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# APPEALS FROM THE CENTRAL REEXAMINATION UNIT

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## Authors' Note

This paper is available at [www.reexamcenter.com](http://www.reexamcenter.com) where the reader can find valuable information regarding all aspects of complex patent reexamination. For a more in depth discussion of complex patent reexamination in general, we refer the reader to Robert Greene Sterne et al., *Reexamination Practice with Concurrent District Court Litigation or Section 337 Investigations*, 10 THE SEDONA CONFERENCE JOURNAL 115 (2009), also available at [www.reexamcenter.com/resources/](http://www.reexamcenter.com/resources/).

**Section I** is an introduction to this paper. In **Section II**, we discuss hot topics and new developments in reexamination appeals. **Section III** addresses after-final practice in reexamination proceedings. A thorough and deliberate after-final game plan is crucial to setting up a reexamination for appeal. **Section IV** discusses appeals from the Central Reexamination unit to the Board of Patent Appeals and Interferences. **Section V** deals with appeals from the Board to the Court of Appeals to the Federal Circuit. Finally, we end with a presentation and discussion of the most recent reexamination statistics, from the CRU, the Board and our own independent data collection and analysis.

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<sup>1</sup> Sterne, Kessler, Goldstein & Fox P.L.L.C., (SKGF) Copyright 2010, All Rights Reserved. The opinions expressed herein are those of the authors alone. The authors wish to especially thank Pauline Pelletier for her superb statistical analysis, which appears in Section V below.

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## I. Introduction

In recent years, patent reexamination has taken an increasingly important, and often dispositive, role in patent disputes. Accused infringers in patent infringement suits, Section 337 Internal Trade Commission Investigations and parties to patent interferences often use patent reexamination as a central tool in their arsenal. As a consequence, final judgment in a district court litigation, or even a decision by the Federal Circuit, may not resolve the question of a defendant's infringement liability, as the outcome of a parallel reexamination may ultimately invalidate the patent at issue. The recent Federal Circuit decision in *i4i v. Microsoft*<sup>2</sup> is but one high profile example showing the importance of patent reexamination. There, the Federal Circuit upheld a \$200 million jury award against Microsoft for willfully infringing i4i's patent. The Federal Circuit decision, however, is not the last word in this dispute as the parties continue to battle over the validity of i4i patent, only now in an *inter partes* reexamination before the Central Reexamination Unit ("CRU"). The outcome of that reexamination likely will have major economic consequences for i4i and Microsoft. No matter how the CRU decides that reexamination, it is unlikely to be the final chapter in that dispute. As with district court trials, winning a reexamination in front of the CRU is often only a first step, as appeals to the Board of Patent Appeals and Interferences (the "Board") and the Federal Circuit may have the final say. This paper addresses the issues involved in appealing CRU decisions to the Board and the Federal Circuit.<sup>3</sup>

The patent owner in both *ex parte* and *inter partes* reexamination may appeal a final adverse decision by the Central Reexamination Unit ("CRU") to the Board of Patent Appeals and Interferences ("the Board" or "the BPAI"). In *inter partes* reexamination, the third-party requester also has a right to appeal a final adverse decision to the Board. The process by which appeals to the BPAI are conducted in regular preparation and prosecution is generally well known among patent practitioners. However, appeals taken from the central reexamination unit have added layers of complexity that merit additional review and discussion. This is especially true for appeals from *inter partes* reexamination proceedings, and appeals where there is concurrent district court or USITC activity. The same is true for appeals to the United States Court of Appeals for the Federal Circuit ("Federal Circuit").

We presume the reader is generally familiar with reexamination practice and procedure, and with appeals to the Board from regular prosecution. Therefore, we begin with a discussion of Hot Topics and New Developments in reexamination appellate practice.

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<sup>2</sup> *i4i Limited Partnership v. Microsoft Corp.*, WL 4911950, F. 3d. \_\_\_\_ (Fed. Cir. 2009)

<sup>3</sup> Notably, only registered patent agents and attorneys may appear in a patent reexamination before the CRU or on appeal to the Board. 37 C.F.R § 11.10. Unless separately admitted the Federal Circuit, patent practitioners may not represent a party before that court on an appeal of a reexamination decision. CAFC Rule 46.

## II. Hot Topics and New Developments

The marked increase in the use of reexamination has naturally caused more frequent and closer evaluation of its unique procedures by involved parties and the courts. In short, complex patent reexamination remains one of the faster developing areas of intellectual property law and, in the words of top PTO officials, it remains a “work in progress.” Nowhere is that more true than in appellate practice before the Board and the Federal Circuit. The authors have therefore identified a number of hot issues that are currently confronting patent owners (or third-party requesters in *inter partes* reexamination) facing a final adverse decision in the CRU. Those issues include (A) BPAI pendency, (B) broadest reasonable interpretation standard for claim construction, (C) follow on appeals to the Federal Circuit in *inter partes* reexamination, (D) stays or termination of reexamination proceedings where court reaches final decision.

### A. BPAI Pendency

As yet there are no reliable statistics on the pendency of reexaminations appealed to the BPAI. In an April 2008 briefing on *inter partes* reexaminations, the Institute for Progress estimated the average pendency for an un-appealed *inter partes* reexamination as more than 3.5 years and the expected pendency for appealed *inter partes* reexamination as at least 6.5 years.<sup>4</sup>

Our survey of the *inter partes* reexaminations filed between January 1, 2000 and May 3, 2003, supports this expected pendency data for appealed *inter partes* reexaminations. Only four of the reexaminations filed during this period reached the stage where the BPAI has issued a decision. In each of those cases, the time period between the issuance of the right of appeal notice by the CRU and the issuance of the decision of the BPAI has been greater than three years.<sup>5</sup>

We supplement this survey with data collection and analysis of the 173 *ex parte* and 15 *inter partes* proceedings where the BPAI rendered a decision between January 1, 2007 and January 1, 2010. We provide outcome statistics in **Section V** of this paper. Regarding pendency, we counted the number of days between: a) the date the request was filed, b) the date right or notice of appeal was given, c) the date Appeal Docketing Notice was given by the Board, and d) the date a decision was rendered by the Board. During the collection of this information we noted 29 cases where appeals to the CAFC were sought, two of which were *inter partes*.

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<sup>4</sup> *Reexamining Inter Partes Reexamination*, Institute for Progress (April 2008).

<sup>5</sup> *See* Reexamination Control Nos. 95/000,006, 95/000,009, 95/000,015, and 95/000,017.

<b>Decisions by Calendar Year</b>	<b>Days Between Filing Date and Right of Appeal</b>	<b>Days Between Right of Appeal and BPAI Docket</b>	<b>Days Between BPAI Docket and BPAI Decision</b>
CY 2009 Average (Days)	840.88	649.82	234.93
CY 2009 Median (Days)	838.00	602.00	181.00
CY 2009 Range (Days)	196 to 2077	189 to 1789	79 to 739
CY 2008 Average (Days)	858.55	587.14	203.00
CY 2008 Median (Days)	829.50	536.50	192.50
CY 2008 Range (Days)	305 to 2094	241 to 1363	43 to 475
CY 2007 Average (Days)	934.62	628.96	161.09
CY 2007 Median (Days)	800.00	544.00	139.00
CY 2007 Range (Days)	203 to 2945	60 to 2391	33 to 418
Cumulative Average 2007-2009	867.27	630.82	210.12
Cumulative Median 2007-2009	825.50	588.00	171.50

<b>Decisions by Proceeding Type</b>	<b>Days Between Filing Date and Right of Appeal</b>	<b>Days Between Right of Appeal and BPAI Docket</b>	<b>Days Between BPAI Docket and BPAI Decision</b>
Inter Partes (15) Average	787.60	786.33	220.80
Inter Partes (15) Median	832.00	794.00	185.00
Inter Partes (15) Range	196 to 1371	396 to 1199	103 to 469
Ex Parte (173) Average	874.17	617.34	209.20
Ex Parte (173) Median	824.00	579.00	170.00
Ex Parte (173) Range	207 to 2945	60 to 2391	33 to 739

