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David Boundy

**Sent:** Thursday, November 26, 2009 10:25 PM

**To:** Ombudsman Program

**Cc:** Boundy, David - Cantor Fitzgerald; Nicholas\_A.\_Fraser@omb.eop.gov; Arti.Rai@uspto.com;  
Kappos, David

**Subject:** Ombudsman program

Dear Ms. Fleisher: attached are my comments on the ombudsman proposal noticed in the Federal Register on October 21, 2009.

Dear Mr. Fraser: Section I of this letter notes that the PTO has not implemented any of the major provisions of the Good Guidance Bulletin. Many of the PTO's problems flow from breach of Good Guidance principles, and the consequent unpredictability of procedure. Any nudge you can apply would be helpful and appreciated.

Dear Director Kappos and Prof. Rai: This letter notes a few examples of pervasive and persistent breach of fundamental principles of administrative law by mid- and senior-level PTO career staff. I wish I could say that the examples here are rare exceptions; they are not. The culture among senior PTO officials (from SPE to the head of the Office of Patent Legal Administration) is "don't ask, don't tell" when it comes to procedural law-PTO supervisory officials do not teach themselves about the law, or else don't care to enforce what they do know, and do very little to tell their subordinates that they must follow the law. This letter is too cursory and high-level to fully develop the issue, but I hope it's enough to get the procedural law issue on the radar, and start some careful investigation, introspection and soul-searching. I hope we can be in touch to frame those inquiries.

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By Email *ombudsmanprogram@uspto.gov*  
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Cc: Nicholas\_A.\_Fraser@omb.eop.gov (Good Guidance issues discussed at § I, and footnote 15)  
Cc: Arti.Rai@uspto.com  
Re: Patents Ombudsman Pilot Program, in Response to Requests for Comment at 74 Fed. Reg. 55212 (Oct. 21, 2009)

Dear Ms. Fleisher:

These comments are submitted in reply to the PTO's request for comments on a proposal to create a new office of ombudsman. The idea of an ombudsman is a good starting point as the PTO begins a new course, and a bright sign of hope that the PTO will seek to comply with existing law. The patent bar hopes that the PTO will seek to improve efficiencies by keeping the procedural promises that the PTO makes to applicants, to reduce the arbitrary conduct that infects far too many prosecutions. If applicants and the PTO know what to expect of each other procedurally, everyone benefits. When PTO employees violate PTO procedures, then chaos, delay and unnecessary costs result. Any steps the PTO takes to curb procedural violations will be welcomed.

These comments are submitted by me as an individual patent attorney. They are not the views of any firm or any client.

## **I. Many of the duties of the Ombudsman should be placed within the Good Guidance officer**

### **A. The Executive Office of the President directed the PTO to take certain steps 2½ years ago; the PTO has not done so, and should follow the President’s instructions now**

The Executive Office of the President directed the PTO to appoint a “Good Guidance” officer in the *Final Bulletin for Agency Good Guidance Practices*, a directive issued by the Executive Office of the President in January 2007.<sup>1</sup> The proposed duties for the ombudsman overlap significantly with the duties of the Good Guidance officer. Inexplicably, the PTO has never implemented the President’s instructions. The required information is not on the PTO’s web site. In telephone interviews with examiners, SPE’s, and T.C. Directors, it is clear that the PTO has not conducted the training in basic administrative law concepts that the President directed the PTO to give its employees.

In particular, three provisions of the *Good Guidance Bulletin* overlap significantly with the proposed duties of the ombudsman:

- When the MPEP uses mandatory language with respect to the PTO or a PTO employee, that language is binding against the PTO or employee, and the employee needs supervisory pre-clearance (probably from a Technology Center Director or above), to depart.<sup>2</sup> When a 37 C.F.R. Rule uses mandatory language, the PTO has *no discretion whatsoever* to depart *ever*—if the PTO wishes to change a 37 C.F.R. rule or create an exception, it can only do so after full rule making procedure.<sup>3</sup>
- Documents (or examiner opinions) that have not been promulgated with full statutory authority or rule making procedure are not binding against applicants, and must not be enforced as if they had force of law.<sup>4</sup>

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<sup>1</sup> Executive Office of the President, Office of Management and Budget, “*Final Bulletin for Agency Good Guidance Practices*,” OMB Memorandum M-07-07, <http://www.whitehouse.gov/omb/memoranda/fy2007/m07-07.pdf> (Jan. 18, 2007), 72 Fed. Reg. 3432 (Jan. 25, 2007). The *Good Guidance Bulletin* has force vis-à-vis the PTO equivalent to a numbered Executive Order.

