*per curiam*) (referencing early version of statute; publication not required if material does not “instruct [public] in regard to the presentation to the agency of any such subject to impartial consideration or action thereon”); *Hogg v. United States*, 428 F.2d 274,280 (6th Cir. 1970) (holding that internal delegation of authority need not be published under § 552). MPEP § 1207.04 cannot be said to guide applicant conduct before the USPTO since it addresses possible examiner action in response to applicant conduct.

Even if § 552 requires that MPEP § 1207.04 be published in the Federal Register, Mr. Hyatt does not actually allege that any such failure supports invalidating MPEP § 1207.04. With good reason; courts recognize that the “purpose of publication in the Federal Register is public guidance.” *Pitts v. United States*, 599 F.2d 1103, 1107-08 (1st Cir.

1979) (rejecting argument that failure to publish “Civilian Marine Personnel Instructions” in Federal Register invalidated particular provision under 5 U.S.C. § 552, characterizing it “is grasping at a straw”). Section 552 reflects that purpose by making clear that “actual and timely notice of the terms” of any unpublished guidance moots any concerns over non-publication when such guidance is applied against an individual. The MPEP has always been a publicly-accessible manual that applicants and practitioners—including Mr. Hyatt—have long been aware communicates “guidance to the public as to the procedures that examiners will follow.” Petition for Review, at 6; *see* Title Page, MPEP (discussing various ways in which MPEP can be accessed). Indeed, the above discussion of MPEP § 1207.04 in the Federal Register in the context of other rulemakings makes clear that the public has had widespread and continuous notice of its provisions.

IV. Conclusion

In view of the foregoing, the USPTO has determined that Mr. Hyatt’s Petition for Rulemaking under 5 U.S.C. § 553(e), seeking either repeal of MPEP § 1207.04 or declaration that the provision is unenforceable, is **denied**. MPEP § 1207.04 will not be repealed or declared unenforceable. No additional filings from Mr. Hyatt on this matter will be entertained.

Russel Slifer
Deputy Under Secretary of Commerce for Intellectual Property and Deputy Director of the United States Patent and Trademark Office

DATED: _____

cc: Aaron M. Panner
Kellogg, Huber, Hansen, Todd, Evans & Figel,
P.L.L.C.
1615 M. Street NW, Suite 400
Washington, DC 20036
Attorney for Gilbert P. Hyatt

UNITED STATES PATENT AND TRADEMARK
OFFICE

BEFORE THE
PATENT TRIAL AND APPEAL BOARD

DECISION ON PETITION

The United States Patent and Trademark Office (USPTO) acknowledges receipt of a petition, dated July 16, 2014, filed on behalf of Gilbert P. Hyatt and requesting that the provisions in section 1207.04 of the Manual of Patent Examining Procedure (MPEP) for reopening prosecution in an application on appeal be removed.¹ The petition alleges specifically that the provisions in MPEP § 1207.04: (1) are inconsistent with 35 U.S.C. § 6 and 37 C.F.R. § 41.39, and (2) were not promulgated under notice-and-comment rule-making procedures, citing *Tafas v. Dudas*, 541 F. Supp. 2d 805 (E.D. Va. 2008) for the proposition that all USPTO rulemaking is subject to the notice-and-comment requirement of 5 U.S.C. § 553. The petition is being treated as a petition for rulemaking under 5 U.S.C. § 553(e)² and is before the Chief Administrative Patent Judge of the Patent Trial and Appeal Board (“the Board”) for a decision.

¹ The petition also requests conforming changes to MPEP §§ 1204, 1207, and 1211.

² The petition is styled as a petition for rulemaking pursuant to 5 U.S.C. § 553(e) or for other relief pursuant to 37 C.F.R. § 1.182 to repeal parts of MPEP §§ 1204 and 1207.

This is a decision denying the petition.

ANALYSIS

Initially, it is noted that the petition requests “expedited treatment” because of the possible impact of a change to MPEP § 1207.04 in a pending litigation. The USPTO’s handling of a petition for rulemaking under 5 U.S.C. § 553(e), however, is unlikely to have an impact on currently pending litigation as: (1) the rulemaking process can be a time-consuming process³ that does not have a predetermined outcome, and (2) changes made through

Any general complaint that a provision of the MPEP is inconsistent with law or otherwise inaccurate may be addressed to the MPEP staff at Mail Stop MPEP, Commissioner for Patents, P.O. Box 1450, Alexandria, Virginia 22313-1450.