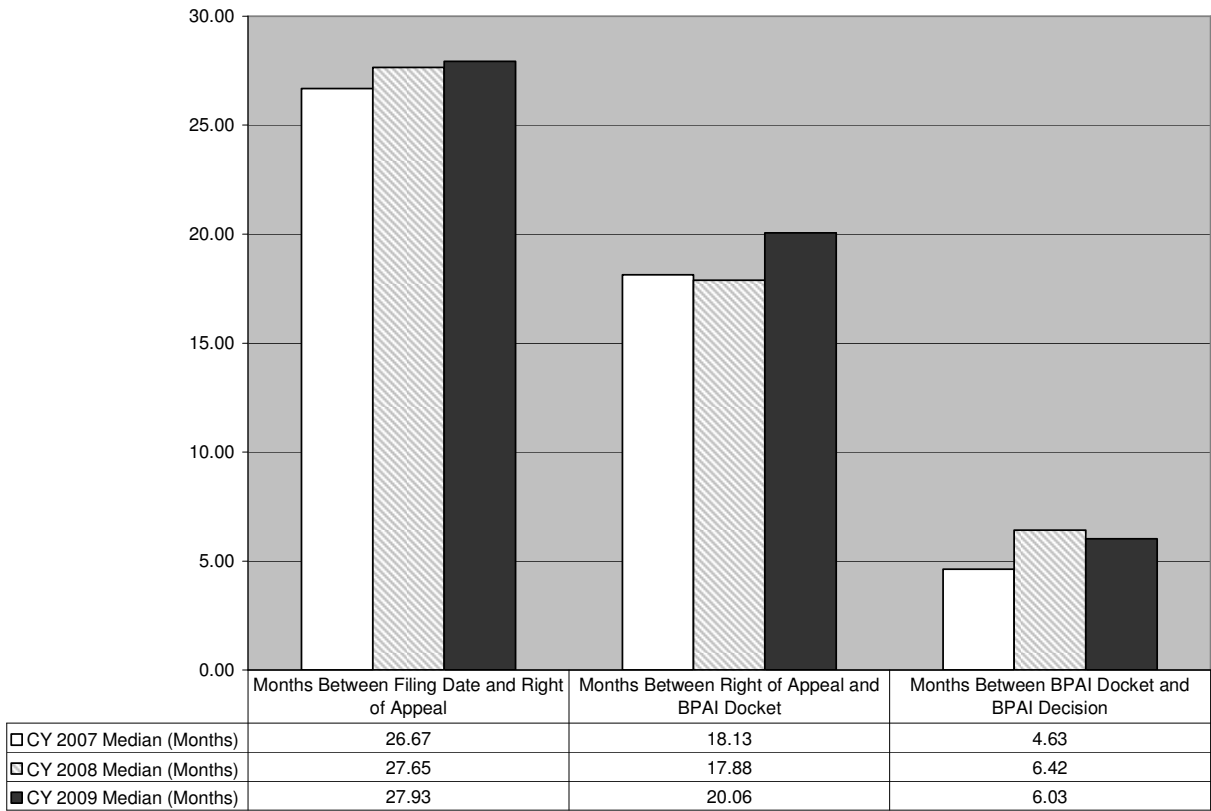
Not inconsistent with official performance statistics for FY2009<sup>6</sup> provided by the BPAI on the USPTO website, the time from assignment of an appeal number to the date a final decision is rendered has been 4.5 to 6.5 months over the past three years. Nevertheless, the median time from Notice of Appeal (or Right of Appeal) to assignment of the appeal number is 18-20 months by itself, based on the 188 cases reviewed in this survey.

We provide additional tables below.

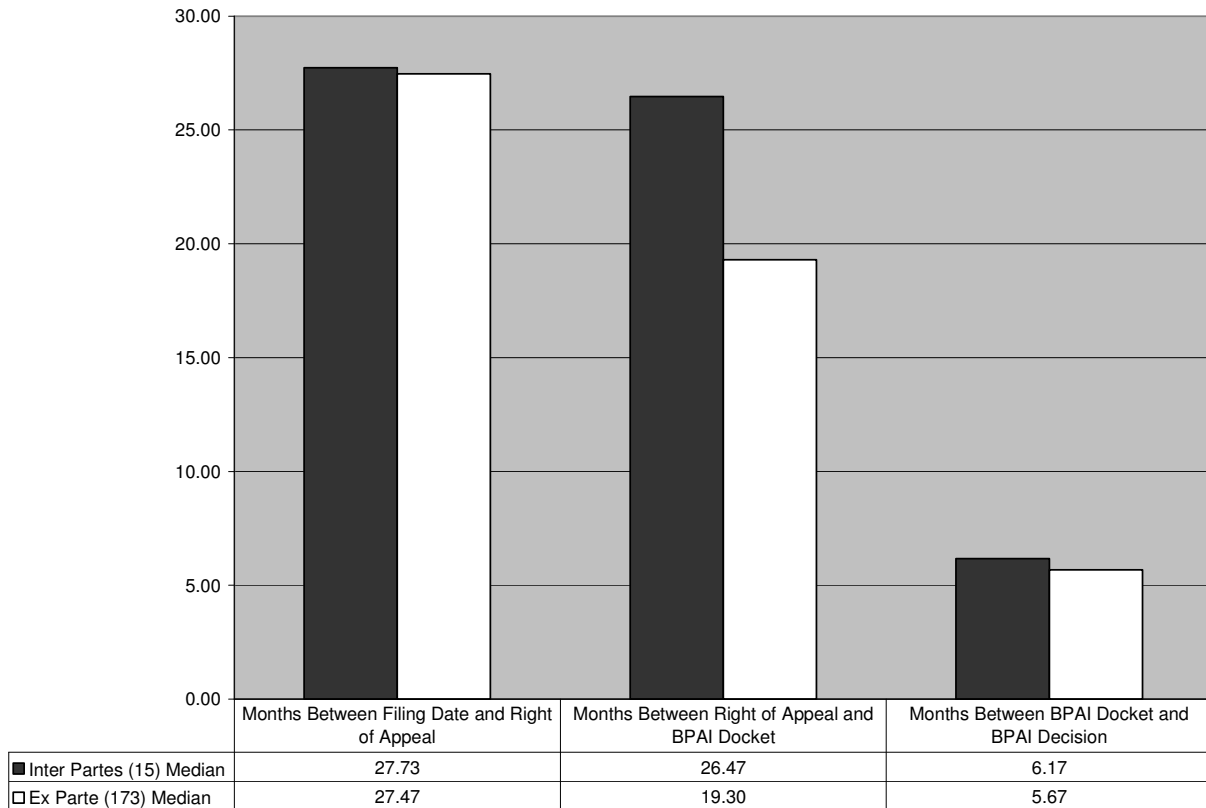
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<sup>6</sup> See, Board of Patent Appeals and Interferences (BPAI) FY 2009 Performance Measures [http://www.uspto.gov/ip/boards/bpai/stats/perform/FY\\_2009\\_Performance\\_Measures.jsp](http://www.uspto.gov/ip/boards/bpai/stats/perform/FY_2009_Performance_Measures.jsp) (Last Accessed: January 7, 2010).

**Figure 1: Months from Filing to Appeal to Docketing to Decision  
2007, 2008, and 2009**



**Figure 2: Months from Filing to Appeal to Docketing to Decision  
Ex Parte and Inter Partes**



Is the pendency introduced by the appeal process driven by the BPAI or the CRU or a combination of both? Practitioners note that at least seven months can pass between the filing of a notice of appeal, the patent owner’s brief, the third-party requester response (if *inter partes*), and the examiner’s answer. In the *inter partes* reexaminations we analyzed, this time period is often longer due to the period of time between Respondent’s Brief and the Examiner’s Answer.<sup>7</sup> The authors note that these early filed cases may not be representative because each of these reexaminations was filed prior to the institution of the CRU. At this time, there is not known how the CRU will affect the speed of the appeal briefing process.

Notwithstanding the backlog, the statutory requirement of “special dispatch” applies equally to the Board as it does to the CRU.<sup>8</sup> Therefore, after hearing an appeal, the Board has a stated goal of then rendering a reexamination decision in six months. We are unaware of the Board giving any other special dispensation to appeals taken from the CRU. Should the Board

<sup>7</sup> See e.g., 95/000,006 and 95/000,017 (5 months between Respondent’s Brief and Examiner’s Answer); and 95/000,018 (18 months between Respondent’s Brief and Examiner’s Answer).

