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Re: RIN 0651-AC12, Rules of Practice Before the Board of Patent Appeals and Interferences in Ex Parte Appeals, 72 Fed. Reg. 41472 (Jul 30, 2007)

This letter supplements our comments on the proposed appeal rules submitted on October 1, 2007.

We understand from a colleague that any comments received before comment review is complete within two weeks will be considered.

Attached hereto is a replacement Exhibit F to be used in place of the original Exhibit F filed with the comments on the proposed appeal rules filed on October 1, 2007.

**I.D Supplement To Comments Filed on October 1, 2007 at Section I.C.,  
Therein -- An Example of What Should Not Happen, but That Will  
Happen More Often If These Rules are Adopted**

As discussed in the comments filed on October 1, 2007 at Section I.C.; examiners often do not properly support their rejections during examination. Instead, examiners often:

- generalize the rejections during examination with unfocused Office actions and with extensive “boilerplate” that does not discuss the specific facts of any claim or the specification, using legal tests that appear neither in the MPEP or any other post-1952 document

- then wait to see the result of the appellants' struggles in the appeal brief to deal with the generalities in the Office action, and
- then focus their rejections in the Examiner's answers when the appellants have run out of their rights, such as the rights to amend the claims and to provide evidence.

Examiners are reluctant to identify such newly focused examiner's answers as containing new grounds of rejection, so appellants must struggle to address the new positions of the examiners in reply briefs.

The Request for Rehearing attached as Exhibit G describes what is believed to be a common scenario where the Board relied almost entirely on the examiner's answer and its extensive new grounds of rejection, but disregarded an extensive reply brief that was directed at the new grounds of rejection in the examiner's answer.

Similar to the chronology of the appeal in Exhibit G, the appeals in Exhibit K to Exhibit V are also relevant to the proposed appeal rules for similar reasons to those commented upon in Section I.C. of the comments filed on October 1, 2007. The examiners generated large final Office actions that did not establish *prima facie* cases for most claims. The appellant filed appeal briefs that attempted to address the rejections in the final Office actions. Then the examiners generated large examiner's answers that consisted in large part of significantly new arguments than presented in the final Office action but that were not but should have been denominated as new grounds of rejection. The appellant generated reply briefs specifically directed to the new arguments in the examiner's answers. Then, the Board generated its decisions which included significant new grounds of rejection, misapplied the law on the appealed issue of a non-*prima facie* case, failed to properly group the claims, totally disregarded the appellant's showings in the reply brief, and inconsistently disregarded its own decisions.

This scenario also played out in many other appealed applications. The examiners generated large final Office actions in some cases exceeding 150 pages, that were generally uninformative, and that did not establish a *prima facie* case (Exhibits E, F, H, K to X, Z, and AA to AD). These large final Office actions were generally uninformative and that did not establish a *prima facie* case (Exhibits E, F, H, K to X, Z, and AA to AD). The appellant filed

appeal briefs and the examiners filed examiner's answers. In many of these cases, the examiner's answers were larger than the final Office actions and contained essentially new grounds of rejection (Exhibits H, S to X, Z, and AA). In other ones of these cases, the examiner's answers were large but not as large as the final Office actions and also contained essentially new grounds of rejection (Exhibits K to R). In some of these cases, examiner's answers have not as yet been generated (Exhibits B, E, and AB to AD). The examiners did not designate a single new ground of rejection in any of these cases despite the examiner's answer containing extensive new arguments and untimely attempts to cure the failure to establish a *prima facie* case (Exhibits E, F, H, K to Z, and AA to AD).

The appeals in these cases establish that "focus" is a "shared responsibility," and that the PTO must introduce as many reforms on the examiner side as the applicant side. The problem with the Appeal rule is the continued unilateral reduction in applicants' abilities to deal with examiner errors.