³ For example, recent revisions of the rules pertaining to *ex parte* appeals began with a notice of proposed rulemaking published in 2007 and concluded with a final rule published in November of 2011. See Rules of Practice Before the Board of Patent Appeals and Interferences in Ex Parte Appeals, 72 Fed. Reg. 41472 (July 30, 2007) (proposed rule), Rules of Practice Before the Board of Patent Appeals and Interferences in Ex Parte Appeals, 73 Fed. Reg. 32938 (June 10, 2008) (final rule), Rules of Practice Before the Board of Patent Appeals and Interferences in Ex Parte Appeals, 73 Fed. Reg. 74972 (Dec. 10, 2008) (delay of final rule), Rules of Practice Before the Board of Patent Appeals and Interferences in Ex Parte Appeals, 74 Fed. Reg. 67987 (Dec. 22, 2009) (advance proposed rule), Rules of Practice Before the Board of Patent Appeals and Interferences in

rulemaking are generally prospective only. *See* 5 U.S.C. § 551(4). Moreover, a petition challenging the application of a provision of the MPEP in a particular application or patent should be filed as a petition in that application or patent.

The provisions of MPEP § 1207.04 are not inconsistent with 35 U.S.C. § 6 or any other law. The U.S. Court of Customs and Patent Appeals, the predecessor of the U.S. Court of Appeals for the Federal Circuit (“Federal Circuit”), has indicated that 35 U.S.C. § 7 (now 35 U.S.C. § 6) provides in general terms a vehicle for review of adverse decisions. This provision appears in Chapter 1 of Title 35, which relates to the establishment of the USPTO. On the other hand, 35 U.S.C. § 134 appears in Chapter 12 of Title 35, which relates to examination of applications, and provides for the statutory right of an applicant to appeal an examiner’s decision during the patent examination process. *See In re Volk*, 634 F.2d 607,609 (CCPA 1980) (citing *In re Hengehold*, 440 F.2d 1395, 1404 (CCPA 1971)). Therefore, 35 U.S.C. § 6(b) is viewed more appropriately as a provision that describes the functions of the Board, which is the organization within the USPTO that is responsible for reviewing adverse decisions of examiners, rather than a provision which entitles any applicant to have review of any

Ex Parte Appeals, 75 Fed. Reg. 69828 (Nov. 15, 2010) (proposed rule), and Rules of Practice Before the Board of Patent Appeals and Interferences in Ex Parte Appeals, 76 Fed. Reg. 72270 (Nov. 22, 2011) (final rule).

adverse decision of an examiner by the Board by filing a written appeal.

Additionally, the provisions of MPEP § 1207.04 have been promulgated consistent with the requirements of 5 U.S.C. § 553. Notably, the statement by the district court in *Tafas* that the USPTO must engage in notice-and-comment rulemaking for any rule change was rejected by the Federal Circuit shortly after the district court decision in *Tafas*. See *Cooper Techs. Co. v. Dudas*, 536 F.3d 1330, 1336-37 (Fed. Cir. 2008) (stating that 5 U.S.C. § 553, and thus 35 U.S.C. § 2(b)(2)(B), does not require notice and comment rulemaking for “interpretative rules, general statements of policy, or rules of agency organization, procedure, or practice”) (quoting 5 U.S.C. § 553(b)(3)(A)).⁴ In any event, the current procedures for adding a new ground of rejection by reopening prosecution or by including the new ground of rejection in the examiner’s answer were adopted in a notice-and-comment rulemaking. See Rules of Practice Before the Board of Patent Appeals and Interferences, 68 Fed. Reg. 66648, 66653 (Nov. 26, 2003) (proposing to permit examiners to enter a new ground of rejection either in an examiner’s answer or by reopening prosecution) and Rules of Practice Before the Board

⁴ See also *Mikkilineni v. Stoll*, 410 Fed. App’x 311, 313 (Fed. Cir. 2010) (finding USPTO’s 2009 guidelines concerning 35 U.S.C. § 101 are interpretive, rather than substantive, and are thus exempt from the notice and comment requirements of 5 U.S.C. § 553).

of Patent Appeals and Interferences, 69 Fed. Reg. 49960, 49980 (Aug. 12, 2004) (permitting examiners to enter a new ground of rejection either in an examiner's answer or by reopening prosecution). The provisions of MPEP § 1207.04 in question simply memorialize the practice adopted in the 2003-04 notice-and-comment rulemaking.

