

September 28, 2007

VIA E-MAIL

Mail Stop Interference
Director of the United States Patent and Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450
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RE: *Eastman Kodak Company's Comments Regarding the Proposed Rule Changes to the Rules of Practice Before the Board of Patent Appeals and Interferences in Ex Parte Appeals Set Forth in the Federal Register, vol. 72, no. 145, page 41472 et seq., dated July 30, 2007*

Dear Director:

We, at Eastman Kodak Company, respectfully submit the following comments in regard to the aforementioned proposed rule changes. In essence, we conclude that (a) the proposed rule changes substantially would increase our cost to prosecute appeals, (b) the proposed rule changes would increase pendency of our applications, (c) the proposed rule changes would, to some extent, be beyond the authority of the U.S. Patent and Trademark Office ("USPTO"), (d) the proposed rule changes pertaining at least to 35 U.S.C. 103 would cause the creation of unnecessary and potentially harmful prosecution history that, in turn, would yield a significant increase in the issues to be resolved and costs incurred in patent litigation, (e) the proposed rule changes pertaining to page limits and the process for extending them are arbitrary and capricious, and (f) the proposed rule changes fall within the purview of the Final Regulatory Flexibility Act. The analysis which lead to our conclusions is set forth in detail, below.

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I. The Proposed Rules Would Increase Our Cost to Prosecute Appeals by Multiples and Would Increase Application Pendency

The proposed Appellate Practice rules seek to provide examiners and USPTO reviewers with a clear and complete statement of an appellant's position at the time of filing an appeal brief. The USPTO believes that such a clear and complete statement of an appellant's position will (1) enhance the likelihood that appealed claims will be allowed without the necessity of further proceeding with the appeal, (2) minimize the pendency of appeals before the USPTO, (3) minimize the need for lengthy patent term adjustments, (4) provide uniform treatment of requests for an extension of time filed after an appeal brief is filed, and (5) make the decision making process more efficient.¹

The USPTO believes that "[a]ny additional time burden that is imposed by the proposed rules relating to briefs is ... de minimus in comparison to the reduction in pendency that appellant gains as a result of early identification of allowable claims or a more efficient decision-making process."² Also, the USPTO believes that "[t]hese proposed ... rules do not significantly increase the cost of filing or prosecuting an appeal before the Board."³ We respectfully, but vehemently, disagree.

First, there are significant costs associated with the attorney time required to prepare an appeal brief, and the proposed rules would increase the attorney hours to prepare an appeal brief by multiples. In particular, we expect the proposed additional appeal brief sections to double or triple the amount of time it takes us to prepare an appeal brief. Of particular concern are the statement of facts section⁴ and the proposed changes to the appendix.⁵ The statement of facts section would require appellants to identify every location in the record where factual disputes⁶ and arguments⁷ were first introduced, which would be especially cumbersome for applications with complex file histories. In regard to the appendix, each of the four proposed separate

¹ Fed. Reg., vol. 72, no. 145, July 30, 2007, 41472, left column, Summary.

² Id. at 41484, left column, Regulatory Flexibility Act.

³ Id. at 41484, left column, Regulatory Flexibility Act.

⁴ Id. at 41475, right column, Proposed Bd.R. 41.37(n).

⁵ See, e.g., id. at pgs. 41477-78, Proposed Bd.R. 41.37(p)-(u).

⁶ Id. at 41475, right column, Proposed Bd.R. 41.37(n) ("statement of facts").

⁷ Id. at 41476, middle column, Proposed Bd.R. 41.37(o) ("Where an argument has previously been presented to the examiner, the analysis would have to identify where any argument being made to the Board was made in the first instance to the examiner.").

listings of claims, namely, the claims section⁸, the claims support section⁹, the drawing analysis section¹⁰, and the means or step plus function analysis section,¹¹ would meaningfully add to the amount of time it takes us to prepare an appeal brief. In addition, the proposed evidence section¹² would prove to be significantly time consuming, as it would not be trivial to add to the appendix of an appeal brief relevant sections of amendments, all affidavits, declarations, non-patent literature, foreign patents and publications, published PCT documents, and all other material admitted by the examiner.¹³ In this regard, the proposed appendix sections would increase the size of an appeal brief by multiples. In addition, we see no reason why requiring appellants to merely reference these materials would be insufficient, because all of these materials would be part of the application's image-file wrapper.