<sup>8</sup> 35 U.S.C. §§ 305 and 314(c).

implement shorter timeframes for appeal deadlines as is done in the CRU? Are there other ways in which the Board could reach reexamination decisions with “special dispatch”? Given the increasing number of appeals from the CRU to the Board, how will this impact BPAI pendency for non-reexamination cases, which are also increasing? Finally, is Board pendency having any impact on the post-grant review procedures currently pending patent reform legislation?

## **B. Appeals of *Inter Partes* Reexamination Decision to the Federal Circuit**

As of October, 2009, there has only been one appeal from the Board to the Federal Circuit in an *inter partes* reexamination.<sup>9</sup> Unfortunately, the appellant voluntarily dismissed the appeal prior to briefing and oral argument. Nevertheless, the parties’ motions practice prior to the dismissal was extremely useful in determining the basic structure of an *inter partes* reexamination appeal to the Federal Circuit. We describe the case below in **Section V.B.**

## **C. Broadest Reasonable Interpretation**

It appears well-settled that the PTO interprets claim language according to a “broadest reasonable interpretation” standard (“BRI”).<sup>10</sup> This applies during regular prosecution, reexamination and before the Board.<sup>11</sup> BRI is premised on an applicant’s ability to freely amend claims during prosecution and reexamination. The logic is that it is better for the Office to require amendments to limit claim scope, rather than relying on prosecution history estoppel.

Despite being apparently well-settled law, the BRI standard has recently come under attack. Chris Cotropia and Dawn-Marie Bey have questioned the validity and usefulness of BRI.<sup>12</sup> They argue that the BRI standard: (i) is inconsistent with the patent statutes; (ii) contrary to the unitary appellate structure of the patent system; (iii) allows examiners and the Federal Circuit to skirt tough claim construction issues; (iv) results in improper denial of patent protection; (v) forces costly amending of patent claims; and (vi) is fatally ambiguous.

It is our perception that the Office (including the CRU) have read out “reasonable” in the BRI standard. Even under BRI, claim construction must be done in view of the specification and from the perspective of one having ordinary skill in the art. The Office, however, often appears to take constructions that are divorced from the specification.

The BRI standard makes even less sense in reexaminations where there is copending district court litigation or a USITC investigation. Any assertion that the patent owner in those situations is “free to amend claims” is fiction in any practical sense. Claim amendments can

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<sup>9</sup> *Cooper Cameron v. SAFOCO Inc.*, Docket Nos. 2009-1435, -1459 (Fed. Cir. 2009) (Dismissed October 7, 2009); Reexamination Nos. 95/000,015 and 95/000,017.

<sup>10</sup> *In re Morris*, 127 F.3d 1048, 1054 (Fed. Cir. 1997).

<sup>11</sup> *In re Am. Acad. of Sci. Tech Ctr.*, 367 F.3d 1359, 1364 (Fed. Cir. 2004); *In re Icon Health & Fitness, Inc.*, 496 F.3d 1374 (Fed. Cir. 2007).

<sup>12</sup> Cotropia, Christopher A. & Bey, Dawn-Marie, “*The Unreasonableness of the Patent Office’s ‘Broadest Reasonable Interpretation’ Standard*,” AIPLA QUARTERLY JOURNAL, Vol. 37, No. 3, p. 285 (Summer 2009).

have huge implication on past damages. Further, where Markman proceedings are complete, claim amendments can have severe and costly impacts on the parallel proceedings. Finally, patent owners are forced to deal with competing, and often conflicting, claim construction regimes—BRI for the reexamination and the *Phillips* standard in district court and USITC actions.

In sum, the entire premise for the judicially implemented BRI in reexamination proceedings is on shaky ground in reexamination proceedings—far more so than in regular *ex parte* prosecution. For this reason, the authors believe it is ripe for challenge before the Board and/or the Federal Circuit.

### **III. After-Final Practice in Reexamination Proceedings**

We begin with a discussion of “after final” practice in reexamination. While similar in some ways to regular prosecution, there are important differences in after-final reexamination practice that can impact appeal. For this reason, we review after-final practice in both *ex parte* and *inter partes* reexamination. The goal is to provide a roadmap for the parties to put their case in the best possible position for appeal to the Board and beyond.

#### **A. After-Final *Ex Parte* Reexamination**

After-final practice in *ex parte* reexamination is substantially similar to after-final practice in regular preparation and prosecution.

#### **B. After-Final *Inter Partes* Reexamination**

After-final practice in *inter partes* reexamination is very different from regular prosecution and even *ex parte* reexamination. The participation of the third requester combined with its statutory right to “[once] file written comments addressing issues raised by the action of the Office or the patent owner’s response thereto” adds an added layer of complexity to the proceedings.

There several key milestones at the end of *inter partes* reexamination. The first is an “action closing prosecution,” or an “ACP.” The examiner may issue an ACP upon consideration of the issues a second or subsequent time, or upon a determination of the patentability of all claims.<sup>13</sup> After consideration of any comments on the ACP, the examiner may either reopen prosecution, or issue a “right of appeal notice” or a “RAN.” An appeal to the Board may only be taken after receipt of a RAN. The patent owner and the third-party requester each have the right to appeal an adverse decision by the Board that results in a RAN. 35 U.S.C. § 315. An appeal to the Board is initiated with a “notice of appeal.” We discuss in more detail ACPs, RANs and notices of appeal from *inter partes* reexamination next.

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<sup>13</sup> 37 C.F.R. § 1.949.

## ***1. Action Closing Prosecution***

An ACP is the beginning of the end to reexamination prosecution before the CRU. Ordinarily, the second office action in an *inter partes* reexamination is an ACP.

An ACP is analogous to a final office action rejection during regular prosecution in that before issuing an ACP, the examiner should ensure that issues have been fully developed. The ACP itself must show clearly developed grounds of rejection and determinations of patentability “to such an extent that the patent owner and the third-party requester may readily judge the advisability of filing comments after an ACP pursuant to [Rule 951].”<sup>14</sup> The ACP must have three components. First, it must set forth clearly each rejection. Second, the ACP must set forth clearly reasons for refusing to adopt any rejection proposed by the third-party requester. Third, the ACP “must also include a rebuttal of any arguments raised in the patent owner’s response and must reflect consideration of any comments made by the third-party requester.”<sup>15</sup>

Although an ACP shares many attributes of a final rejection made in either regular prosecution or in *ex parte* reexaminations, it is not a true final action. As such, no appeal may yet be taken. Instead, the patent owner is given one opportunity to respond to the ACP.<sup>16</sup> The time period set for response to an ACP is 30 days or one month, whichever is longer. Extensions of time are available under Rule 956, but only for good cause.

Once an ACP has issued, “the patent owner no longer has a right to unrestricted further prosecution.”<sup>17</sup> The patent owner’s written comments must therefore be limited to issues raised in the ACP. There appears to be no limitation, however, on submission of further evidence in support of written comments. Within the confines of the issues raised in the ACP, patent owners should strongly consider this final opportunity to enter declarations and other evidence in support of their positions.

Any proposed amendments are governed by the strict standards of Rule 116. Under that rule, amendments will only be entered if they (1) cancel claims or comply with any requirement of form set forth by the Office in a previous action, (2) present claims in better form for consideration on appeal, or (3) if the patent owner can show good and sufficient reasons why the amendment is necessary and was not earlier presented.<sup>18</sup>

If the comments go beyond issues raised in the ACP, the comments may be returned as improper. Patent owners should be very careful in this regard. The only way to remedy returned comments is to file a petition under Rule 183 to waive Rule 951(a) as to the one opportunity limitation for the patent owner to comment.<sup>19</sup> In the rare case that such a waiver is granted, the

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<sup>14</sup> MPEP § 2671.02.I.

<sup>15</sup> *Id.*

<sup>16</sup> 37 C.F.R. § 1.951(a).

<sup>17</sup> MPEP § 2672.III.

<sup>18</sup> 37 C.F.R. 1.116.

<sup>19</sup> *Id.*

replacement comments must be strictly limited to the content of the original comments submission.

If the patent owner believes that the ACP is premature, the patent owner may, in addition to comments submitted under Rule 951(a), file a petition under Rule 181.<sup>20</sup> The Rule 181 petition must also be filed within the time period for filing comments under Rule 951(a). An ACP may be premature if it raises a new ground of rejection. Patent owners should be familiar with the required content of the ACP (see above) and should be prepared to challenge the ACP if its content is deficient.

