

**From:** Kip Werking [redacted]

**Sent:** Friday, May 06, 2011 2:11 PM

**To:** AC56.comments

**Subject:** Werking - Comments on -Revision of Patent Term Extension and Adjustment Provisions Relating to Appellate Review and Information Disclosure Statements- May 6, 2011

Dear Mr. Fries,

Please consider the attached comments on the recently proposed changes to PTA practice. For your convenience, I have attached the comments in both Word .doc and Adobe .pdf format.

Respectfully,

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May 6, 2011

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Dear Mr. Fries,

The undersigned is writing to comment on the notice “Revision of Patent Term Extension and Adjustment Provisions Relating to Appellate Review and Information Disclosure Statements” published in the Federal Register at 76 FR 18990-18995 on April 6, 2011. The following Table of Contents indicates the broad topics that the undersigned will discuss below.

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**1. Introduction: “An examiner’s answer containing a new ground of rejection is not an Office action under 35 U.S.C. 132, and is not the Office reopening prosecution.”**

The undersigned writes mostly to comment on the following quotation from page 18993 of the Federal Register notice: “An examiner’s answer containing a new ground of rejection is not an Office action under 35 U.S.C. 132, and is not the Office reopening prosecution.” The quotation is preceded by the following sentence: “The reopening of prosecution in this situation [i.e. after a notice of appeal is filed but before the Board of Patent Appeals and Interferences (BPAI) renders a decision] will in most circumstances also be considered a decision in the review reversing an adverse determination of patentability as that phrase is used in 35 U.S.C. § 154(b)(2) as amended by the URAA, and a final decision in favor of the applicant under § 1.701(c)(3).” Because the first quoted sentence, about examiner answers, follows the second quoted sentence, about the reopening of prosecution, the clear implication is that applicants will obtain PTA under 35 U.S.C. § 154 (b)(1)(C)(iii) when the examiner generally admits error by withdrawing all rejections and reopening prosecution, but will not obtain PTA under § 154 (b)(1)(C)(iii) when the examiner generally admits error by withdrawing all rejections and issuing a new ground of rejection in an examiner’s answer.<sup>1</sup>

To simplify, we can distinguish between two situations:

- A. in response to a notice of appeal, the examiner determines to make a new ground of rejection in an *office action* by reopening prosecution; and
- B. in response to a notice of appeal, the examiner determines to make a new ground of rejection in an *examiner’s answer* without reopening prosecution.

The Office proposes to grant PTA in situation A, but not situation B.

Our fundamental concern is that the above distinction—between situations A and B—is not an appropriate basis for determining whether to grant PTA. If an applicant is entitled to PTA in situation A, after the examiner makes a new ground of rejection in an office action, then the applicant should be entitled to PTA in situation B, after the examiner makes the same new ground of rejection in an examiner’s answer.

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<sup>1</sup> Although the Federal Register notice, at page 18993, states that “[t]he reopening of prosecution in this situation will in most circumstances also be considered a decision in the review reversing an adverse determination of patentability as that phrase is used in 35 U.S.C. 154(b)(2),” the Office appears to intend § 154(b)(1)(C)(iii), which refers to “an adverse determination,” and not § 154(b)(2).

The difference between an office action and an examiner's answer, as a place for asserting new grounds of rejection, involves more form than substance. As discussed more below, examiners and their TC Directors have wide discretion in deciding whether to admit their error, and assert their new ground of rejection, in either an office action or an examiner's answer. Further, examiners have a financial incentive, because of the count system, to place their new grounds of rejection in examiner answers, thereby denying applicants PTA on the Office's proposal. Because the examiner and TC Director have wide discretion to admit error in either an office action or an examiner's answer, the question of whether of an applicant will receive PTA should not turn on where they choose to admit the error. PTA should not hinge on an examiner's whim.

In the following remarks, we discuss various aspects of the problematic distinction addressed above.