## **II.I. Supplement To Comments Filed on October 1, 2007 at Section II.A., Therein**

The comments on the proposed appeal rules filed on October 1, 2007 addressed the issue that the proposed petition process is ineffective in its present form and, as a consequence, the appellants are effectively without relief to the harshness of several provisions of the proposed appeal rules. The deficient appeal petition practice of the PTO is graphically illustrated with the petition and appeal scenario presented in Exhibit J. In this application, the examiner restricted the claims and constructively withdrew claims, the appellant properly responded, and the appellant petitioned for withdrawal of an improper restriction requirement and withdrawal of an improper constructive election with petitions dated July 23, 1999. The PTO did not timely decide that petition despite the fact that time was running for the appellant to file an appeal brief. After the time had run out (including

maximum extensions of time), the appellant was forced to file an appeal brief dated May 23, 2000 to avoid abandonment. Then, in a decision dated November 16, 2000, about six months after the appellant's time for filing the appeal brief had run out, the director dismissed the petition as premature because the examiner did not make the requirement for restriction final.

This is amazing because the petition was in response to a restriction requirement that was made in a final Office action and the petition was decided after a final action had been generated and time was running (or had run out) on the filing of an appeal brief. Further, the decision returned the application to the examiner to consider the petition to be a request for reconsideration, but the examiner has not responded thereto in the ensuing seven years. The appellant, anxious to get on with the appeal, filed a petition for an examiner's answer dated January 19, 2001 but has never received a decision on this petition. The appellant then filed a petition for an action on the merits dated January 20, 2005 but this petition was dismissed in a decision dated February 14, 2005. The appellant waited two years and then filed another petition dated March 28, 2007 but has never received a decision on this petition. Instead, the Director suspended prosecution for six months with a paper dated April 25, 2007. The appellant then filed another petition dated August 28, 2007 but had not as yet received a response.

Until the PTO establishes procedures to ensure that "agency action [s not]unlawfully withheld or unreasonably delayed," 5 U.S.C. § 706(1), *Telecommunications Research and Action Center v. Federal Communications Comm'n*, 750 F.2d 70, 80 (D.C. Cir. 1984) (setting out a 6-factor test for "unreasonable delay"), the PTO should not commit more issues to petitions processes that "deprive regulated entities, their competitors or the public of rights and economic opportunities without the due process the Constitution requires".

## **II.J. Supplement To Comments Filed on October 1, 2007 at Sections II.A., II.F., II.G., and II.H. Therein**

The examination and appeal processes currently practiced by the PTO are inconsistent with the proposed appeal rules and make it impossible for an appellant to both comply with the proposed appeal rules and to preserve his due process rights.

The comments on the proposed appeal rules filed on October 1, 2007 stated the following at Footnote 9. “In one case, the examiner’s answer was 170 pages long. This was particularly significant because the final Office action in that case was only 63 pages in length and the examiner’s rejections were far simpler than in the final Office action.” In this same patent application, the appellant filed an appeal brief dated August 28, 2000 but the examiner did not generate a timely examiner’s answer. The appellant then filed a petition for an examiner’s answer dated January 19, 2001. The PTO did not render a decision on that petition and did not even give a direct response to that petition, but eight months later the examiner generated the 170 page examiner’s answer. See the Replacement Exhibit F. This examiner’s answer finally focused the rejections and took a completely new position, but he did not designate a new grounds of rejection as it should have done.

We are skeptical of any additional restrictions to be placed on applicants that are only resolvable by petition, when the Office is so haphazard in following its own procedures or acting timely. If there were some balance and mutual responsibility evident in the Office’s recent rulemaking forays, we might opine differently. However, recent history does not give us any reassurance that these Appeal Rules are offered in good faith to make mutual efforts to move things along; rather, they appear to be another in the PTO’s unilateral expropriations of constitutionally-protected property rights.

## **II.K Supplement To Comments Filed on October 1, 2007 at Section II.C. Therein**

Proposed Bd.R. 41.37(o) would require an appeal brief to contain an argument comprising an analysis explaining, as to each rejection to be reviewed, why the appellant believes the examiner erred as to each rejection to be reviewed. The analysis would have to address all points made by the examiner with which the appellant disagrees. However, examiners generate large unstructured final Office actions that indiscriminately make irrelevant and erroneous statements. *See Exhibits \*\*\*\** . It is arbitrary and capricious to require appellants to respond to each and every irrelevant and erroneous statement on the merits lest they be held to be relevant and correct, particularly in the limited pages permitted in the appeal brief.