The USPTO appreciates that reopening prosecution of an application after the filing of an appeal brief may place an imposition on the applicant. Ideally, the issues are crystalized before there is a final rejection and before an appeal brief is filed. There are situations, however, in which the issues are not fully formed before an appeal brief is filed, either because an applicant raises new issues in the appeal brief or because the examiner uncovers a better ground of rejection after the appeal brief is filed. In these situations, simply requiring that an application be forwarded to the Board for decision once an appeal brief is filed has adverse consequences for the patent system and places ultimately a greater imposition on the applicant.

Specifically, barring examiners from introducing any new ground of rejection at the appeal stage has resulted in instances in which applications proceed to the Board with second-best rejections. *See* Rules of Practice Before the Board of Patent Appeals and Interferences, 68 Fed. Reg. at 66653 (explaining that the former appeal rules resulted in examiners forwarding applications to the Board without addressing the new arguments by the applicant). This may result in the need to reopen prosecution in the event that

the suboptimal rejection is not affirmed, and may have the consequence of wasting Board resources by placing ultimately a far greater imposition on applicants than simply reopening prosecution before the application is sent to the Board. Thus, the USPTO has adopted procedures under which an examiner, with supervisory approval, may add a new ground of rejection by reopening or including the new ground of rejection in the examiner's answer.

Recently, the USPTO revised the *ex parte* appeal rules and considered reopening patent prosecution once again during rulemaking. *See* Rules of Practice Before the Board of Patent Appeals and Interferences in Ex Parte Appeals, 76 Fed. Reg. at 72287 (discussing the level of supervisory approval necessary to reopen prosecution). The USPTO also considered this issue in 2012-13 when revising patent fees, and revised the *ex parte* appeal fee structure to permit applicants to avoid paying the majority of the appeal fee in situations in which the examiner reopens prosecution or allows an application after an appeal brief is filed. *See* Setting and Adjusting Patent Fees, 78 Fed. Reg. 4212, 4230-31 (Jan. 18, 2013). Thus, the issue of reopening prosecution in an application on appeal has been considered in three, separate rulemakings within the last fifteen years.

Accordingly, the provisions in MPEP § 1207.04: (1) are not inconsistent with 35 U.S.C. § 6 or any other law or regulation, and (2) have been promulgated consistent with the requirements of 5 U.S.C.

§ 553. In addition, a rulemaking to propose removing or revising the provisions in MPEP § 1207.04 for reopening prosecution in an application on appeal would reconsider an issue that has been considered in three rulemakings within the last fifteen years. Accordingly, the USPTO has determined that a rulemaking to remove the provisions in MPEP § 1207.04 for reopening prosecution in an application on appeal is not warranted.

DECISION

In view of the foregoing, the present petition is DENIED.

James Donald Smith
Chief Administrative Patent Judge

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UNITED STATES CODE

35 U.S.C. § 6. Patent Trial and Appeal Board

(a) In General.—

There shall be in the Office a Patent Trial and Appeal Board. The Director, the Deputy Director, the Commissioner for Patents, the Commissioner for Trademarks, and the administrative patent judges shall constitute the Patent Trial and Appeal Board. The administrative patent judges shall be persons of competent legal knowledge and scientific ability who are appointed by the Secretary, in consultation with the Director. Any reference in any Federal law, Executive order, rule, regulation, or delegation of authority, or any document of or pertaining to the Board of Patent Appeals and Interferences is deemed to refer to the Patent Trial and Appeal Board.

(b) Duties.—The Patent Trial and Appeal Board shall—

- (1)** on written appeal of an applicant, review adverse decisions of examiners upon applications for patents pursuant to section 134(a);
- (2)** review appeals of reexaminations pursuant to section 134(b);
- (3)** conduct derivation proceedings pursuant to section 135; and
- (4)** conduct inter partes reviews and post-grant reviews pursuant to chapters 31 and 32.

(c) 3-Member Panels.—

Each appeal, derivation proceeding, post-grant review, and inter partes review shall be heard by at least 3 members of the Patent Trial and Appeal Board, who shall be designated by the Director. Only the Patent Trial and Appeal Board may grant rehearings.

