

Presented:
The Sedona Conference Handbook

October 21, 2010

Appeals from the Central Reexamination Unit

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APPEALS FROM THE CENTRAL REEXAMINATION UNIT

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Authors' Note

This paper is available at 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 and concurrent litigation, we refer the reader to Robert Greene Sterne *et al.*, *Reexamination Practice with Concurrent District Court Litigation or Section 337 Investigations*, THE SEDONA CONFERENCE JOURNAL VOL. 11 (2010), also available at 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. **Section IV** discusses appeals from the Central Reexamination Unit to the Board of Patent Appeals and Interferences. **Section V** examines advocacy before the Board, including briefing and oral hearing. **Section VI** deals with appeals from the Board to the Court of Appeals for the Federal Circuit. In **Section VII**, we conclude with a presentation and discussion of the most recent reexamination statistics from the CRU and the Board, which includes our own updated and independent data collection and analysis.

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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 an integral part of their litigation strategy. As a consequence, final judgment in a district court litigation, or even a decision by the Federal Circuit, may not finally resolve the case when the outcome of a parallel reexamination may ultimately invalidate the patent at issue.

The patent owner in both *ex parte* and *inter partes* reexamination may appeal to the Board of Patent Appeals and Interferences (“BPAI” or “Board”) any final decision adverse to patentability. In *inter partes* reexamination, the third-party requester also has a right to appeal a final adverse decision to the Board, including the refusal of the Central Reexamination Unit (“CRU”) to adopt any proposed ground of rejection. From the Board, any appellant may take an appeal to the Federal Circuit.

The process by which appeals to the Board and Federal Circuit are conducted in initial preparation and prosecution of patent applications is generally well known among patent practitioners. However, appeals taken from the CRU to the Board have added layers of complexity that merit additional review and discussion. This is especially true for appeals from *inter partes* reexamination proceedings, where either party may appeal an adverse decision. Concurrent district court or USITC actions add even more complexity. This paper addresses the issues involved in appealing CRU decisions to the Board and the Federal Circuit.²

We presume the reader is generally familiar with basic reexamination practice and procedure and with appeals to the Board from initial prosecution.

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 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) a special Board panels that are responsible primarily for appeals from the CRU, (B) Board pendency, (C) broadest reasonable interpretation standard for claim construction, (D) follow on appeals to the Federal Circuit in *inter partes* reexamination, and (E) termination of reexamination proceedings where a Federal court reaches final decision.

² Notably, only registered patent agents or patent attorneys may appear in a patent reexamination before the CRU, or on appeal to the Board. 37 C.F.R § 11.10. There is no such requirement in the Federal Circuit—one only need be admitted to the Federal Circuit Bar to represent parties on appeal from the Board. Fed. Cir. R. 46.

A. CRU Appeals Will Be Heard By a Special Panel of APJ's

The author's understand that a select number of Administrative Patent Judges ("APJs") at the Board will now hear all appeals from the CRU. It is not clear how this change at the Board will affect appellate practice for reexaminations. Nevertheless, having a handful of APJs at the Board who are solely responsible for appeals from the CRU holds the promise that both quality of appellate review and the speed with which cases are decided will improve.

Reexam pendency before the Board is a hot topic because of the Board's well-publicized backlog in regular appeals from *ex parte* prosecution of applications. The statutory mandate for special dispatch applies equally to the Board as it does to the CRU. And special dispatch would be significantly thwarted if appeals from the CRU had to line up behind other pending appeals from the regular examining corps. Therefore, special docketing of appeals from the CRU is almost a necessity, as is the establishment of a special corps of APJs to deal specifically with appeals from the CRU. In the authors' view, such change would be welcome.

B. BPAI Pendency

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 average pendency for appealed *inter partes* reexamination as at least 6.5 years.³ A previous survey of the *inter partes* reexaminations filed between January 1, 2000, and May 3, 2003 supported this average-pendency data for appealed *inter partes* reexaminations, although only four of the reexaminations filed received a BPAI decision at the time of the survey. In each of those cases, the period between the CRU's issuance of the right of appeal notice and the BPAI decision was greater than three years during this time period.⁴ However, these sparse statistics may not shed much light on the future given the BPAI's new emphasis on pendency, including its new procedures for determining brief compliance and the possible creation of a team of APJs that will focus on appeals from the CRU.