<sup>2</sup> *Good Guidance Practices* § II(1)(b), [./m07-07.pdf](http://www.whitehouse.gov/omb/memoranda/fy2007/m07-07.pdf) at page 20; 72 Fed. Reg. 3440 col. 1 (“Agency employees should not depart from significant guidance documents without appropriate justification and supervisory concurrence”); *Service v. Dulles*, 354 U.S. 363, 374–76 (1957) (agency departure from procedural protections in an unpublished Manual of Regulations and Procedures was illegal).

<sup>3</sup> *Berkovitz v. United States*, 486 U.S. 531, 544 (1988) (“The agency has no discretion to deviate” from the procedure mandated by its regulatory scheme.); *Reuters v. Federal Communications Comm’n*, 781 F.2d 946, 950 (D.C. Cir. 1986) (“It is elementary that an agency must adhere to its own rules and regulations. *Ad hoc* departures from those rules, even to achieve laudable aims, cannot be sanctioned”).

<sup>4</sup> 5 U.S.C. § 553; *Tafas v. Dudas*, 541 F.Supp.2d 805, 812, 86 USPQ2d 1623, 1628 (E.D. Va. 2008) (35 U.S.C. § 2(b)(2) “makes it clear that the USPTO must engage in notice and comment rule

- The PTO is required to appoint a Good Guidance officer, and to make contact information available on the PTO's web site.<sup>5</sup> Among other duties, the Good Guidance Officer is required to enforce the two previous bullet points.

Further, because the Good Guidance Officer presumably has some enforcement authority, a Good Guidance Officer would provide clearer lines of authority than the ombudsman, at least as proposed in the Notice.

Appointment of a Good Guidance Officer is not optional—the PTO must comply with the President's instructions in any event, and one hopes that 2½ years of delay is enough. Once the PTO has complied with the President's instructions, then the responsibilities for the proposed ombudsman would naturally be lodged in that office.

**B. Examiners and Petitions decision makers should be required to consult with the Good Guidance Office / ombudsman on legal issues**

The PTO should provide a cadre of lawyer/ombudsmen to serve as consultants to PTO staff, and *require* that they be consulted.

Under today's practice, a lawyer that reads the regulations and MPEP, and asks the PTO to follow them, courts disaster and retaliation. Asking a PTO employee to observe procedural requirements creates a large risk of adding retaliatory delays, not advancement of prosecution. When an examiner

- rewrites the form paragraphs, leaving out the "hard parts" that require a showing<sup>6</sup>
- invents new grounds of analysis for the statutory requirements, instead of using the step-by-step analysis of MPEP Chapter 2100<sup>7</sup>
- fails to issue a corrected office action as provided by MPEP § 710.06<sup>8</sup>
- fails to consider whether a rejection is premature or not, before jumping to the conclusion that an amendment must be denied entry because it raises new issues<sup>9</sup>

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making when promulgating rules it is otherwise empowered to make"), *district court reinstated sub nom. Tafas v. Kappos*, App. No. 2008-1352, \_\_\_ F.3d \_\_\_, \_\_ USPQ2d \_\_ (Fed. Cir. Nov. 13, 2009).

<sup>5</sup> *Good Guidance Practices* § III(2)(b), [../m07-07.pdf](#) at page 21; 72 Fed. Reg. 3440 col. 2.

<sup>6</sup> In 3690, nearly 100% of requirements for election of species, and a solid majority of requirements for restriction, omit one or more of the showings required by MPEP Chapter 800. *E.g.*, 10/913,727 (Office paper of Jan. 2008 carves out "inconvenient" parts of the form paragraphs; omissions diagnosed in applicant's paper of May 2008; examiner's paper of September 2008 still omits use of one of form paragraph 8.21.01-8.21.03)

<sup>7</sup> See, e.g., 09/611,548, Office Actions of Nov. 1, 2006 – a § 101 rejection with *no resemblance whatsoever* to MPEP § 2106, the statutory text, or the case law.