(d) Treatment of Prior Appointments.—The Secretary of Commerce may, in the Secretary's discretion, deem the appointment of an administrative patent judge who, before the date of the enactment of this subsection, held office pursuant to an appointment by the Director to take effect on the date on which the Director initially appointed the administrative patent judge. It shall be a defense to a challenge to the appointment of an administrative patent judge on the basis of the judge's having been originally appointed by the Director that the administrative patent judge so appointed was acting as a de facto officer.

35 U.S.C. § 134. Appeal to the Patent Trial and Appeal Board

(a) Patent Applicant.—

An applicant for a patent, any of whose claims has been twice rejected, may appeal from the decision of the primary examiner to the Patent Trial and Appeal Board, having once paid the fee for such appeal.

(b) Patent Owner.—

A patent owner in a reexamination may appeal from the final rejection of any claim by the primary examiner to the Patent Trial and Appeal Board, having once paid the fee for such appeal.

35 U.S.C. § 141. Appeal to Court of Appeals for the Federal Circuit

(a) Examinations.—

An applicant who is dissatisfied with the final decision in an appeal to the Patent Trial and Appeal Board under section 134(a) may appeal the Board's decision to the United States Court of Appeals for the Federal Circuit. By filing such an appeal, the applicant waives his or her right to proceed under section 145.

(b) Reexaminations.—

A patent owner who is dissatisfied with the final decision in an appeal of a reexamination to the Patent Trial and Appeal Board under section 134(b) may appeal the Board's decision only to the United States Court of Appeals for the Federal Circuit.

(c) Post-Grant and Inter Partes Reviews.—

A party to an inter partes review or a post-grant review who is dissatisfied with the final written decision of the Patent Trial and Appeal Board under section 318(a) or 328(a) (as the case may be) may appeal the Board's decision only to the United States Court of Appeals for the Federal Circuit.

(d) Derivation Proceedings.—

A party to a derivation proceeding who is dissatisfied with the final decision of the Patent Trial and Appeal Board in the proceeding may appeal the decision to

the United States Court of Appeals for the Federal Circuit, but such appeal shall be dismissed if any adverse party to such derivation proceeding, within 20 days after the appellant has filed notice of appeal in accordance with section 142, files notice with the Director that the party elects to have all further proceedings conducted as provided in section 146. If the appellant does not, within 30 days after the filing of such notice by the adverse party, file a civil action under section 146, the Board's decision shall govern the further proceedings in the case.

35 U.S.C. § 145. Civil action to obtain patent

An applicant dissatisfied with the decision of the Patent Trial and Appeal Board in an appeal under section 134(a) may, unless appeal has been taken to the United States Court of Appeals for the Federal Circuit, have remedy by civil action against the Director in the United States District Court for the Eastern District of Virginia if commenced within such time after such decision, not less than sixty days, as the Director appoints. The court may adjudge that such applicant is entitled to receive a patent for his invention, as specified in any of his claims involved in the decision of the Patent Trial and Appeal Board, as the facts in the case may appear and such adjudication shall authorize the Director to issue such patent on compliance with the requirements of law. All the expenses of the proceedings shall be paid by the applicant.

CODE OF FEDERAL REGULATIONS

37 CFR § 41.31. Appeal to Board

(a) Who may appeal and how to file an appeal.

An appeal is taken to the Board by filing a notice of appeal.

(1) Every applicant, any of whose claims has been twice rejected, may appeal from the decision of the examiner to the Board by filing a notice of appeal accompanied by the fee set forth in § 41.20(b)(1) within the time period provided under § 1.134 of this title for reply.

(2) Every owner of a patent under ex parte reexamination filed under § 1.510 of this title before November 29, 1999, any of whose claims has been twice rejected, may appeal from the decision of the examiner to the Board by filing a notice of appeal accompanied by the fee set forth in § 41.20(b)(1) within the time period provided under § 1.134 of this title for reply.

(3) Every owner of a patent under ex parte reexamination filed under § 1.510 of this title on or after November 29, 1999, any of whose claims has been finally (§ 1.113 of this title) rejected, may appeal from the decision of the examiner to the Board by filing a notice of appeal accompanied by the fee set forth in § 41.20(b)(1) within the time period provided under § 1.134 of this title for reply.