Second, we submit that these proposed rules effectively would increase application pendency, as opposed to reducing it as suggested by the USPTO.¹⁴ In particular, the proposed rules provide an enormous, unchecked incentive for examiners to delay thoroughly examining an application until the filing of an appeal brief. The proposed rules (and the final continuation rules recently introduced) place the burden of compact prosecution entirely on applicants, without any corresponding burdens on examiners,¹⁵ thereby providing this unchecked opportunity for abuse. The proposed rules (in addition to the final continuation rules) are fostering an environment where it would be more efficient for an examiner to delay thorough examination with the hope that an applicant will run out of resources and abandon its case. Because appeals would be so much more costly to applicants under the proposed rule changes, there appears to be incentive for an examiner to provide unwarranted rejections on a first action and a final action, and waiting to see if the applicant is serious enough and has the financial resources available to file an appeal brief. Once the appeal brief is

⁸ Id. at 41477, right column, Proposed Bd.R. 41.37(p).

⁹ Id. at 41477, right column, Proposed Bd.R. 41.37(q).

¹⁰ Id. at 41478, left column, Proposed Bd.R. 41.37(r).

¹¹ Id. at 41478, middle column, Proposed Bd.R. 41.37(s).

¹² Id. at 41478, right column, Proposed Bd.R. 41.37(t).

¹³ Id. at 41478, right column, Proposed Bd.R. 41.37(t).

¹⁴ Id. at 41472, left column, Summary.

¹⁵ While appellants have the entire burden of providing “[a] clear, concise and complete statement of” their position, examiners have an undefined burden. *See e.g., id.* at 41479, middle column, Proposed Bd.R. 41.39(a) (“The specific requirements of what would be required in an examiner’s answer would appear in the Manual of Patent Examining Procedure.”).

submitted, the examiner still is free to introduce a “new rejection”.¹⁶ We have seen a trend to this type of behavior under the current rules, where an increasing number of applications are being allowed or are having a new rejection introduced immediately upon the filing of an appeal brief. Accordingly, we see a disturbing incentive for examiners to extend application pendency.

In fact, the USPTO appears to encourage this behavior when it states that “[t]he proposed rules seek to provide examiners ... with a clear and complete statement of an appellant’s position”¹⁷ which “will ... assist the examiner in reconsidering the patentability of the rejected claims”.¹⁸ In this regard, the proposed rules would require appellants to include information in their appeal briefs that is relevant only to an examiner’s reconsideration of his or her rejections and is completely irrelevant to the Board’s review of such rejections. For example, the proposed statement of facts section would require appellants to identify every location in the record where factual disputes¹⁹ and arguments²⁰ were first introduced. This requirement is irrelevant to the appeal before the Board. Appeal briefs should not be required to include any information for the specific purpose of giving an examiner yet another chance to reconsider his or her rejections. Examiners should have an incentive to properly and thoroughly reject prior to appeal, and appeals should be reserved for cases where examiners are confident in their rejections and reconsideration is extremely unlikely. The proposed rules send the wrong message.

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¹⁶ Id. at 41479, middle column, Proposed Bd.R. 41.39(s) (“Proposed Bd.R. 41.39(b) would provide that an examiner’s answer may include a new rejection.”).

¹⁷ Id. at 41472, Summary, left column.

¹⁸ Id. at 41475, right column, Proposed Bd.R. 41.37(n) (underline added).

¹⁹ Id. at 41475, right column, Proposed Bd.R. 41.37(n) (“statement of facts”).

²⁰ Id. at 41476, middle column, Proposed Bd.R. 41.37(o) (“Where an argument has previously been presented to the examiner, the analysis would have to identify where any argument being made to the Board was made in the first instance to the examiner.”).