<sup>8</sup> See 09/672,841, July 2007 through September 2009 – when the applicant attempted to avail himself of the provisions of MPEP § 710.06, T.C. Director Jack Harvey forced the application into abandonment, affirmatively stating his refusal to follow the PTO's instructions in MPEP § 710.06.

then the SPE and T.C. Director should be the first line defenders of PTO procedure. All too often, SPE's and T.C. Directors refuse to do so. When I ask an examiner/SPE/T.C. Director/attorney in Office of Patent Legal Administration to refer to a provision of statute, 37 C.F.R., or the MPEP that purports to govern PTO conduct, far too often the answer is one of the following:

- There's an exception that applies to this specific situation—the exception exists in no written document, but the examiner/SPE/T.C. Director/OPLA insists that the PTO is excused from the written requirement in this one case.<sup>10</sup>
- The issue is simply ignored—the next PTO paper is written as if the issue was never raised, and often the same error is repeated.
- “I've been here in the Office 15 years, no one has ever brought that to my attention before, I've never done it before, I'm not going to do it now”
- Federal Circuit and PTO precedent for definitions of terms like “new ground of rejection,” “appealable subject matter,” “moot” and the like need not even be consulted, let alone followed—if the T.C. Director disagrees with the Federal Circuit, the T.C. Director refuses to follow the Federal Circuit's interpretation of the law.<sup>11</sup>
- SPE's and T.C. Directors affirmatively state that they will not enforce procedural law (whether PTO procedures, the Administrative Procedure Act and similar statutes originating outside the PTO)<sup>12</sup>

Many of the SPE's and T.C. Directors that I interact with do not have the habit of mind to find out what the law is, to read the relevant rule, case, etc. or to apply the law they find there. In one telephone call, T.C. Director Jack Harvey stated in so many words that he refused to even read

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<sup>9</sup> 10/113,841, April-October 2009 (examiner insists on entitlement to a “disposal” count even though the examiner concedes (by silence) that examination of the application was incomplete, the examiner refuses to consider issues of premature final rejection, and the examiner refuses to answer all material traversed); 11/608,303 (same).

<sup>10</sup> *E.g.*, 10/113,841, Petition of October 14, 2009, Ex. A (email to SPE requesting that SPE enforce the law, after SPE stated that he refused to enforce requirement to “answer all material traversed” because he had no personal knowledge of the law under which the issue traversed would be relevant, even though the law was specifically discussed in applicant's previous paper); 10/938,413, Petition of Nov. 17, 2009 at 11 (Rob Clarke, then head of Office of Patent Legal Administration, made up an excuse out of thin air, with no support or justification in any written document, for the PTO's non-compliance with a statutory obligation—this example of disregard for the rule of law is striking not for its rarity, but for the seniority and legal role of the person who announced the PTO's refusal to comply with the law).

<sup>11</sup> See footnote 13.

<sup>12</sup> *E.g.*, 09/239,194, Summary of Interview with SPE (filed July 25, 2005) (“This attorney asked for supervisory intervention regarding the procedural issue of premature final rejection. [The SPE] stated that she did not consider [procedural] issues, that she only considered the merits”). The SPE did not explain how the PTO could make accurate or fair determinations on the merits if it refuses to enforce its procedures.

the PTO's and courts' precedent on an issue of procedure. Even after being told that the conversation was being taped, T.C. Director Harvey insisted that he would not look up the law or attempt to follow it; he would act on his own whim and leave it to the applicant to petition on up the chain.<sup>13</sup> In a written decision, he stated that he would ignore precedent on the definition of the term "new ground of rejection" simply because "it cannot be seen" why the court held as it did.<sup>14</sup> When T.C. Directors adjudicate according to their personal whims, based on rules that exist nowhere in writing, and refuse to follow the written law, then interactions between the PTO and applicants can only be unpredictable, inefficient, and illegal.<sup>15</sup>

### **C. The Good Guidance Officer / Ombudsman should be hired from outside the PTO**

Every lawyer outside the PTO understands (a) to find out what the law is, you have to look in a written document, and (b) once you find out what the law is, you have to follow it, even if it's painful or inconvenient to do so. For example, every lawyer outside the PTO has had the experience of having to turn a document over to the other side, or answer an interrogatory, or address a difficult issue in a brief, because the law requires it. Because these habits of *looking up the law* and *following the law even when inconvenient* has *not* been inculcated at the PTO, very few PTO employees have the legal discipline to serve in an ombudsman role. The PTO must hire the majority of ombudsmen from outside if the PTO wants to set itself on a course of following the law in the future.