If the patent owner files a response, then the third-party requester may file responsive comments.<sup>21</sup> Third-party requester comments under Rule 951(b) must be either responsive to the patent owner's comments or limited to the issues raised in the ACP.<sup>22</sup> If the comments go beyond that limited scope, the comments will be returned as improper. As with the patent owner's comments, the only way a third-party requester can cure returned comments is by filing a petition under Rule 183 to waive Rule 951(b) as to the one opportunity limitation for the third-party requester to comment.<sup>23</sup>

After reviewing any submissions after the ACP, the examiner has two options. The examiner may either (1) issue a Right of Appeal Notice, or (2) issue an office action that reopens prosecution. Reopening prosecution is possible in several circumstances.

The MPEP delineates circumstances where reopening prosecution is mandatory, and where it is discretionary. Whether an examiner will reopen prosecution is based on the comments (if any) following the ACP. Knowing the circumstances under which the CRU will reopen prosecution is important when crafting post-ACP comments.

In some limited circumstances, the examiner is *required* to reopen prosecution. Specifically, if the examiner decides to modify his/her position in a manner adverse to the patent owner's positions, the examiner is required to reopen prosecution. For example, the examiner is required to reopen prosecution if "any new ground of rejection is made or if any additional claim is rejected."<sup>24</sup> Prosecution need not be reopened if the examiner makes a new finding of patentability because third-party requesters have no absolute right to comment on findings of patentability until the appeal stage.

In other circumstances, the decision to reopen prosecution is discretionary. Specifically, the MPEP states that the examiner should be "liberal in reopening prosecution where the equities of the situation make such appropriate, because the patent owner cannot continue the proceeding by refiling under Rule 53(b), nor by filing a Request for Continued Examination under Rule 114.

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<sup>20</sup> MPEP § 2672.VI.

<sup>21</sup> 37 C.F.R. § 1.951(b).

<sup>22</sup> 35 U.S.C. § 314(b)(2).

<sup>23</sup> MPEP § 2672.VI.

<sup>24</sup> MPEP 2673.01

For example, if the patent owner proposes an amendment in the ACP that might make a claim patentable, but for some minor changes. Unless the amendment puts an “undue burden” on the Office, the MPEP directs examiners to enter the amendment and reopen prosecution. In this regard, the patent owner would be well-advised to advocate for proposed amendments in terms the examiner may find persuasive in the comments following the ACP.

## 2. *Right of Appeal Notice*

A RAN is a final Office action which presents a final decision to reject claims and/or a final decision favorable to patentability. The RAN should clearly set for the status of each claim with either (A) the ground of rejection, (B) reasons why a proposed rejection was not adopted, and (C) reasons for patentability for all claims allowed and not contested by the third-party requester. Issuance of a RAN puts some severe constraints on the patent owner. First, amendments filed after the RAN will not be entered at all. Second, no affidavit or other evidence can be submitted after the RAN (unless directed by the Board).

A RAN effectively ends prosecution before the CRU and closes the reexamination record. No further evidence or amendments will be entered. There are only limited options following a RAN for avoiding appeal to the Board.

For example, if an amendment submitted by the patent owner after ACP was not entered for failure to comply with Rule 116(b), then the patent owner use a series of petitions to force the Office to reconsider. First, the patent owner may file a petition under Rule 181 requesting entry of the amendment. Any such petition must be filed within the time limit for filing a notice of appeal or cross appeal. Recall, however, that filing a Rule 181 petition does not toll the time period for filing the notice of appeal or cross-appeal. The patent owner should also file a petition under Rule 183 to waive the prohibition of an extension of time for filing an appeal brief, along with a request for an extension of time to file its appeal brief until after a decision on the Rule 181 petition. The patent owner should be aware that the third-party requester may once file comments responsive to the patent owner’s petition under Rule 181 within 30 days from the date of service of the Rule 181 petition.

If these petitions fail, then the patent owner may consider a little-known procedure for filing a request for continued reexamination (“RCR”). The procedure for obtaining an RCR has not yet been finally incorporated into the Office rules. Rather, it exists solely in the form of an Official Gazette notice dated March 1, 2005.<sup>25</sup> In that notice, the Office recognized that patent owners were filing a second or subsequent reexamination request citing only prior art from the pending reexamination as a vehicle to obtain entry of an amendment and/or evidence not entered after final rejection in the pending reexamination proceeding.<sup>26</sup> When the Office revised section 2240 of the MPEP in May of 2004, a patent owner was barred from using this strategy.<sup>27</sup> In response, the Office presented the RCR procedure to provide an alternative for a patent owner to obtain entry of an amendment and/or evidence that was denied entry after a final rejection in an

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<sup>25</sup> 1292 *Off. Gaz. Pat. Office* 20.

<sup>26</sup> *Id.*

<sup>27</sup> *Id.*

*ex parte* reexamination or after an action closing prosecution in an *inter partes* reexamination.<sup>28</sup> The RCR practice is similar to the request for continued prosecution (RCE) practice for applications. However, the Office has made it clear that RCRs are not granted as a matter of right and that a patent owner may only obtain a single RCR during reexamination proceedings, absent extraordinary circumstances.

Finally, patent owners and third-party requesters should be aware that there is a procedure for obtaining an expedited RAN. Rule 953(b) provides a procedure whereby the parties can agree that the issues are appropriate for final action and request a RAN. The contents of such a request are delineated in MPEP § 2673.02.II.

#### **IV. Appeals to the Board**

A patent owner in any reexamination may appeal to the Board from a final rejection of any claim.<sup>29</sup> In addition, a third-party requester in *inter partes* reexamination may appeal to the Board from any final decision favorable to patentability.<sup>30</sup>

##### **A. Board Authority In Patent Reexamination Appeals**

Neither the Patent Act nor the Patent Rules provide what standard of review applies in the Board's review of reexamination cases from the CRU. Board decisions hold that legal questions, such as claim interpretation, are reviewed *de novo*.<sup>31</sup> On issues of fact, the Board routinely makes its own factual findings, and resolves factual disputes between the examiner and patentee.<sup>32</sup> Typically, however, the Board's independent fact finding is limited to the record on appeal.<sup>33</sup>

##### **B. Appeals to the Board in *Ex Parte* Reexamination**

Appeals in *ex parte* reexamination are conducted in accordance with 37 C.F.R. Part 41, Subpart B, in the same way as regular preparation and prosecution. Specifically, Rule 550 states that “[a]fter issuance of the *ex parte* reexamination order and expiration of the time for submitting any responses, the examination will be conducted in accordance with §§ 1.104 through 1.116...”<sup>34</sup> According to Rule 113, once a final Office action issues, “the patent owner’s reply is limited to appeal in the case of rejection of any claim (§41.31 of this title) or to

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<sup>28</sup> *Id.*

<sup>29</sup> 35 U.S.C. § 134(b); 37 C.F.R § 41.31

<sup>30</sup> 35 U.S.C. § 134(c); 37 C.F.R § 41.61.

<sup>31</sup> *Cameron Inter. Corp. v. Patents of Safoco, Inc.*, 2008 WL 5112232 (Bd. Pat. App. & Interf. December 4, 2008)

<sup>32</sup> *Ex parte Scientific-Atlanta, Inc.*, 2009 WL 192000 (Bd. Pat. App. & Interf. January 26, 2009)

<sup>33</sup> *Id.*

<sup>34</sup> 37 C.F.R. § 550(a).

amendment as specified in [Rules 114 and 116].<sup>35</sup> Section 41.31 (Subpart B—Ex Parte Appeals) relates to appeals to the Board in *ex parte* cases, including *ex parte* reexamination. These are the same procedures applicable in regular preparation and prosecution.

Because appeals to the Board in *ex parte* reexamination are essentially the same as those in regular preparation, we will not cover the standard *ex parte* rules in depth. However, it should be noted that the statutory requirement of special dispatch applies as equally to the Board as it does to the CRU.<sup>36</sup> For that reason, extensions of time in *ex parte* reexamination proceedings before the Board are available under Rule 550(c), which requires a showing for “sufficient cause.”