II. The Proposed Rules are Not Limited to Procedure and, to such Extent, are Beyond the USPTO's Authority

The USPTO believes that “[t]he changes in the proposed rules relate solely to the procedure to be followed in filing and prosecuting an ex parte appeal to the Board.”²¹ We respectfully disagree. The proposed rule changes include requirements of, in addition to specifying the errors in the examiners’ rejections, appellants affirmatively identify “how the rejected claims comply with the first paragraph of 35 U.S.C. 112”;²² “why the rejected claims are patentable under 35 U.S.C. 102”;²³ “how [specific] limitations render the claimed subject matter unobvious over the prior art [for each rejection under 35 U.S.C. 103]”;²⁴ and, for each means-plus-function limitation, “specific portions of the specification and drawings that describe the structure material or acts corresponding [thereto]” according to 35 U.S.C. 112, paragraph six.²⁵ If the appellant believes no claim limitations fall under 35 U.S.C. 112, paragraph six, the appellant would be required to affirmatively “state that there is no means or step plus function limitation in any claim on appeal.”²⁶ We submit that these rule changes would require appellants to establish affirmatively the patentability of their claims, as opposed to the USPTO establishing unpatentability, in contradiction with 35 U.S.C. 102, which states that “[a] person shall be entitled to a patent, unless”

In addition, the proposed rule changes severely limit the number of pages²⁷ allowed for an appellant’s arguments while imposing a waiver on all arguments not raised.²⁸ As set forth in more detail in Section IV, below, the USPTO’s procedure for extending this page limit is inadequate. This combination of a restrictive page limit and an inadequate process for extending such page limit effectively forces an appellant to waive arguments the appellant is entitled to raise. Consequently, these proposed rule changes would subvert an appellant’s right under 35 U.S.C. 134(a)²⁹ to have appealable issues reviewed by the Board.

²¹ Id. at 41483, right column, Rule Making Consideration.

²² Id. at 41477, middle column, Proposed Bd.R. 41.37(o)(4).

²³ Id. at 41477, right column, Proposed Bd.R. 41.37(o)(6).

²⁴ Id. at 41477, right column, Proposed Bd.R. 41.37(o)(7).

²⁵ Id. at 41478, middle column, Proposed Bd.R. 41.37(s).

²⁶ Id. at 41478, middle column, Proposed Bd.R. 41.37(s).

²⁷ Id. at 41479, left column, Proposed Bd.R. 41.37(v)(5).

²⁸ Id. at 41486, middle column, Proposed Bd.R. 41.37(o)(2) (“Arguments considered.”).

²⁹ “An applicant for a patent, any of whose claims has been twice rejected, may appeal from the decision of the primary examiner to the Board of Patent Appeals and Interferences”

For at least these reasons, these proposed rule changes are not related solely to procedure and are submitted to be beyond the authority of the USPTO.

III. The Proposed Changes re: 35 U.S.C. § 103 are Particularly Harmful and Would Increase Litigation Cost

We have particular concerns about the proposed requirement in the statement of facts that “in the case of a rejection for obviousness under §103, the facts should address at least the scope and content of the prior art, ... and the level of skill in the art.”³⁰ First, these requirements would cause appellants to produce unnecessary prosecution history that, as the USPTO is aware, can be harmful to the scope afforded to a later issued patent. In particular, we believe that requiring appellants to do anything more than differentiate claim limitations from art cited in a rejection is unnecessary for the evaluation of the propriety of an examiner’s rejection. Second, requiring appellants to make a determination of the level of skill in the art, especially as a “statement of fact,” is unwise. The level of skill in the art is something that cannot be determined effectively without the opinions of multiple experts, and, in fact, this issue often is contested in litigation. Certainly, the appellant's statement as to the level of skill likely will be contested in subsequent litigation. As a result, requiring appellants to make such a determination on appeal would provide yet another opportunity for a defendant to claim inequitable conduct during litigation. We have no problem with allowing an examiner and an appellant to make statements willfully as to what they believe is the level of skill in the art in the natural course of their arguments, but we do believe it is improper to require appellants to make statements as to the level of skill in the art.

IV. The Page Limits and the Process for Extending Them are Arbitrary and Capricious

We have concerns about the requirements of a 14-point Times New Roman font,³¹ double-spaced,³² 25 page limit for appeal briefs,³³ and the corresponding requirements for reply briefs.³⁴ Due to the recently introduced final rules for limits on continuation practice, appellants will be

³⁰ Id. at 41475-76, Proposed Bd.R. 41.37(n).