## **2. The Proposed Rule Does Not Reflect the Fact that Applicants Always Have the Ability to Force the Examiner to Reopen Prosecution When a New Ground of Rejection is Made in an Examiner's Answer**

As discussed above, when an Examiner determines to issue a new ground of rejection in response to a notice of appeal, the Examiner can make the new ground in an office action, according to situation A, or in an examiner's answer, according to situation B. The Office proposes to hinge PTA upon the examiner deciding to put the new ground in an office action and not an examiner's answer. However, the Federal Register notice does not evince any consideration by the Office of the fact that applicants always have the ability to force the examiner to put the new ground in an office action. Rather, applicants are left to guess as to whether PTA will obtain in that situation.

Under Bd.R. § 41.39(b)(1), applicants always have the option to force the examiner to reopen prosecution by placing the new ground of rejection in an office action. All that the Rule requires is that the applicant "fil[e] 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." *See* MPEP § 1207.03 V. There is no apparent requirement for the submission of a Request for Continued Examination (RCE) under 37 C.F.R. § 1.114.

The applicant's ability, under Bd.R. § 41.39(b)(1), to force the examiner to reopen prosecution only reinforces the similarity between the examiner admitting error in situations A and B. That is, the two options are so similar that the Office already grants the applicant the ability to always switch from the latter to the former. Because the two options are fundamentally the same, the distinction between them should not form a basis for determining whether to grant or deny PTA.

### **3. The Office Places Hardly any Restrictions on the Examiner's Ability to Make New Grounds of Rejection in the Examiner's Answer**

In discussing the Office's proposal to hinge PTA on the examiner reopening prosecution, it is important to remember that the Office places no per se rules against examiners, together with their TC Directors, issuing new grounds of rejection in examiner answers. If the Office placed further restrictions on the examiner's ability to issue new grounds of rejection in examiner answers, then the Office's proposed distinction might make more sense. For example, the Office could restrict new ground of rejection in examiner answers in any of the following ways:

1. new grounds of rejection cannot be made where any/all of the evidence for the rejection was not previously provided to the applicant;
2. new grounds of rejection cannot be made when any/all previous grounds of rejection are withdrawn.

However, the Office has not promulgated regulations or guidance that would enforce anything like the above as per se rules. Technically, it remains possible for the examiner to issue an examiner's answer that: 1) withdraws all previous grounds of rejection, and 2) issues new grounds of rejection over completely different art that the applicant has never seen. Obviously, the most appropriate place for such a new ground of rejection is in an office action after prosecution is reopened, and not an examiner's answer. Indeed, the Office appears to generally follow that procedure as a matter of internal, unwritten policy. But no regulation or MPEP provision prevents the examiner from placing such a new ground of rejection in an examiner's answer. Any internal, unwritten policy of the Office otherwise is an insufficient safeguard of applicant rights.

Bd.R. § 41.39 places no limitation on the examiner's ability to make a new ground of rejection in an examiner's answer. § 41.39 simply states that "An examiner's answer may include a new ground of rejection."

Similarly, MPEP § 1207.03 I ("REQUIREMENTS FOR A NEW GROUND OF REJECTION") only places the following limitations on new grounds of rejection in examiner answers:

1. "approved by a Technology Center (TC) Director or designee; and"
2. "prominently identified in the "Grounds of Rejection to be Reviewed on Appeal" section and the "Grounds of Rejection" section of the answer (see MPEP § 1207.02). The examiner may use form paragraph 12.154.04."

§ 1207.03 II later clarifies that new grounds are not permissible:

3. "to reject a previously allowed or objected to claim even if the new ground of rejection would rely upon evidence already of record";
4. "if an appellant has clearly set forth an argument in a previous reply during prosecution of the application and the examiner has failed to address that argument, the examiner would not be permitted to add a new ground of rejection in the examiner's answer."

Other than these four limitations, the Office is free to make new grounds of rejection in examiner answers. Indeed, these four limitations are so liberal that, technically, prosecution may effectively proceed during appeal under the review of the Board, and not before the examining corps., as would otherwise be appropriate.

The first paragraph of § 1207.03 does state that "[n]ew grounds of rejection in an examiner's answer are envisioned to be rare, rather than a routine occurrence." However, without a per se rule, guidance regarding the overall frequency of new grounds of rejection provides no meaningful protection in any particular application.