The Patent Rules and the MPEP enumerate a limited number of actions that the Board make in reviewing an appeal of an *ex parte* reexamination from the CRU.<sup>37</sup> The Board may (1) sustain or reverse the rejections in whole or in part; (2) remand to the examiner and; (3) enter a new ground of rejection.<sup>38</sup> The Board's authority to sustain or reverse a rejection is straightforward and unremarkable. The MPEP provides a limited number of instance in which the Board may remand the case to the examiner. Remand is appropriate where a claim has been amended or new claim added while Board has jurisdiction over the case.<sup>39</sup> The Board may remand to the examiner where affidavits or declarations have been submitted after the notice of appeal is filed but before the Boards issue its decision.<sup>40</sup> And, the Board may remand to the examiner for further search to be conducted, but this is very rare.<sup>41</sup> If on remand to the examiner a supplemental answer is provided that seeks the Board to give additional consideration to a rejection, the applicant must elect to either maintain his appeal or to request that prosecution be reopened.<sup>42</sup>

The Board may enter a new ground of rejection based on any knowledge it has for rejecting the pending claims.<sup>43</sup> A rule of reason applies in assessing in whether a new ground has been entered.<sup>44</sup> If the thrust of the rejection is the same and the applicant is not surprised by it (*i.e.*, the same reference is applied under the same statutory basis) then a new ground of rejection

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<sup>35</sup> 37 C.F.R. § 113.

<sup>36</sup> 35 U.S.C. § 305 (applying special dispatch to any appeal to the Board)

<sup>37</sup> 37 C.F.R. §41.50; MPEP 1211-1213.

<sup>38</sup> *Id.*

<sup>39</sup> MPEP 1211.03

<sup>40</sup> *Id.*

<sup>41</sup> *Id.*

<sup>42</sup> 37 C.F.R. § 41.50(a)(2)(i)&(ii).

<sup>43</sup> 37 C.F.R. § 41.50 (b); 37 C.F.R. 196(b).

<sup>44</sup> *In re Jacobson*, 407 F.2d 890, 893 (CCPA 1969).

typically is not present.<sup>45</sup> If a new ground of rejection is entered, the applicant may either request rehearing (addressing the new ground) or request that prosecution be reopened.<sup>46</sup>

### **C. Appeals to the Board in *Inter Partes* Reexamination**

Under 35 U.S.C. § 315(a), a patent owner may appeal “any decision adverse to the patentability of any original or proposed amended or new claim of the patent” to the Board. The third-party requester may appeal “any final decision favorable to the patentability of any original or proposed amended or new claim of the patent.”<sup>47</sup> The patent owner and the third-party requester may further be a party to any appeal taken by the opposing party.<sup>48</sup>

Appeals to the Board in *inter partes* reexamination are conducted in accordance with 37 C.F.R. Part 41, Subpart C. An appeal may be taken to the Board after receipt of a RAN in *inter partes* reexamination.<sup>49</sup> Both the patent owner and the third-party requester have a statutory right of appeal from a RAN.<sup>50</sup> The parties have one month to file a notice of appeal, which may not be extended.<sup>51</sup> Where an appeal is filed, the other party has fourteen days from date of service of the notice of appeal to file a notice of cross-appeal. If an appeal is not filed, then the Director will issue a Reexamination Certificate in accordance with the status of the claims in the RAN.

Amendments filed after the filing of a notice of appeal may be admitted if they cancel claims that do not affect the scope of any remaining pending claims.<sup>52</sup> All other amendments, affidavits, and other evidence will not be admitted unless the patent owner files a response requesting that prosecution be reopened.<sup>53</sup>

The appellant’s brief should be filed no later than two months from the last-filed notice of appeal.<sup>54</sup> The respondent’s brief should be filed no later than one month from the date of service of the appellant’s brief.<sup>55</sup> After both parties have filed a brief, the examiner may prepare an Examiner’s answer.<sup>56</sup> In response, the appellant may file a rebuttal brief within one month of the

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<sup>45</sup> *In re Kronig*, 539 F.2d 1300, 1302-03 (CCPA 1976).

<sup>46</sup> *Id.*

<sup>47</sup> 35 U.S.C. § 315(b).

<sup>48</sup> 35 U.S.C. §§315(a)(1)-(a)(2).

<sup>49</sup> 35 U.S.C. § 134; 37 C.F.R. §§ 1.959 and 41.61.

<sup>50</sup> 35 U.S.C. § § 315(a) and (b).

<sup>51</sup> 37 C.F.R. § 41.61.

<sup>52</sup> 37 C.F.R. §41.63(a).

<sup>53</sup> 37 C.F.R. §41.63(c).

<sup>54</sup> 37 C.F.R. §41.66(a).

<sup>55</sup> 37 C.F.R. §41.66(b).

<sup>56</sup> 37 C.F.R. §41.69(a).

Examiner's answer.<sup>57</sup> The rebuttal brief of the patent owner may be directed to the Examiner's answer and/or the respondent brief of any respondent.<sup>58</sup> The rebuttal brief of a third-party requester may be directed to the Examiner's answer and/or the respondent brief of the patent owner.<sup>59</sup> Both the appellant and respondent may file a written request for an oral hearing within two months of the Examiner's answer.<sup>60</sup>

Although the appellant is allowed to petition the Chief Administrative Judge for extensions of time during an *ex parte* reexamination appeal, in an *inter partes* reexamination appeal, the time for filing the appellant brief, the respondent's brief, and the rebuttal brief may not be extended.<sup>61</sup>

Jurisdiction of the proceeding passes from the CRU to the Board after the filing of all briefs and examiner's answers.<sup>62</sup> If after review of the proceeding, the Board determines that the file is not complete or in compliance with Part 41, Subpart C, the Board may pass jurisdiction back to the CRU or take other appropriate action to permit completion of the file.<sup>63</sup> Additionally, prior to the decision on the appeal by the Board, the Director may *sua sponte* order the proceeding remanded to the Examiner.<sup>64</sup>

The Board "may affirm or reverse each decision of the examiner on all issues raised on each appealed claim or remand the reexamination proceeding to the examiner for further consideration."<sup>65</sup> A reversal of the examiner's determination not to make a rejection proposed by the third-party requester will be set forth in the decision of the Board as a new ground of rejection.<sup>66</sup> Additionally, "should the Board have knowledge of any grounds not raised in the appeal for rejecting any pending claim," the Board may make a statement to that effect.<sup>67</sup> The statement constitutes a new ground of rejection that is not considered final for judicial review.<sup>68</sup>

When the Board makes a new ground of rejection, the patent owner, within one month from the date of the decision, must either request reopening of prosecution before the examiner

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<sup>57</sup> 37 C.F.R. §41.71(a).

<sup>58</sup> 37 C.F.R. §41.71(b)(1).

<sup>59</sup> 37 C.F.R. §41.71(c)(1).

<sup>60</sup> 37 C.F.R. §41.73(b).

<sup>61</sup> 37 C.F.R. §41.66(a).

<sup>62</sup> 37 C.F.R. § 41.64(a).

<sup>63</sup> 37 C.F.R. § 41.64(b).

<sup>64</sup> 37 C.F.R. § 41.64(c).

<sup>65</sup> 37 C.F.R. §41.77(a).

<sup>66</sup> *Id.*

<sup>67</sup> 37 C.F.R. § 41.77(b).

<sup>68</sup> *Id.*

or request a rehearing to avoid termination of the appeal as to the rejected claims.<sup>69</sup> When the patent owner requests reopening of prosecution, a third-party requester may file comments on the response within one month of the date of service of the patent owner's response.<sup>70</sup> The proceeding is then remanded to the CRU. The statement by the Board is binding on 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 stated in the decision."<sup>71</sup>

## V. Appeals to the Federal Circuit

### A. Statutory Basis for Appeals to the Federal Circuit

The statutory basis for appeals to the Federal Circuit for *ex parte* reexamination is 35 U.S.C. § 306. Therein, the statute states that the patent owner may seek court review of Board decisions "under the provisions of sections 141 to 145 of this title."<sup>72</sup> Sections 141-144 deal with appeals to the Federal Circuit. Section 145, on the other hand, appears to permit a civil action against the Director in the United States District Court for the District of Columbia.

However, allowing a civil action in *ex parte* reexamination appears to be inconsistent with Section 141 itself. Specifically, Section 141 states that "[a] patent owner, or a third-party requester in an inter partes reexamination proceeding, who is in any reexamination proceeding dissatisfied with the final decision in any appeal to the [Board] under section 134 may appeal the decision only to the United States Court of Appeals for the Federal Circuit."<sup>73</sup> Section 141 thus appears to foreclose any civil action under section 145.