³¹ Id. at 41479, left column, Proposed Bd.R. 41.37(v)(4).

³² Id. at 41479, left column, Proposed Bd.R. 41.37(v)(1).

³³ Id. at 41479, left column, Proposed Bd.R. 41.37(v)(5).

³⁴ Id. at 41479, right column, Proposed Bd.R. 41.41(a).

arguing many more separate claims in their appeal briefs in order to compress prosecution as much as possible. While this obviously is an intended effect of such final rules, it means that appeal briefs will include many more arguments. The proposed rules further increase the incentive to add more arguments by (a) requiring that appellants respond to all points made by the examiner, or be deemed to agree therewith,³⁵ and (b) stating that appellants waive all arguments not presented in their arguments sections.³⁶ Subtracting the space required to include the potentially lengthy “statement of facts” from the 25 pages, while accounting for the aforementioned increase in the number of arguments, and considering the requirements of a 14-point font and double spacing, 25 pages is severely deficient. The proposed rules seem formulated to drive expediency, not quality.

Further, we have concerns that the proposed rules make it practically impossible to obtain an extension on this page limit.³⁷ In particular, filing such a petition is understood not to stay the due dates for filing an appeal brief, and, certainly, there is no guarantee that a response on the petition would be issued timely. Even if an applicant prepares an appeal brief promptly, there is nothing in the proposed rules that protects an applicant from having to pay excessive extension-of-time fees for filing an appeal brief, or worse, from having the case go abandoned while the applicant is waiting for a decision on a petition to extend the page limit. Accordingly, we believe that if the USPTO is to adopt any page limitations, a higher page limit and a more reliable procedure for extending the page limit should be provided.

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³⁵ Id. at 41476, right column, Proposed Bd.R. 41.37(o).

³⁶ Id. at 41486, middle column, Proposed Bd.R. 41.37(o)(2) (“Arguments considered.”).

³⁷ Id. at 41473, left column, Proposed Bd. R. 41.31(e).

V. **A Final Regulatory Flexibility Act Analysis is Required for the Proposed Rule Changes**

The USPTO believes that the proposed rule changes merely “involve interpretive rules, or rules of agency practice and procedure, and prior notice and an opportunity for public comment are not required pursuant to 5 U.S.C. 553(b)(A) (or any other law).” The USPTO reasons that “[b]ecause prior notice and an opportunity for public comment [allegedly] are not required ..., a final Regulatory Flexibility Act analysis is also not required for the changes in the proposed rules. *See* 5 U.S.C. 603.”³⁸

We respectfully disagree. As set forth in Section II of these comments, above, the proposed rule changes require appellants to affirmatively establish patentability of their claims, as opposed to the USPTO establishing unpatentability as required by 35 U.S.C. 102. In addition, the page limits and the inadequate procedure for extending them set forth by the proposed rule changes effectively force an appellant to waive arguments the appellant is entitled to raise. Consequently, these proposed rule changes would subvert an appellant’s right under 35 U.S.C. 134(a) to have appealable issues reviewed by the Board. Because the proposed rule changes conflict with statutory requirements, we submit that the proposed rule changes are not merely interpretive or related to agency practice and procedure. Accordingly, it is our position that prior notice and an opportunity for public comment is required under 35 U.S.C. 553(b) and, therefore, that a final Regulatory Flexibility Act analysis is required under 35 U.S.C. 603.

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³⁸ *Id.* at 41483, right column, “Regulatory Flexibility Act.”

VI. Conclusion

In summary, we respectfully conclude that (a) the proposed rule changes substantially would increase our cost to prosecute appeals, (b) the proposed rule changes would increase pendency of our applications, (c) the proposed rule changes would, to some extent, be beyond the authority of the U.S. Patent and Trademark Office (“USPTO”), (d) the proposed rule changes pertaining at least to 35 U.S.C. 103 would cause the creation of unnecessary and potentially harmful prosecution history that, in turn, would yield a significant increase in the issues to be resolved and costs incurred in patent litigation, (e) the proposed rule changes pertaining to page limits and the process for extending them are arbitrary and capricious, and (f) the proposed rule changes fall within the purview of the Final Regulatory Flexibility Act.

Respectfully submitted,



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