Further, § 1207.03 does mention some factors that could be relevant in determining whether a new ground of rejection is appropriate in an examiner's answer. However, § 1207.03 later clarifies that these factors are not relevant. For example, § 1207.03 considers whether a new ground is made to address "a new argument [made] for the first time in the appeal brief." Although that factor might help to justify the Office's proposal to hinge PTA on the examiner reopening prosecution, § 1207.03 also states: "[n]ew grounds of rejection are not limited to only a rejection made in response to an argument presented for the first time in an appeal brief." Further, § 1207.03 mentions

the fact that evidence may be “already of record.” However, § 1207.03 fails to place any restriction on the examiner to issue new grounds of rejection based on that factor (i.e. a restriction on new grounds of rejection over evidence that is not already of record). For example, § 1207.03 states that “[a] new prior art reference applied or cited for the first time in an examiner’s answer generally will constitute a new ground of rejection,” but fails to place any limit on the examiner to make such a new ground of rejection in the examiner’s answer.

Because examiners, together with their TC Directors, have so much unrestricted discretion in determining whether to issue new grounds of rejection after reopening prosecution (situation A) or in examiner answers (situation B), that distinction should not form the basis for deciding whether to grant or deny PTA to applicants.

#### **4. The Office Should not Promulgate any Regulations or Guidance for Distinguishing between Whether New Grounds of Rejection Require Reopening Prosecution**

In the previous section, the undersigned observed that the Office has promulgated no regulations or guidance for determining when it is appropriate for the examiner to issue a new ground of rejection in an examiner’s answer or, instead, in an office action after the reopening of prosecution. The undersigned also noted possible factors to consider in determining whether to place the new ground of rejection in an examiner’s answer or office action.

In this section, the undersigned makes clear that it would be most unwise for the Office to adopt any such regulations or guidance. Although the regulations or guidance might help to justify the proposal to deny PTA to applicants when examiners put their new grounds of rejection in examiner answers, the better course is to create a per se rule that applicants are entitled to the same amount of PTA regardless of where the examiner admits his error (i.e. regardless of whether the examiner uses situation A or B). A fact intensive inquiry regarding the sorts of factors discussed above would only result in needless fighting about whether it was appropriate for the examiner to put a new ground of rejection in the answer instead of an office action. If an applicant feels that the examiner inappropriately put the new ground in an examiner’s answer, then the applicant

would need to petition the Director under 37 C.F.R. § 181, but decisions on such petitions are often so untimely as to be useless. It would be better for the Office to avoid that inquiry altogether.

### **5. The Office Should Default to Reopening Prosecution Whenever a New Ground of Rejection is Made Unless Applicant Requests Otherwise**

In the undersigned's previous comments on the November 15, 2010 proposed changes to ex parte appeals, the undersigned argued at length that the Office should default to reopening prosecution whenever an examiner makes a new ground of rejection.<sup>2</sup> That remains the undersigned's position.

As discussed in the previous comments, issuing a new ground of rejection after appeal results in prosecution effectively proceeding before the Board instead of the examining corps. Although the applicant is *effectively* prosecuting the claims regardless of whether the new ground appears in situation A (an office action after reopening prosecution), or situation B (examiner's answer), the applicant is severely prejudiced in situation B. When the examiner issues a new ground of rejection in an examiner's answer, the applicant suffers the following prejudices:

1. the applicant is forbidden to amend the claims;
2. the applicant is forbidden to submit rebuttal evidence;
3. the applicant's period for reply is shortened, from the general three month period during prosecution, to two months;
4. the applicant has no right to extend the period for reply under 37 C.F.R. § 1.136(a), and can only receive extensions in exceptional circumstances under § 1.136(b);
5. the applicant generally has no ability to conduct a free, off-the-record interview with the examiner (as opposed to a \$1,080, on-the-record oral hearing before three APJs);
6. the examiner is rewarded with a count for the examiner's answer, even though the answer effectively admits examiner error, in contrast to after final practice, where the examiner is denied a count, creating an incentive for the examiner to properly dispose of the application;<sup>3</sup>

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<sup>2</sup> See pages 26-28 of the comments available at [http://www.uspto.gov/ip/boards/bpai/procedures/rules/rule\\_comment\\_nov2010\\_werking\\_lee\\_a.pdf](http://www.uspto.gov/ip/boards/bpai/procedures/rules/rule_comment_nov2010_werking_lee_a.pdf)

<sup>3</sup> See MPEP §§ 706.07(a) ("Final Rejection, When Proper on Second Action") and 1705 III ("COUNTING OF DISPOSALS"). Note that MPEP § 1705 III has been outdated by the recent changes to the count system. Even on the new count system, however, examiners still receive a count, or partial count, for an examiner's answer containing a new ground of rejection.