This uncertainty notwithstanding, the authors have generated what are believed to be the first reliable statistics regarding the pendency of reexaminations appealed to the BPAI. The author's independent survey of all 289 *ex parte* and 42 *inter partes* reexamination appeals decided by the BPAI between January 1, 2007 and October 1, 2010⁵ reveals that the average pendency from filing the request to a decision by the BPAI was 4.7 years for *ex parte* and 4.8 for *inter partes* reexaminations surveyed during this period. However, these only represent "averages" within a wide range. For example, the range in pendency among all *inter partes* reexaminations was 2.4 to 7.9 years, *averaging* 4.8. Similarly, the range for *ex parte* reexaminations was 1.8 to 11.1 years, *averaging* 4.7 as stated above.

³ *Reexamining Inter Partes Reexamination*, Institute for Progress (April 2008).

⁴ See Reexamination Control Nos. 95/000,006, 95/000,009, 95/000,015, and 95/000,017.

⁵ FOIA Reading Room for the Board of Patent Appeals and Interferences. See <http://des.uspto.gov/Foia/BPAIReadingRoom.jsp> (Last Accessed: October 1, 2010).

For pendency, we counted the number of days between: (a) the date the request was filed, (b) the date notice of appeal was filed, (c) the date Appeal Docketing Notice was given by the BPAI, and (d) the date a decision was rendered by the BPAI. As of the date this information was collected,⁶ 55 cases had notice of appeal to the Federal Circuit filed, five of which were *inter partes*.⁷ The data further reveals rapid growth in the number of appeals decided each year, 2010 already exceeding the previous calendar year in both *ex parte* and *inter partes* proceedings which increased dramatically in 2009.

1. **Table 1. Average Days Pending from Filing Request Through Notice of Appeal and BPAI Decision for Ex Parte Proceedings**

| Ex Parte Reexamination Avg. Days Pending | Total No. Appeals Decided | Filing to Notice of Appeal | Notice of Appeal to Docketing | BPAI Docketing to Decision | Total Pendency Avg. (Range) |
|---|----------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|------------------------------------|
| Decided 2007 | 40 | 953 | 605 | 161 | 4.8 (2.7-9.6) Yrs. |
| Decided 2008 | 39 | 864 | 576 | 194 | 4.5 (2.2-8.4) Yrs. |
| Decided 2009 | 91 | 850 | 638 | 236 | 4.8 (2.0-9.2) Yrs. |
| Decided 2010 YTD | 115 | 882 | 549 | 250 | 4.7 (1.8-11.1) Yrs. |

2. **Table 2. Average Days Pending from Filing Request Through Notice of Appeal and BPAI Decision for Inter Partes Proceedings**

| Inter Partes Reexamination Avg. Days Pending | Total Appeals Decided | Filing to Notice of Appeal | Notice of Appeal to Docketing | BPAI Docketing to Decision | Total Pendency Avg. (Range) |
|---|------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|------------------------------------|
| Decided 2007 | 2 | 326 | 1059 | 152 | 4.2 (4.2-4.3) Yrs. |
| Decided 2008 | 3 | 784 | 727 | 319 | 5.1 (5.5-4.2) Yrs. |
| Decided 2009 | 10 | 881 | 750 | 205 | 5.1 (3.9-6.4) Yrs. |
| Decided 2010 YTD | 27 | 893 | 536 | 250 | 4.7 (2.4-7.9) Yrs. |