App. 81

(b) The signature requirements of §§ 1.33 and 11.18(a) of this title do not apply to a notice of appeal filed under this section.

(c) An appeal, when taken, is presumed to be taken from the rejection of all claims under rejection unless cancelled by an amendment filed by the applicant and entered by the Office. Questions relating to matters not affecting the merits of the invention may be required to be settled before an appeal can be considered.

(d) The time periods set forth in paragraphs (a)(1) through (a)(3) of this section are extendable under the provisions of § 1.136 of this title for patent applications and § 1.550(c) of this title for ex parte reexamination proceedings.

37 CFR § 41.35. Jurisdiction over appeal

(a) Beginning of jurisdiction. Jurisdiction over the proceeding passes to the Board upon the filing of a reply brief under § 41.41 or the expiration of the time in which to file such a reply brief, whichever is earlier.

(b) End of jurisdiction. The jurisdiction of the Board ends when:

(1) The Director or the Board enters a remand order (see §§ 41.35(c), 41.35(e), and 41.50(a)(1)),

(2) The Board enters a final decision (see § 41.2) and judicial review is sought or the time for seeking judicial review has expired,

(3) An express abandonment which complies with § 1.138 of this title is recognized,

(4) A request for continued examination is filed which complies with § 1.114 of this title,

(5) Appellant fails to take any required action under §§ 41.39(b), 41.50(a)(2), 41.50(b), or 41.50(d), and the Board enters an order of dismissal, or

(6) Appellant reopens prosecution pursuant to § 41.40(b) or in response to a new ground of rejection entered in a decision of the Board (see § 41.50(b)(1)).

(c) Remand ordered by the Director. Prior to the entry of a decision on the appeal by the Board (see

§ 41.50), the Director may sua sponte order the proceeding remanded to the examiner.

(d) Documents filed during Board's jurisdiction.

Except for petitions authorized by this part, consideration of any information disclosure statement or petition filed while the Board possesses jurisdiction over the proceeding will be held in abeyance until the Board's jurisdiction ends.

(e) Administrative remands ordered by the Board.

If, after receipt and review of the proceeding, the Board determines that the file is not complete or is not in compliance with the requirements of this subpart, the Board may relinquish jurisdiction to the examiner or take other appropriate action to permit completion of the file.

37 CFR § 41.39. Examiner's answer

(a) Content of examiner's answer. The primary examiner may, within such time as may be directed by the Director, furnish a written answer to the appeal brief.

(1) An examiner's answer is deemed to incorporate all of the grounds of rejection set forth in the Office action from which the appeal is taken (as modified by any advisory action and pre-appeal brief conference decision), unless the examiner's answer expressly indicates that a ground of rejection has been withdrawn.

(2) An examiner's answer may include a new ground of rejection. For purposes of the examiner's answer, any rejection that relies upon any Evidence not relied upon in the Office action from which the appeal is taken (as modified by any advisory action) shall be designated by the primary examiner as a new ground of rejection. The examiner must obtain the approval of the Director to furnish an answer that includes a new ground of rejection.

(b) Appellant's response to new ground of rejection. If an examiner's answer contains a rejection designated as a new ground of rejection, appellant must within two months from the date of the examiner's answer exercise one of the following two options to avoid sua sponte dismissal of the appeal as to the claims subject to the new ground of rejection:

(1) Reopen prosecution. Request that prosecution be reopened before the primary examiner by filing a reply under § 1.111 of this title with or without amendment or submission of affidavits (§§ 1.130, 1.131 or 1.132 of this of this title) or other Evidence. Any amendment or submission of affidavits or other Evidence must be relevant to the new ground of rejection. A request that complies with this paragraph will be entered and the application or the patent under ex parte reexamination will be reconsidered by the examiner under the provisions of § 1.112 of this title. Any request that prosecution be reopened under this paragraph will be treated as a request to withdraw the appeal.

(2) Maintain appeal. Request that the appeal be maintained by filing a reply brief as set forth in § 41.41. Such a reply brief must address as set forth in § 41.37(c)(1)(iv) each new ground of rejection and should follow the other requirements of a brief as set forth in § 41.37(c). A reply brief may not be accompanied by any amendment, affidavit (§§ 1.130, 1.131 or 1.132 of this of this title) or other Evidence. If a reply brief filed pursuant to this section is accompanied by any amendment, affidavit or other Evidence, it shall be treated as a request that prosecution be reopened before the primary examiner under paragraph (b)(1) of this section.