One example will be addressed with reference to Exhibit H. The examiner generated a 62 page non-final Office action dated September 23, 1998 having an appendix exceeding 120 pages of single spaced text which had essentially thousands of points and the applicant timely responded on March 23, 1999. This was followed by a 77 page final Office action dated December 21, 1999 that incorporated by reference the position stated in the appendix in the non-final Office action dated September 23, 1998. The appellant filed an appeal brief dated December 21, 2000 and the examiner responded with a 138 page examiner's answer dated September 10, 2001. If the proposed appeal rules had been in effect at that time, the appellant would have had to deal with potentially thousands of irrelevant and erroneous points incorporated by reference into the final Office action. Not only would this overburden the appellants as to time and fees involved, it would be impossible in the limited number of pages permitted in an appeal brief under the proposed appeal rules. This illustrates that the proposed appeal rules give examiners not only the ability without limit to overwhelm appellants with very large final Office actions, but to indiscriminately incorporate by reference other materials without limit. But the unreasonably small page limits to be imposed on appellants prevent a meaningful opportunity to respond to unlimited, unstructured final Office actions, and with a default requirement to respond to each and every point no matter

how irrelevant or facially erroneous or illiterately unstructured. This is the epitome of arbitrary and capricious.

**V. Supplemental Section To Comments Filed on October 1, 2007 --  
The Backlog Problems Of The PTO And The Board Are Likely To  
Be Caused In Part Because Of The Practice Of “Churning” Patent  
Applications That Were Reversed By The Board.**

Historically, when an appeal was decided by the Board having allowable claims, it is returned to the examiner who placed it in condition for allowance and issued it. However, the PTO has developed a defensive policy where it now looks for new ways to delay issuance after a reversal by the Board by performing a new search, then reopening prosecution and making new rejections. This not only overburdens the applicants and the examination process, but it overburdens the appeal process by “churning” applications with allowable claims back through the examination and appeal processes.

Commissioner Doll is alleged to have coined the term “churning” an application by reiterating rejections ...”. See the Biotech & Pharma Patent Law & News Blog.  
[http://www.patentdocs.us/patent\\_docs/2007/09/bio-ceo-provide.html](http://www.patentdocs.us/patent_docs/2007/09/bio-ceo-provide.html)

This commentator had a conference on November 16, 2006 with the then-Director of T.C. 2600, Andrew Christensen, who had responsibility for some of his applications. This commentator described the issue of the PTO “recycling” of his patent applications that have rejections reversed by the Board and particularly described the history of the two patent applications addressed herein with respect to Exhibit H and Exhibit I. This commentator pointed out “the scenario of applications going round and round from the examining groups to the Board and then back to the examining groups and then back to the Board.” The Director confirmed that this was the policy that the PTO was following.

A first “churning” scenario is illustrated with Exhibit H. The examiner generated a 62 page non-final Office action dated September 23, 1998 having an appendix exceeding 120

pages of single spaced text which had essentially thousands of points and the applicant timely responded on March 23, 1999. This was followed by a 77 page final Office action dated December 21, 1999 that incorporated by reference the position stated in the appendix in the non-final Office action dated September 23, 1998. The appellant filed an appeal brief dated December 21, 2000 and the examiner responded with a 138 page examiner's answer dated September 10, 2001. The appellant filed a reply brief dated November 13, 2001. The Board responded with a decision dated August 25, 2004 reversing in part and affirming in part and leaving most of the claims allowable. After a request for rehearing and a decision on rehearing, the application was sent back to the examining group. The examiner cited to an updated search and reopened prosecution based upon new art rejections in a 231 page non-final Office action dated October 3, 2006 and the applicant responded thereto. The T.C. Director then suspended prosecution for six months with a paper dated May 11, 2007.

A second "churning" scenario is illustrated with Exhibit I. After examination, appeal, and briefing, the Board rendered a decision dated December 21, 2000 reversing all of the rejections and leaving all of the claims allowable. The application was then sent back to the examining group. The examiner cited to new references and reopened prosecution based upon new art rejections in a 104 page non-final Office action dated June 6, 2001 and the applicant responded thereto. The T.C. Director then suspended prosecution for six months with a paper dated April 25, 2007. The applicant then filed a petition for an action on the merits dated August 28, 2007.

This commentator has experienced many other "churning" scenarios where, after examination, appeal, and briefing, the Board rendered decisions reversing the rejections in part and leaving many of the claims allowable. These applications were then sent back to the examining groups where they have since been suspended for years.