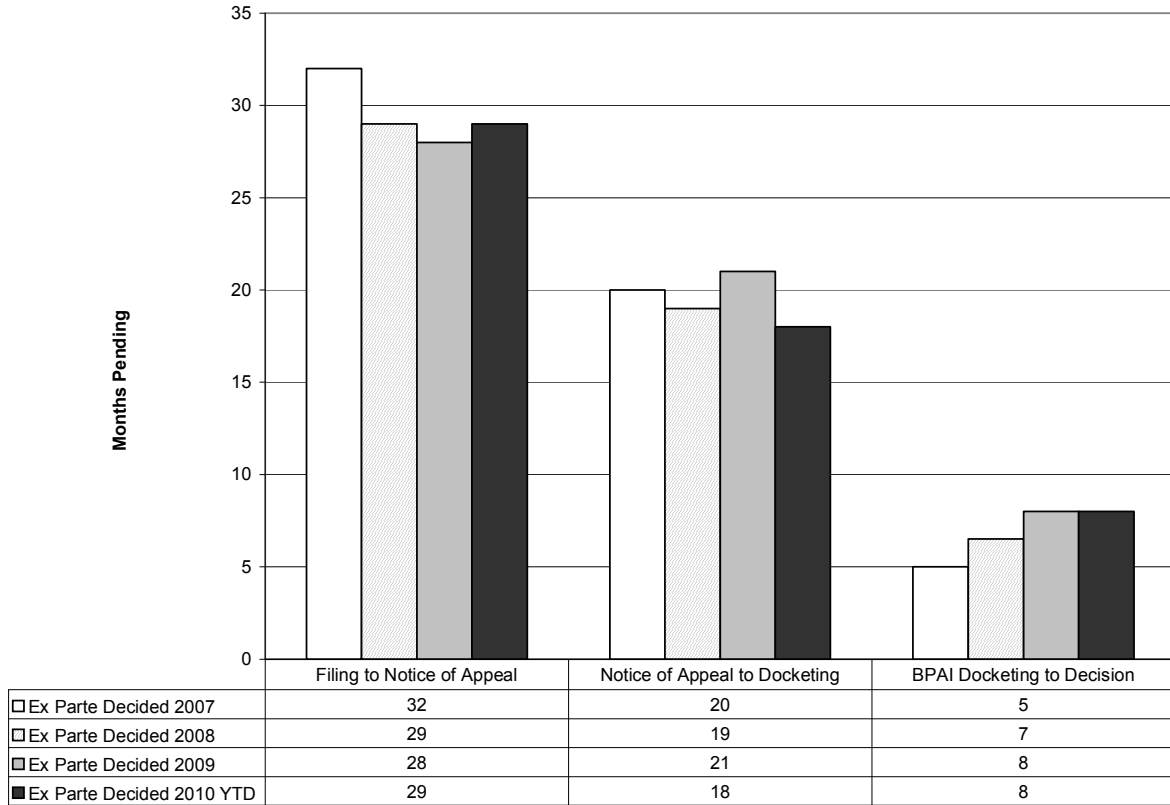
Consistent with the BPAI's official performance statistics for fiscal year 2009⁸ stating an average pendency of 7.7 months, the time from assignment of an appeal number to the date a of final decision has been 5.1 to 8.3 months over the past three years. However, the amount of time from notice of appeal to docketing at the BPAI alone averaged 20 months for *ex parte* and 26 months for *inter partes* reexamination. We provide additional tables below.

⁶ Public file histories were obtained from the Patent Application Information Retrieval (PAIR) system on October 1, 2010 and analyzed at their current stage of reexamination.