(c) Extensions of time. Extensions of time under § 1.136(a) of this title for patent applications are not applicable to the time period set forth in this section.

App. 86

See § 1.136(b) of this title for extensions of time to reply for patent applications and § 1.550(c) of this title for extensions of time to reply for ex parte reexamination proceedings.

37 CFR § 41.50. Decisions and other actions by the Board

(a)

(1) Affirmance and reversal. The Board, in its decision, may affirm or reverse the decision of the examiner in whole or in part on the grounds and on the claims specified by the examiner. The affirmance of the rejection of a claim on any of the grounds specified constitutes a general affirmance of the decision of the examiner on that claim, except as to any ground specifically reversed. The Board may also remand an application to the examiner.

(2) If a substitute examiner's answer is written in response to a remand by the Board for further consideration of a rejection pursuant to paragraph (a)(1) of this section, the appellant must within two months from the date of the substitute examiner's answer exercise one of the following two options to avoid sua sponte dismissal of the appeal as to the claims subject to the rejection for which the Board has remanded the proceeding:

(i) Reopen prosecution. Request that prosecution be reopened before the examiner by filing a reply under § 1.111 of this title with or without amendment or submission of affidavits (§§ 1.130, 1.131 or 1.132 of this title) or other Evidence. Any amendment or submission of affidavits or other Evidence must be relevant to the issues set forth in the remand or raised in

the substitute examiner's answer. A request that complies with this paragraph (a) will be entered and the application or the patent under ex parte reexamination will be reconsidered by the examiner under the provisions of § 1.112 of this title. Any request that prosecution be reopened under this paragraph will be treated as a request to withdraw the appeal.

(ii) Maintain appeal. Request that the appeal be maintained by filing a reply brief as provided in § 41.41. If such a reply brief is accompanied by any amendment, affidavit or other Evidence, it shall be treated as a request that prosecution be reopened before the examiner under paragraph (a)(2)(i) of this section.

(b) New ground of rejection. Should the Board have knowledge of any grounds not involved in the appeal for rejecting any pending claim, it may include in its opinion a statement to that effect with its reasons for so holding, and designate such a statement as a new ground of rejection of the claim. A new ground of rejection pursuant to this paragraph shall not be considered final for judicial review. When the Board enters such a non-final decision, the appellant, within two months from the date of the decision, must exercise one of the following two options with respect to the new ground of rejection to avoid termination of the appeal as to the rejected claims:

(1) Reopen prosecution. Submit an appropriate amendment of the claims so rejected or new Evidence relating to the claims so rejected, or both,

and have the matter reconsidered by the examiner, in which event the prosecution will be remanded to the examiner. The new ground of rejection is binding upon the examiner unless an amendment or new Evidence not previously of Record is made which, in the opinion of the examiner, overcomes the new ground of rejection designated in the decision. Should the examiner reject the claims, appellant may again appeal to the Board pursuant to this subpart.

(2) Request rehearing. Request that the proceeding be reheard under § 41.52 by the Board upon the same Record. The request for rehearing must address any new ground of rejection and state with particularity the points believed to have been misapprehended or overlooked in entering the new ground of rejection and also state all other grounds upon which rehearing is sought.

(c) Review of undesignated new ground of rejection. Any request to seek review of a panel's failure to designate a new ground of rejection in its decision must be raised by filing a request for rehearing as set forth in § 41.52. Failure of appellant to timely file such a request for rehearing will constitute a waiver of any arguments that a decision contains an undesignated new ground of rejection.

(d) Request for briefing and information. The Board may order appellant to additionally brief any matter that the Board considers to be of assistance in reaching a reasoned decision on the pending appeal. Appellant will be given a time period within which to

respond to such an order. Failure to timely comply with the order may result in the sua sponte dismissal of the appeal.

(e) Remand not final action. Whenever a decision of the Board includes a remand, that decision shall not be considered final for judicial review. When appropriate, upon conclusion of proceedings on remand before the examiner, the Board may enter an order otherwise making its decision final for judicial review.