**VI. Supplemental Section To Comments Filed on October 1, 2007 -- The PTO Has A Serious Conflict Of Interest In Promulgating Appeal Rules That Prejudice Appellants In Potential Court Proceedings In Which The Appellants' And The PTO Are Adverse Parties.**

The proposed rules, if promulgated, would violate the letter and spirit of federal law by effectively denying appellants of their rights to appeal an adverse decision of the Board to the courts. Sections 141 and 145 of Title 35 of the United States Code provide an applicant the right to appeal adverse decisions of the Board to the federal courts. However, the proposed rules would effectively deny appellants of this right. This is because the proposed rules would severely limit appellants' ability to effectively appeal to the Board and would prejudice the appellants in their appeal to the courts. The ability of the PTO to promulgate the proposed rules shows the serious conflict of interests, where the PTO is in effect the "fox who is guarding the chicken coop."

In a judicial proceeding before the courts on patent application matters, the PTO is an adversary to the applicant. As an adversary in a potential judicial proceeding, the PTO's role in promulgating the proposed rules, which favor itself and severely limits the appellants in their appeals to the Board, prejudices the appellants. This prejudice in effect denies the appellants of their right to appeal to the courts. For example, in its Notice of Proposed Rulemaking ("NPRM") for the Appeal rules, the PTO stated:

In some instances, the rules propose to adopt practices similar to those of the Court of Appeals for the Federal Circuit. For example, an appendix would be required, page limits would be set, and a table of contents and a table of authorities would be required in briefs.

72 Fed. Reg. 41472. However, the Notice of Proposed Rulemaking fails to account for the fact that the Federal Circuit court rules place the same procedural constraints upon both parties in a judicial proceeding. The proposed Appeal Rules are one-sided as they would place severe limits on the space, structure, form, and methodology only on an appellant's briefs. These proposed rules would substantially impact the appellant's ability to present evidence and arguments to the Board. However, the PTO did not place any similar constraints

on the examiners in their final Office actions, examiner's answers, and examiner's responses. See Exhibits E, F, H, K to X, Z, and AA to AD for examples of long, unstructured final Office actions and examiner's answers.

Further, because of the lack of restraints on examiners and the discriminatory nature of the proposed rules in constraining the appellants, the appellants would not be able to adequately address the relevant issues in their appeals to the Board. Because of this, the PTO would argue and has in the past argued that an appellant could not raise the unaddressed issues before the courts where he/she had not raised them below. The Court of Customs and Patent Appeals (now the Federal Circuit) had held that arguments not raised before the Board could not be raised before the court. *In re Wohnsiedler*, 50 CCPA 1153, 315 F.2d 934, 137 USPQ 336 (1963)("[T]he record fails to show that the above arguments were ever presented to the examiner or the board and that those contentions, not having been made below, cannot be raised here."); and *In re Litman*, 480 F.2d 872, 178 USPQ 358 (1973)(Court will dismiss appeal from Board's dismissal of applicants' appeal from examiner's rejection of certain claim, where no decision was rendered by Board on any of grounds of rejection applied by examiner because applicants, in briefs before the Board, had failed to respond to examiner's grounds of rejection.).

These proposed rules, which would limit the appellant's ability to present evidence and arguments to the Board and to the courts, would constructively deny the appellant of his right to appeal to the courts. Thus, these proposed rules, coupled with the PTO's strategic litigation practice, would enable and ensure a favorable result to the PTO, but to the prejudice of appellants. Such prejudicial effect on the appellants would effectively result in denial of their rights of appeal. In light of the potential prejudicial effect of the proposed rules on the appellants, the proposed rules, if promulgated, would be arbitrary and capricious.

The ability of the PTO to structure its rules to favor itself for potential judicial proceedings and prejudice appellants in the process shows a serious conflict of interests, where the PTO is like the "fox guarding the chicken coop." To be fair and to ensure that appellants are afforded their rights of appeal, the PTO must impose similar constraints on the examiners and on the appellants alike. For example, the PTO should first promulgate rules for the examiners, determine how well that they work, and then extend this process to the

appellants after evaluating the effectiveness on the examiners. Appeal rules that were suitable for use by examiners would help to reduce the prejudicial effect of appeal rules for appellants.