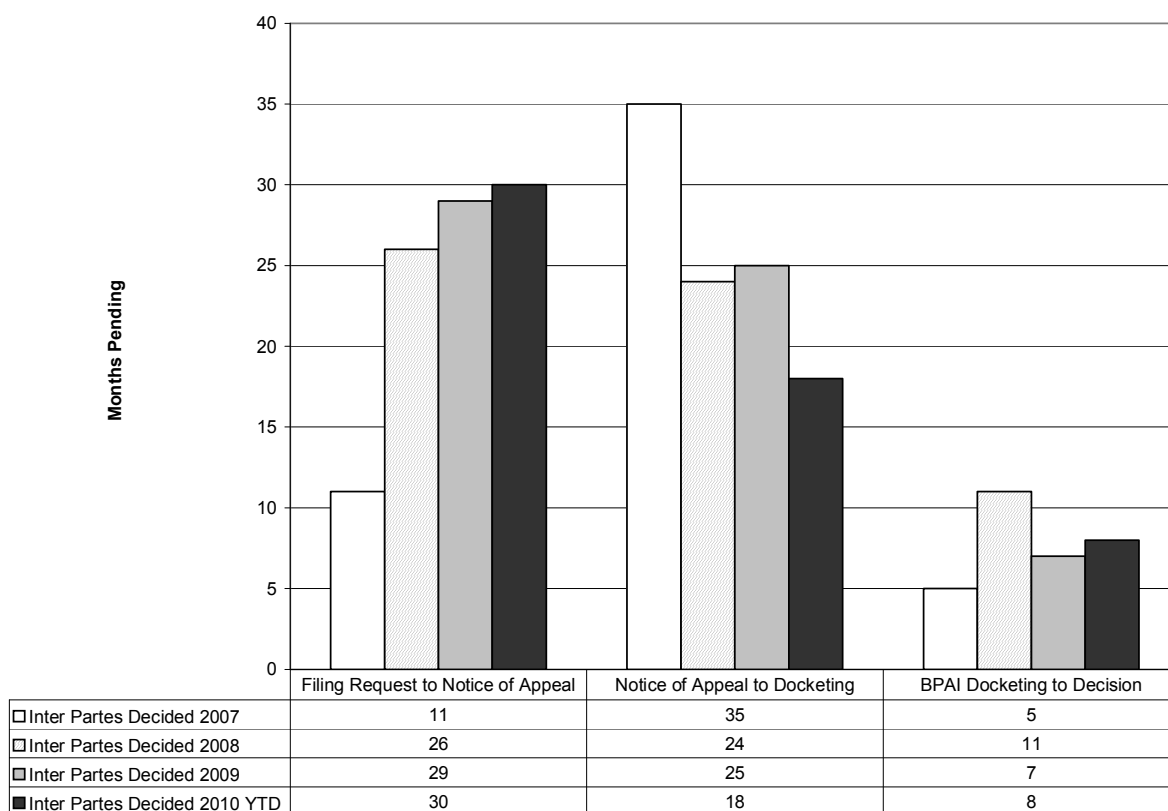
⁷ See 95/000,008, 95/000,015, 95/000,017, 95/000,020, 95/000,034.

⁸ See Board of Patent Appeals and Interferences (BPAI) FY 2009 Performance Measures for all decided appeals, including original prosecution and thus not limited to reexaminations. See http://www.uspto.gov/ip/boards/bpai/stats/perform/FY_2009_Performance_Measures.jsp (Last Accessed: October 1, 2010).

3. **Figure 1: Months from Filing to Notice of Appeal, Docketing, and BPAI Decision in Ex Parte Reexamination 2007-2010 YTD**



4. **Figure 2: Months from Filing to Notice of Appeal, Docketing, and BPAI Decision in Inter Partes Reexamination 2007-2010 YTD**



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.

To better approximate the briefing period and average pendency of reexaminations after a Notice of Appeal, the file histories of all requests filed between January 1, 2006 and January 1, 2009 as of June 11, 2010⁹ were analyzed. Of the 1,738 *ex parte* proceedings filed during this period, 375 had a Notice of Appeal with opening appeal briefs filed in 246 or 66% of proceedings. Of the 246 appeal briefs filed, the pendency from Notice of Appeal to acceptance of the brief averaged 96 days, with a median of 62 days, and a range of 21-370 days. Of those where acceptable briefs were filed, 149 had received an Examiner Answer in an average of 112 days, with a median of 99 days, and a range of 2-360 days. Of these, only 99 had been docketed at the BPAI. The amount of time from the Reply Brief (if filed) to a notice of docketing averaged 96 days, with a median of 68, and a range of 6-598. Notably, 122 of those reexaminations on appeal received a NIRC prior to any decision by the BPAI.

⁹ Public file histories were obtained from the Patent Application Information Retrieval (PAIR) system on June 11, 2010 and analyzed at their current stage of reexamination.