(f) Extensions of time. Extensions of time under § 1.136(a) of this title for patent applications are not applicable to the time periods set forth in this section. See § 1.136(b) of this title for extensions of time to reply for patent applications and § 1.550(c) of this title for extensions of time to reply for ex parte reexamination proceedings.

**MANUAL OF PATENT EXAMINING
PROCEDURE (9TH ED. 2014)**

**MPEP § 1207.04. Reopening of Prosecution
After Appeal (Rev. Nov. 2013)**

The examiner may, with approval from the supervisory patent examiner, reopen prosecution to enter a new ground of rejection in response to appellant's brief. A new ground as used in this subsection includes both a new ground that would not be proper in an examiner's answer as described in MPEP § 1207.03, subsection II and a new ground that would be proper (with appropriate supervisory approval) as described in MPEP § 1207.03, subsection III. In deciding whether to reopen prosecution or to add a new ground of rejection to an examiner's answer where proper under MPEP § 1207.03 et seq., examiners and their supervisors should consider the degree to which the rejection previously of record is being changed, any previous reopenings after appeal brief, and the overall pendency of the application. The Office action containing a new ground of rejection may be made final if the new ground of rejection was (A) necessitated by amendment, or (B) based on information presented in an information disclosure statement under 37 CFR 1.97(c) where no statement under 37 CFR 1.97(e) was filed. See MPEP § 706.07(a). Ordinarily any after final amendment or affidavit or other evidence that was not entered before must be entered and considered on the merits as part of the action reopening prosecution. Where more than one after final amendments that conflict with each other were filed, e.g., the same claim is replaced by more than one amendment

App. 92

with new proposed claims of differing scope, than the first amendment should be entered and the subsequent amendments should not be entered.

Form paragraph 12.239 may be used when reopening prosecution:

¶ 12.239 Reopening of Prosecution After Appeal Brief

In view of the [1] filed on [2], PROSECUTION IS HEREBY REOPENED. [3] set forth below.

To avoid abandonment of the application, appellant must exercise one of the following two options:

(1) file a reply under 37 CFR 1.111 (if this Office action is non-final) or a reply under 37 CFR 1.113 (if this Office action is final); or,

(2) initiate a new appeal by filing a notice of appeal under 37 CFR 41.31 followed by an appeal brief under 37 CFR 41.37. The previously paid notice of appeal fee and appeal brief fee can be applied to the new appeal. If, however, the appeal fees set forth in 37 CFR 41.20 have been increased since they were previously paid, then appellant must pay the difference between the increased fees and the amount previously paid.

A Supervisory Patent Examiner (SPE) has approved of reopening prosecution by signing below:

[4]

Examiner Note:

1. For use if the notice of appeal was filed on or after January 23, 2012.
2. In bracket 1, insert --appeal brief-- or --amended appeal brief--.
3. In bracket 2, insert the date on which the brief was filed.
4. In bracket 3, insert --A new ground of rejection is-- or --New grounds of rejection are--.
5. In bracket 4, insert the SPE's signature. Approval of the SPE is required to reopen prosecution after an appeal. See MPEP §§ 1002.02(d) and 1207.04.
6. Use this form paragraph to reopen prosecution in order to make a new ground of rejection of claims. The Office action following a reopening of prosecution may be made final if all new grounds of rejection were either (A) necessitated by amendment or (B) based on information presented in an information disclosure statement under 37 CFR 1.97(c) where no statement under 37 CFR 1.97(e) was filed. See MPEP § 706.07(a).

After reopening of prosecution, appellant must exercise one of the following options to avoid abandonment of the application:

- (A) file a reply under 37 CFR 1.111, if the Office action is non-final;

App. 94

(B) file a reply under 37 CFR 1.113, if the Office action is final; or

(C) initiate a new appeal by filing a new notice of appeal under 37 CFR 41.31.

If appellant elects to continue prosecution and prosecution was reopened prior to a decision on the merits by the Board, the fee paid for the notice of appeal, appeal brief (if applicable), forwarding an appeal to the Board (if applicable) and request for oral hearing (if applicable) will be applied to a later appeal on the same application. If, however, the appeal fees set forth in 37 CFR 41.20 have increased since they were previously paid, applicant must pay the difference between the increased fees and the amount previously paid. If appellant elects to initiate a new appeal by filing a notice of appeal, appellant must file a complete new brief in compliance with 37 CFR 41.37 within two months from the filing of the new notice of appeal. See MPEP § 1204.01 for more information on reinstatement of an appeal.