7. the applicant's levels of appellate review are shortened by one: because "prosecution" over the rejection begins with appeal, the applicant is effectively denied one round of response.

As discussed in the previous comments to the November 15, 2010 Federal Register notice, there is no reason for the Office to assume that, *by default*, the applicant should be prejudiced in these numerous ways. Rather, the fair policy would be for the Office to assume that, by default, the applicant should not be prejudiced in these manners, and, therefore, that prosecution should be reopened and the examiner should be denied a count.

The Office proposes to add to the above list by denying applicants PTA when they face new grounds of rejection in situation B (the examiner's answer), but not in situation A (the examiner reopening prosecution). If anything, however, the list should be shortened, and not lengthened: *by default*, applicants should have same ability to respond to new grounds of rejection regardless of where the rejection first appears. Applicants should not be prejudiced by the examiner's failure to timely assert any ground of rejection.

The Office's proposal is especially disturbing because, as indicated in point 6 above, the count system provides the examiner a financial incentive to place the new ground of rejection in the examiner's answer, thereby biasing the examiner to take a course of action that results in the applicant losing PTA. The count system should not incentivize examiners to act in ways that arbitrarily deny applicants the full patent term to which they are otherwise entitled.

Of course, in some situations, the applicant will still desire to proceed with appeal, despite these prejudices. For example, if the new ground of rejection is weak, the applicant may have no desire to amend the claims, submit evidence, conduct a free interview, or extend the period for response. Applicants should retain the option to maintain the appeal, which could be exercised, for example, by written request or oral election (analogous to oral elections by telephone in response to restriction requirements).

The undersigned still believes that situations where applicants desire to maintain the appeal will be more infrequent than those in which applicants desire to reopen

prosecution. This will be true especially to the extent that the new ground of rejection is stronger than the previous ground(s) of rejection, which is Office policy.<sup>4</sup>

**6. The Federal Register Notice Does Not Discuss the Possible PTA Consequences of New Grounds of Rejection under 37 C.F.R. § 41.50(a) and (b)**

In the above comments, the undersigned argued against the Office's proposal to hinge PTA upon the examiner issuing a new ground of rejection in an office action, after reopening prosecution, instead of in an examiner's answer. Although the Office discusses the possibility of the examiner making a new ground of rejection in an examiner's answer under 37 C.F.R. § 41.39(a)(2), the Office does not discuss the other possible manners in which applicants may face new grounds of rejection during appeal, under 37 C.F.R. § 41.50(a) and (b), respectively.

In addition to the examiner first making a new ground of rejection in an examiner's answer under § 41.39(a)(2), the examiner may also make a new ground of rejection in a supplemental answer, under § 41.43, on the recommendation of the Board, under § 41.50(a). *See* MPEP § 1207.05. Further, the Board itself may issue a new ground of rejection in its decision under § 41.50(b). In both situations, as with new grounds of rejection under § 41.39(a)(2), the default is for the applicant to be severely prejudiced in the numerous manners detailed above.

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<sup>4</sup> MPEP § 706.02.

The undersigned are hereby writing to request that the Office explain the PTA consequences of new grounds of rejection under § 41.50(a) and (b), in comparison to the consequence of new grounds of rejection under § 41.39(a)(2). The undersigned emphatically believe that the situations are essentially similar, and the default prejudice to the applicant is the same, in all three situations. Accordingly, the PTA consequences should be the same in all situations: for the numerous reasons explained above (i.e. because making a new ground of rejection after appeal is essentially the same as making the new ground after reopening prosecution), the applicant should receive PTA under 35 U.S.C. § 154 (b)(1)(C)(iii).

Respectfully submitted,

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