The PTO must show good faith in its dealings with the appellants.

## **VII. Supplemental Section To Comments Filed on October 1, 2007 -- The Proposed Rules Are Invalid Because They Would Have A *De Facto* Retroactive Effect**

The proposed rules are invalid because they would have *de facto* retroactive effects on an applicant's ability to appeal his patent application. In *Bowen v. Georgetown University Hospital*, 488 U.S. 204 (1988), the United States Supreme Court stated that retroactive rules are not favored, and agencies may not make retroactive rules without an express grant of authority from Congress. Further, the PTO admits that it has no power to issue retroactive rules. Quoting *Henriksen*, at 399 F.2d at 261–62, the PTO stated in the Federal Register:

The *Henriksen* court specifically stated that: "The action of the board is akin to a retroactive rule change which may have the effect of divesting applicants of valuable rights to which, but for the change in Patent Office position brought about by the board's decision, they were entitled. Nothing appears in the Patent Office Rules of Practice or the Manual of Patent Examining Procedure which sanction such a result."

72 Fed. Reg. at 46810.

The PTO also admits that a regulation is "retroactive if it takes away or impairs vested rights acquired under existing law, creates a new obligation, imposes a new duty, or attaches a new disability with respect to transactions already completed." 72 Fed. Reg. at 46826 (citing *Landsgraf*, 511 U.S. at 269).<sup>1</sup> The First Circuit agrees with the PTO in principle:

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<sup>1</sup> The PTO's paraphrase of *Landsgraf* is perhaps less clear than the original. The Supreme Court defined retroactive effect as an act that "would impair rights a party possessed when he acted, increase a party's liability for past conduct, or impose new duties with respect to transactions already completed." *Landsgraf* at 269.

There is an obvious difference between rejecting an application because it fails to meet a new regulation governing . . . preparation of applications that was promulgated after that application was filed, and rejecting an application because the substantive standards for granting the application on the merits have changed in the period between filing and review. Whereas in the former case, parties have been deprived of fair notice as to the application method, and indeed have taken an action -- the filing of a certain kind of application -- to which the regulation retroactively applies, in the latter, as discussed above, fair notice and retroactivity concerns are not raised.

*Pine Tree Medical Assocs. v. Secretary of Health & Human Services*, 127 F.3d 118, 122 (1st Cir. 1997). *See also Boston Edison Co. v. Federal Power Comm'n*, 557 F.2d 845, 849 (D.C. Cir. 1977) (holding that an agency could not apply new requirements for application filing to applications filed before those requirements were issued).

As discussed in the comments filed on October 1, 2007 in Section III.A., the proposed rules would effect substantive changes to the appeals procedures, which substantially and adversely impact the rights and obligations of appellants. For example, the proposed page limits and the proposed structuring would restrict the appellant's ability to present evidence and arguments to the Board on all his claims, particularly if he had more than the 5/25 claims encouraged by the final continuations and claims rules. Similarly, the many proposed requirements would overburden an appellant, particularly if he had more than the 5/25 claims encouraged by the final continuations and claims rules. If these proposed appeal rules are promulgated, appellants would be forced to severely limit their evidence and arguments to only certain claims, instead of to all his claims as is his right.

Further, as discussed in Section II.A. of the October 1, 2007 comments, the PTO's petitions procedure does not give the appellants adequate good faith relief. It is often contrary to law, highly prejudicial, and does not assure any relief for the appellants.

Further, as discussed in Section VI above, the proposed rules would severely limit appellants' ability to effectively appeal all to the Board of their claims and would prejudice the appellants in their appeal to the courts on of their claims. This is another example of the *de facto* retroactive limit on an appellant's claims imposed by these proposed appeal rules.

In view of the above, these proposed appeal rules would serve as a *de facto* retroactive limit on an appellant's claims that he would have already filed, paid for, and prosecuted as they would impair his vested rights to appeal all of his claims which he is entitled to do. Such proposed rules with the potential unreasonable retroactive effects on an appellant's quantity of claims would be "arbitrary" or "capricious," and thus invalid. *See* 5 U.S.C. § 706.

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Dated: October 11, 2007

Respectfully submitted,

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