## **II. Ancillary Issues**

### **A. Current Petitions practice is Constitutionally suspect—Petitions should be moved away from T.C. Directors, and perhaps into an ombudsman's office**

The Notice states that "The Patents Ombudsman Pilot Program is not intended as an alternative forum for resolution of disagreements between the applicant and the examiner that are currently resolved via appeal or petition." The Office may wish to reevaluate. The current Petitions process does not work (at least not in 2100 and 3600), and needs substantial reforms. This might be a good opportunity to implement those reforms.

Because T.C. Directors have a direct financial stake in maintaining production, they have a direct stake in denying petitions that seek enforcement of the PTO's procedural rules. That

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<sup>13</sup> 09/385,394, Summary of Interview of 10/30/2005 (filed Dec. 1, 2005), at page 3, (T.C. Director Harvey states that he believes it would not be "helpful" for him to look at "the Board cases and CCPA cases on defining 'new ground of rejection'").

<sup>14</sup> 09/385,394, Decision of Nov. 8, 2005, at page 5, lines 15-17 (T.C. Director Harvey quotes back the CCPA's own language from *In re Wiechert* and *In re Kronig*, and states that it will not be applied, simply because "it cannot be seen" why the court ruled as it did).

<sup>15</sup> T.C. Director Harvey has established an extensive record of retaliation against applicants that petition for enforcement of PTO procedure. I invite Director Kappos to telephone so that we can develop a case study in how the Petitions process fails, so that reforms can be designed and implemented.

delegation of authority is constitutionally suspect.<sup>16</sup> Also, very few T.C. Directors and very few SPRE's have sufficient legal training to decide the legal issues that arise in petitions, let alone to be able to do so fairly.

If petitions relating to enforcement of PTO guidance and 37 C.F.R. rules were moved from T.C. Directors to the Good Guidance Officer/ombudsman, and the Good Guidance Officer/ombudsman given independence from line management and were charged with enforcing the full spectrum of the PTO's administrative law and procedural obligations to applicants, many of the PTO's backlog, customer satisfaction, and other problems could be resolved.

**B. The PTO could benefit from training in and an audit for compliance with basic principles of administrative law**

I understand that Prof. Rai has urged the PTO to conduct an administrative law audit to identify breaches of administrative law, especially those breaches that impact the efficiency of interactions between the PTO and applicants.<sup>17</sup> When the PTO fails to comply with the law, the legitimate expectations of applicants guaranteed by the administrative law are frustrated, and the examination-prosecution process breaks down. An administrative law audit that identified lax observance of procedure, and set processes in motion to correct that lax procedure, could substantially improve the cooperative efficiency between the PTO and applicants, and would likely identify additional issues that should be within the purview of the ombudsman. I concur with Prof. Rai's recommendation, and looks forward to providing facts and administrative law expertise to the PTO for such an audit.

Respectfully submitted,

Dated: November 26, 2009

By: \_\_\_\_\_/David E. Boundy/\_\_\_\_

Writing in my personal capacity

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<sup>16</sup> *Concrete Pipe and Products of California Inc. v. Construction Laborers Pension Trust for Southern California*, 508 U.S. 602, 617-18 (1993), citing *Marshall v. Jerrico, Inc.*, 446 U.S. 238, 242, and n. 2 (1980), *Ward v. Village of Monroeville*, 409 U.S. 57, 61-62 (1972), *Tumey v. Ohio*, 273 U.S. 510, 522 (1927).

<sup>17</sup> As one example of a breach of law and lack of familiarity with elementary principles of administrative law, that creates inefficiency by upsetting expectations with insufficient notice to the public, note the direct conflict between *Ex parte Ghuman*, 88 USPQ2d 1478 (BPAI 2008) and MPEP § 1205.02. First, guidance documents such as the MPEP are binding on an agency's ALJ's, *Yale-New Haven Hospital v. Leavitt*, 470 F.3d 71, 80 (2nd Cir. 2006), and the Board should not have acted unilaterally without involving the PTO's rule making processes. Second, the Board did not obtain clearance under the Paperwork Reduction Act before imposing *Ghuman's* new burdens on the public. Third, *Ghuman* and its incompatibility with MPEP § 1205.02 is not listed on the web page required by the *Good Guidance Bulletin* § III(1)(a).

An administrative law audit could identify where the PTO's legal machinery failed, and how these three breaches of law managed to find their way into a precedential opinion of the Board.