This anomaly is the result of amendments to the statutes as a result of passage of the American Inventors Protection Act of 1999 ("AIPA"). The AIPA created the *inter partes* reexamination procedure. The AIPA amended 35 U.S.C. § 141 to state that appeals from any reexamination may be taken only to the Federal Circuit. Notably, it left unchanged § 306, which still permitted the patent owner in *ex parte* reexamination to seek review under § 145. Thus, the cross reference in § 306 to § 145 is in tension with the AIPA amendment to § 141.

The PTO rules governing review of Board decisions are 37 C.F.R. §§ 1.301-304. Notwithstanding the above noted anomaly, the PTO has interpreted the statutes to foreclose § 145 actions for any *ex parte* reexamination filed after November 29, 1999. Specifically, Rule 303 states that "for an *ex parte* reexaminations filed on or after November 29, 1999, and for any *inter partes* reexamination proceeding, no remedy by civil action under 35 U.S.C. § 145 is available."

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<sup>69</sup> *Id.*

<sup>70</sup> 37 C.F.R. § 41.77(c).

<sup>71</sup> 37 C.F.R. § 41.77(d).

<sup>72</sup> 35 U.S.C. § 306.

<sup>73</sup> 35 U.S.C. § 141.

This provision was recently challenged in the U.S. District Court for the Eastern District of Virginia in the case styled *Sigam Schindler Beteiligungsgesellschaft MBH v. Kappos*, No. 1:09cv935. The plaintiff Sigam Schindler (“SSBG”) is a patent owner in the middle of an *ex parte* reexamination appeal to the Board. It challenged PTO Rule 303 as being “in excess of [the PTO’s] statutory jurisdiction, authority, or limitations, or short of statutory right.” Despite the fact that the Board had not yet rendered a decision in its appeal, SSBG sought a declaratory judgment action because the challenged Rule 303 currently purports to deprive SSBG of its right under § 306 to file a civil action in a D.C. District Court, thereby causing SSBG harm. According to SSBG, it would have been forced to appeal to the Federal Circuit under § 141 and thereby waive its right to appeal under § 145, or file a civil action under § 145 and risk losing its right to appeal to the Federal Circuit under § 141 if the D.C. District Court determined that it lacked jurisdiction to hear the case after expiration of the sixty-day deadline for appealing to the Federal Circuit.

The PTO, on the other hand, challenged the ripeness of SSBG’s declaratory action because there was currently no justiciable “case” or “controversy” under Article III of the Constitution. For instance, a favorable Board decision that reversed the examiner’s finding of unpatentability could preclude SSBG from seeking any review of the Board’s decision. The PTO also challenged SSBG’s standing to bring the suit.

In a memorandum decision dated December 18, 2009, the court ruled in favor of PTO, finding that SSBG’s request for judgment was “unripe because: (i) the BPAI has not yet rendered an adverse decision that would allow SSBG to seek court review of that determination, making the purported hardship contingent and speculative, and (ii) plaintiff has not demonstrated that the challenged regulation creates an immediate, direct, and significant hardship altering its day-to-day activities; and (iii) any hardship is remediable by 28 U.S.C. § 1631.”<sup>74</sup> (Memorandum Opinion, p. 21-22.) Therefore, the court determined there was no “justiciable case or controversy, and thus no jurisdiction to reach the merits of whether 37 C.F.R. § 1.303 contravenes 35 U.S.C. § 306.” (*Id.* at 22.)

Despite the fact that the court did not reach a decision on the merits, it is clear that 2002 amendments to § 141 did intend to foreclose Section 145 actions for *ex parte* reexaminations. As noted above, this is how the Office construes these provisions. Until such time as the issue is properly raised, it would behoove patent owners to assume that appeals in *ex parte* reexamination will go straight to the Federal Circuit.

The statutory basis for appeals to the Federal Circuit for *inter partes* reexamination is straightforward. It is governed by 35 U.S.C. § 315. Unlike the anomalous *ex parte* reexamination appeal statute, § 315 states that the patent owner and the third-party requester

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<sup>74</sup> 28 U.S.C. § 1631 relates to “Transfer to cure want of jurisdiction.” Section 1631 provides a court finding that it has no jurisdiction to, in the interest of justice, “transfer such action or appeal to any other court in which the action or appeal could have been brought at the time it was filed or noticed, and the action or appeal shall proceed as if it had been filed in or noticed for the court to which it is transferred on the date upon which it was actually filed in or noticed for the court from which it is transferred.”

“may appeal under the provisions of sections 141-144.” Thus, there is no ambiguity for *inter partes* reexamination and appeals from the Board may only be taken to the Federal Circuit.

## **B. What is the PTO’s Role in Appeals to the Federal Circuit?**

In *Cooper Cameron v. SAFOCO Inc.*, Nos. 2009-1435, -1459 (Federal Circuit) (Reexam Nos. 95/000,015 and 95/000,017) the appellant voluntarily dismissed the appeal prior to briefing and oral argument. Nevertheless, the parties’ motions practice prior to the dismissal was extremely useful in determining the basic structure of an *inter partes* reexamination appeal to the Federal Circuit. We describe the case below.

The SAFOCO Inc. *inter partes* reexaminations are believed to be the first *inter partes* reexaminations to reach the Federal Circuit. The third-party requester Cooper Cameron brought the appeal from the Board. The appeal was docketed on July 8, 2009, and styled by the Federal Circuit as *Cooper Cameron v. SAFOCO Inc.*, as is normal in *inter partes* cases such as interferences. On July 14, the Patent and Trademark Office Solicitor Raymond Chen sent a letter to the Clerk of the Federal Circuit asking that the USPTO be a party to the case. On July 21, 2009, the patent owner SAFOCO filed a notice of intent to participate in the appeal.

Prior to the *Cooper Cameron* case, it was unclear what role, if any, the PTO would play in appeals of *inter partes* reexamination proceedings. In the July 14 letter from the Solicitor, the PTO sought to amend the official caption to show it as a party to the proceedings. In support, Solicitor Chen noted that such an appeal is conducted under the provisions of 35 U.S.C. § 143. Section 143 states that “[i]n any *ex parte* case or any reexamination case, the Director shall submit to the court in writing the grounds for the decision of the [USPTO], addressing all the issues involved in the appeal.” Therefore, according to the Solicitor’s letter, “the Director [of the USPTO] is a party to this appeal, just as in an *ex parte* appeal.”

On August 31, 2009, the Court granted permission for the Director to participate in the appeal, but it did not amend the official caption. Specifically, the Director was ordered to file its brief after appellant Cooper Cameron’s brief, but before appellee SAFOCO’s brief. The SAFOCO brief would have been due 14 days after the Director’s brief. Thus, the briefing order would have been (1) Appellant, (2) PTO and , (3) Appellee.

However, Cameron Cooper filed a motion to withdraw voluntarily its appeal on October 2, 2009. The Court granted the motion on October 7, 2009. The appeal has therefore been dismissed. Despite the dismissal, Cameron Cooper illustrates that the Solicitor’s office will be permitted to at least file a brief and participate in oral argument for any *inter partes* reexaminations appealed to the Federal Circuit. As in *ex parte* cases, the Solicitor is expected to advocate in support of the Board’s final decision. It is therefore possible that the Solicitor will be advocating FOR patentability where appeals are taken by the third-party requester—a position that, to our knowledge, would be first for the PTO solicitor.

## **C. Federal Circuit Appeal Statistics**

Some recent research by Dennis Crouch, which was posted on his Patently-O blog, indicates that an *ex parte* appeal takes around fifteen months to complete from the date of the

BPAI decision until the date of the Federal Circuit decision.<sup>75</sup> Further, well known appeals such as *Comiskey*, *Ferguson*, and *Bilski* each took more than two years from the time the notice of appeal was filed.<sup>76</sup> However, each of those were *en banc* decisions. On the other hand, about 25% of the appeals to the Federal Circuit took less than ten months.<sup>77</sup>

## VI. Statistics

We reviewed all 188 publicly available<sup>78</sup> final decisions rendered by the BPAI from January 1, 2007 to January 1, 2010 in order to provide general outcome statistics, not including disposals of requests for reconsideration. All 22 decisions associated with requests for rehearing by the Board were denied. With the exception of one appeal that was dismissed, the following statistics are based on the 63 appeals from AU 3991, 53 from AU 3992, and 72 AU 3993.