**MANUAL OF PATENT EXAMINING
PROCEDURE (8TH ED. 2001)**

**MPEP § 1208.02. Reopening of Prosecution
After Appeal (Rev. Aug. 2001)**

The examiner may, with approval from the supervisory patent examiner, reopen prosecution to enter a new ground of rejection after appellant's brief or reply brief has been filed. The Office action containing a new ground of rejection may be made final if the new ground of rejection was (A) necessitated by amendment, or (B) based on information presented in an information disclosure statement under 37 CFR 1.97(c) where no statement under 37 CFR 1.97(e) was filed. See MPEP § 706.07(a).

Form paragraph 12.81 may be used when reopening prosecution:

¶ 12.81 Reopening of Prosecution – New Ground of Rejection After Appeal or Examiner's Rebuttal of Reply Brief

In view of the [1] filed on [2], PROSECUTION IS HEREBY REOPENED. [3] set forth below.

To avoid abandonment of the application, appellant must exercise one of the following two options:

- (1) file a reply under 37 CFR 1.111 (if this Office action is non-final) or a reply under 37 CFR 1.113 (if this Office action is final); or,
- (2) request reinstatement of the appeal.

App. 96

If reinstatement of the appeal is requested, such request must be accompanied by a supplemental appeal brief, but no new amendments, affidavits (37 CFR 1.130, 1.131 or 1.132) or other evidence are permitted. See 37 CFR 1.193(b)(2).

Examiner Note:

1. Use this form paragraph to reopen prosecution in order to make a new ground of rejection of claims or to enter a rebuttal to the reply brief. The finality or non-finality of an Office action following a reopening of prosecution depends on whether the action could have been properly made final had it been entered prior to the appeal.
2. In bracket 1, insert --appeal brief--, --supplemental appeal brief--, --reply brief-- or --supplemental reply brief--.
3. In bracket 2, insert the date on which the brief was filed.
4. In bracket 3, insert --A new ground of rejection is--, --New grounds of rejection are-- or --A rebuttal to the Reply Brief is--.

After reopening of prosecution, appellant must exercise one of the following options to avoid abandonment of the application:

- (A) file a reply under 37 CFR 1.111, if the Office action is non-final;

App. 97

(B) file a reply under 37 CFR 1.113, if the Office action is final; or

(C) request reinstatement of the appeal.

See 37 CFR 1.193(b)(2). Whether appellant elects to continue prosecution or to request reinstatement of the appeal, if prosecution was reopened prior to a decision on the merits by the Board of Patent Appeals and Interferences, the fee paid for the notice of appeal, appeal brief, and request for oral hearing (if applicable) will be applied to a later appeal on the same application.

If reinstatement of the appeal is requested, the request must be accompanied by a supplemental appeal brief; however, no new amendments, affidavits (37 CFR 1.130, 1.131, or 1.132), or other evidence is permitted. The supplemental appeal brief must comply with the requirements of 37 CFR 1.192(c), but in doing so may incorporate by reference such parts of the previously-filed brief as may still be applicable. The arguments presented in the supplemental appeal brief need only be those relevant to the new ground(s) of rejection raised in the Office action that reopened prosecution, but the appellant should also identify all previously-raised issues and/or arguments which are still considered to be relevant. If the examiner does not consider that the supplemental appeal brief complies with the foregoing requirements, appellant should be given a 1-month time period within which to file an amended supplemental brief under 37 CFR 1.192(d). See MPEP § 1206.

After the supplemental appeal brief is filed, the examiner may issue an answer thereto, and appellant may file a reply brief. It is also possible that, after reading the brief, the examiner may be convinced that some or all of the finally rejected claims are allowable. Where the examiner is of the opinion that some of the claims are allowable, he or she should so specify in the examiner's answer and confine the arguments to the remaining rejected claims. If the examiner finds, upon reconsideration, that all the rejected claims are allowable, or where the appellant in the brief withdraws the appeal as to some of the rejected claims by submitting an appropriate amendment and the examiner finds the remaining claims to be allowable, the examiner should allow the application.

In applications where an interference has resulted from the applicant provoking an interference with the patent which provided the basis for final rejection, the rejection based on that patent should be withdrawn and the appeal dismissed as to the involved claims.