First, the number of reexamination decisions issued by the Board more than doubled in 2009. As shown in the Figures below, 101 or 54% of all reexamination decisions over the past three years were in 2009. Compared to 2007 and 2008, this was more than twice the norm. A total of 173 decisions were rendered on appeals from *ex parte* proceedings and 15 from *inter partes* proceedings. Numerically, decisions on *inter partes* appeals more than tripled in 2009.

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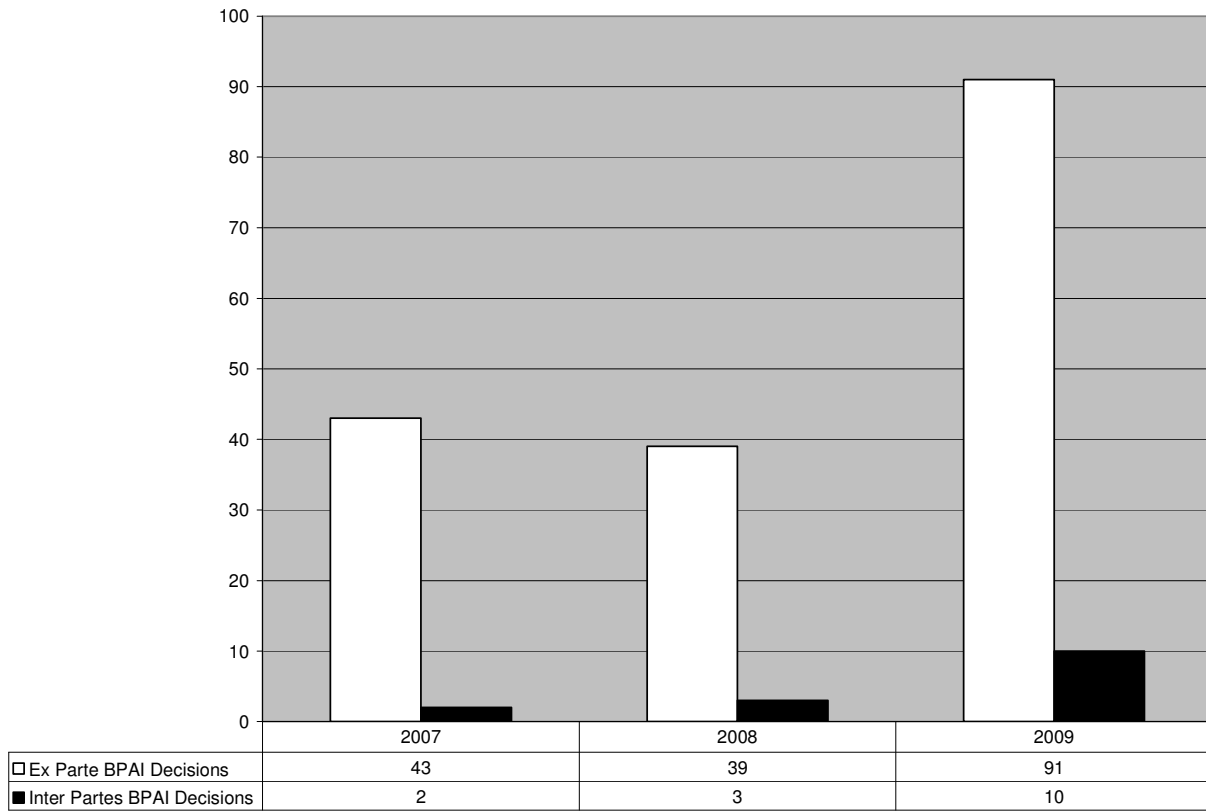
<sup>75</sup> Available at <http://www.patentlyo.com/patent/2009/06/appealing-bpai-rejections-part-i.html>.

<sup>76</sup> *Id.*

<sup>77</sup> *Id.*

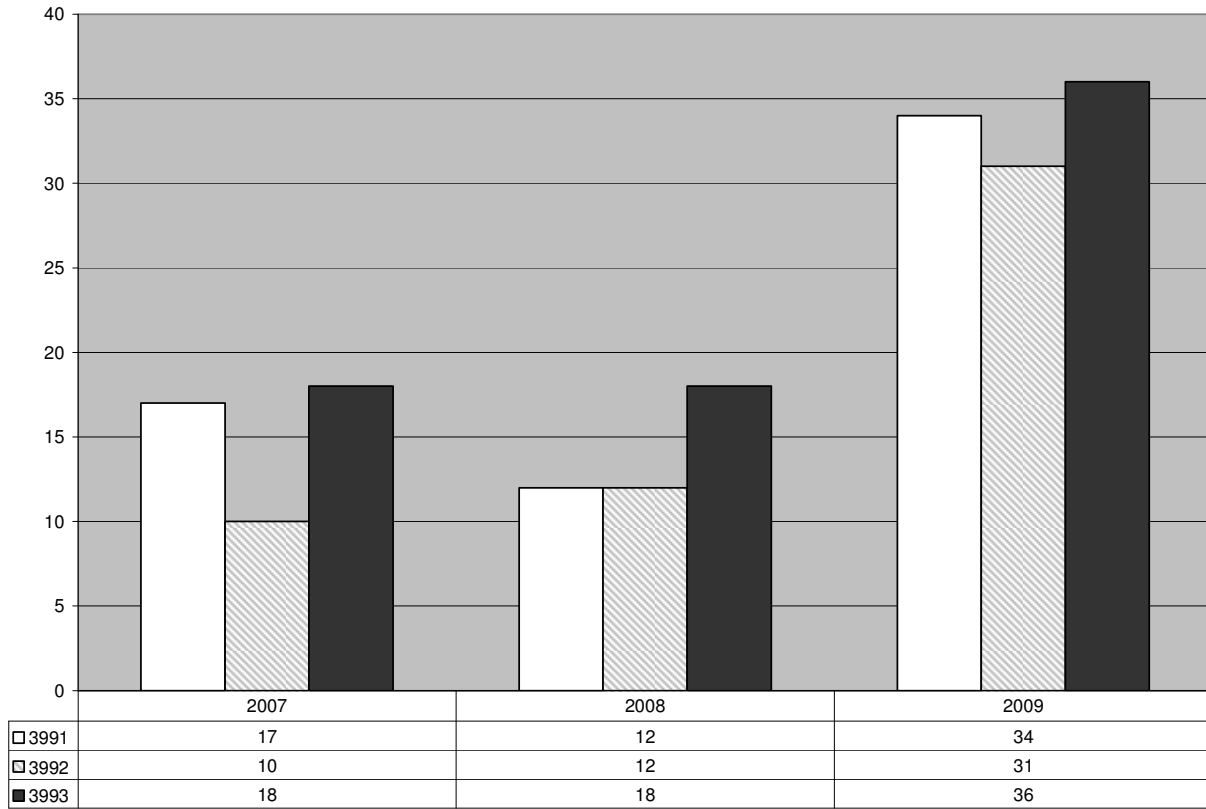
<sup>78</sup> FOIA Reading Room for the Board of Patent Appeals and Interferences (*see*, <http://des.uspto.gov/Foia/BPAIReadingRoom.jsp>) (Last Accessed: January 6, 2010).

**Figure 3: Increase in the Number of Board Decisions Rendered from 2007-2010**



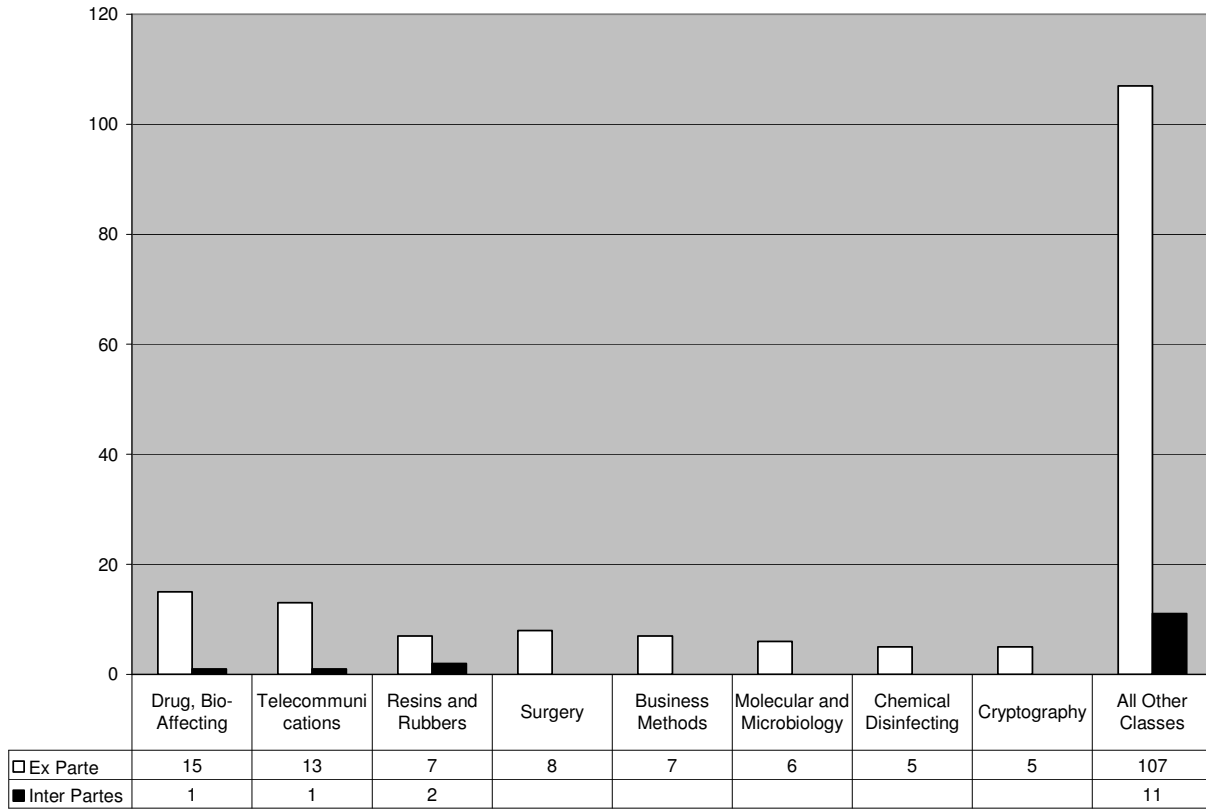
All three group art units demonstrated this increase, more or less by the same degree. Decisions appealed from AU 3991 increased 183% from 2008, mainly involving appeals of reexaminations on biological, chemical, and pharmaceutical patents. AU 3992 increased 158%, mainly involving appeals of reexaminations on telecommunications, electronics, and video distribution patents. AU 3993 increased 100%, mainly involving appeals of reexaminations on a range of patent classes, from surgery and data processing to exercise machines and apparel.

**Figure 4: Number of Decisions Rendered from 2007-2010 by Art Units 3991, 3992, 3993**



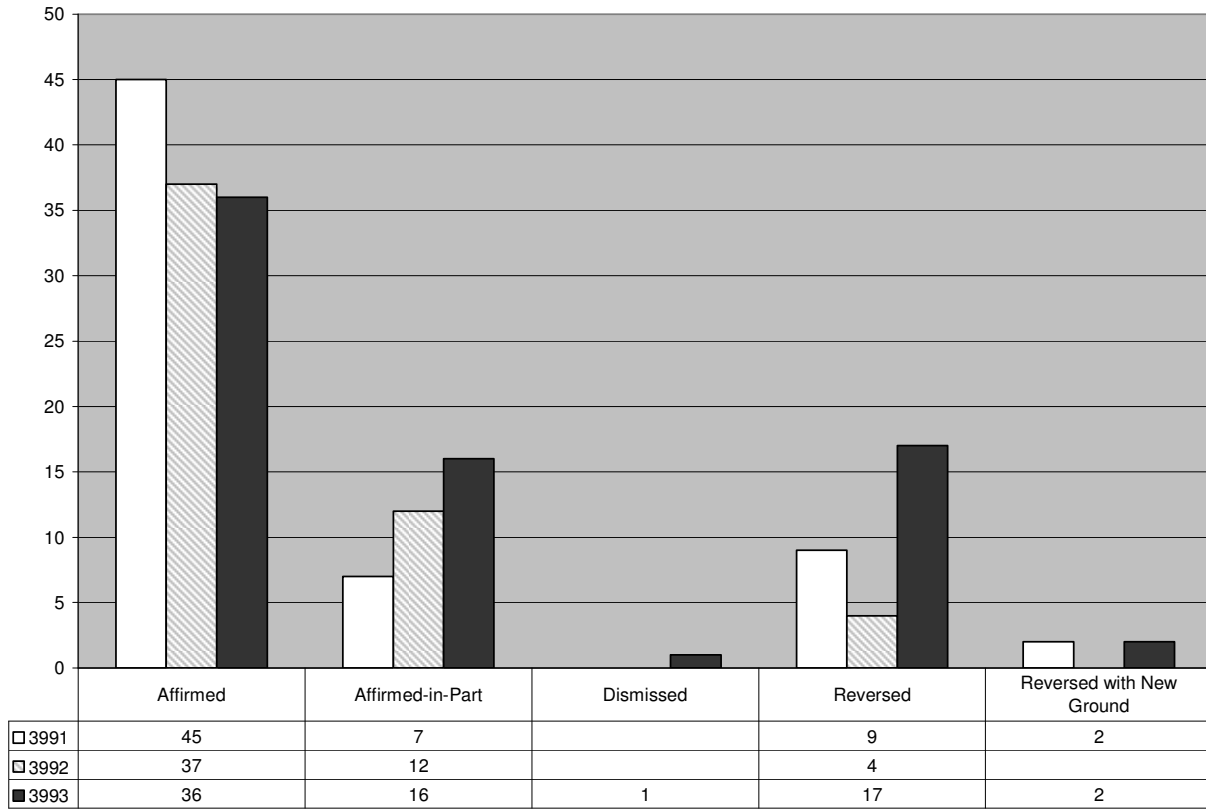
As illustrated in Figure 5 below, the top ten technology classes in these categories represented 66 or 38% of all *ex parte* reexamination appeals and 4 or 27% of all the *inter partes* reexamination appeals decided by the BPAI during this period. The remaining 78 technology classes accounted for the remaining 118 decisions, receiving less than 5 each. The top two classes (Drug, Bio-Affecting and Telecommunications) accounted for 9% and 7% respectively.

**Figure 5: Number of BPAI Decisions Rendered in Top 10 Technology Classes 2007-2010**



As illustrated in Figure 6 below, the rate of affirming on appeal was 63% overall, affirming-in-part was 19% overall, reversal was 16% overall, and reversal entering a new ground of rejection pursuant to 37 C.F.R. § 41.77(b) was 2% overall. While rates of affirming were both around 70% for AU 3991 and 3992, AU 3993 was affirmed only 50% of the time and likewise reversed in 24% of reexamination appeals, more than AU 3991 and 3992 combined.

**Figure 6: Number of Appeals Affirmed and Reversed by Art Units  
3991, 3992, 3993**



<b>CRU Group Art Unit</b>	<b>Affirmed</b>	<b>Affirmed- in-Part</b>	<b>Dismissed</b>	<b>Reversed</b>	<b>Reversed with New Ground</b>	<b>Total</b>
3991	71% (45)	11% (7)		14% (9)	3% (2)	63
3992	70% (37)	23% (12)		8% (4)		53
3993	50% (36)	22% (16)	1% (1)	24% (17)	3% (2)	72
Grand Total	63% (118)	19% (35)	1% (1)	16% (30)	2% (4)	188

Because the total number of *inter partes* reexamination BPAI appeals decided during this period amounts to fewer than 20, both types of proceeding were counted together in the breakdown above. However, for purposes of accounting, the table below provides the same information broken down by *ex parte* and *inter partes* reexamination. Keep in mind, the numbers here are not large enough to make any comparison by percentage significant.

<b>Type of Proceeding</b>	<b>Affirmed</b>	<b>Affirmed- in-Part</b>	<b>Dismissed</b>	<b>Reversed</b>	<b>Reversed with New Ground</b>	<b>Total</b>
Ex Parte	65% (113)	17% (30)	1% (1)	16% (27)	1% (2)	173
Inter Partes	30% (5)	30% (5)		20% (3)	13% (2)	15