Similarly, of the 415 *inter partes* proceedings filed during this time period, 131 had a Notice of Appeal with opening appeal briefs filed in 95 or 73% of proceedings. Of the 95 briefs filed, the pendency from Notice of Appeal to acceptance of the last proper brief averaged 162 days, with a median of 133 days, and a range of 60-351 days. Of those where acceptable briefs were filed, 30 had received an Examiner Answer in an average of 108 days, with a median of 77 days, and a range of 24-443 days. Of these, only 17 had been docketed at the BPAI. The time from the last Reply Brief to a notice of docketing averaged 159 days, with a median of 96 days, and a range of 46-521. That this sample is limited reinforces the notion that *inter partes* appeals are less abundant than their *ex parte* counterparts. Only 10 of those on appeal received a NIRC prior to a decision by the BPAI.

Notwithstanding a potential backlog, the statutory requirement of special dispatch applies equally to the BPAI as it does to the CRU.¹⁰ Therefore, after hearing an appeal, the BPAI has a stated goal of rendering a reexamination decision in six months. Outside of possible implementation of a select group of APJs to deal with reexamination appeals, we are unaware of the BPAI giving any other special dispensation to appeals taken from the CRU. Should the BPAI 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 BPAI, how will this impact pendency for non-reexamination appeals, which is also increasing? Finally, is BPAI pendency impacting post-grant review procedures currently pending patent reform legislation?

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

As of October 2010, the authors are aware of only five appeals of *inter partes* reexaminations from the BPAI to the Federal Circuit, three involving utility patents and one involving a design patent.¹¹ Two of the three *inter partes* reexamination appeals involving the utility patents were filed in September 2010 and are in the early briefing stages. In the third, the appellant voluntarily dismissed the appeal prior to briefing and oral argument.¹² Nevertheless, the parties’ motions practice prior to the dismissal in that case is useful in determining the basic structure of an *inter partes* reexamination appeal to the Federal Circuit. There will likely be three parties—the patent owner, the third-party requester, and the USPTO. Each will submit briefs to the Court. We describe the first case—*Cooper Cameron*—below in **Section V.B.**

D. Broadest Reasonable Interpretation

It is well-settled that the PTO interprets claim language according to the broadest-reasonable-interpretation standard (“BRI”).¹³ This applies during initial prosecution,

¹⁰ 35 U.S.C. §§ 305 and 314(c).

¹¹ Reexamination Nos. 95/000,015; 95/000,017 (Dkt. No. 2009-1435, -1459); 95/000,008 (Dkt. No. 2010-1530) and 95/000,138 (Dkt. No. 2010-1514).

¹² *Cooper Cameron v. SAFOCO Inc.*, Docket Nos. 2009-1435, -1459 (Fed. Cir. 2009) (Dismissed October 7, 2009);

¹³ *In re Morris*, 127 F.3d 1048, 1054 (Fed. Cir. 1997).

reexamination and before the Board.¹⁴ BRI is primarily premised on an applicant's ability to 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 its well-settled status, the BRI standard has recently come under attack. Chris Cotropia and Dawn-Marie Bey questioned the validity and usefulness of BRI.¹⁵ 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 authors' perception that the Office (including the CRU) often reads 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 not only divorced from the specification, but are in fact driven more by the necessities of the applied prior art than by any intrinsic evidence.

Use of the BRI standard during *ex parte* prosecution of patent applications may be justified. But the justification for applying the BRI standard to reexaminations is often greatly diminished. This is especially true where there is co-pending district-court litigation or a USITC investigation. For instance, any assertion that the patent owner in those situations is free to amend claims is a practical fiction. For instance, claim amendments can have huge implication on past damages. For that reason, patent owners are often extremely reluctant to amend during reexamination claims that are being litigated in a concurrent proceeding. Indeed, where Markman proceedings are complete, claim amendments can have severe and costly impacts on the parallel proceedings apart from any consideration of damages.

Additionally, patent owners in reexamination are statutorily barred from broadening claims. Indeed, a recent district court decision recognized the differences between *ex parte* prosecution and reexamination when it permitted trial counsel to also participate in a co-pending reexamination, even though the trial counsel would have access to the accused infringer's confidential material.¹⁶ These differences are not accounted for in the one-size-fits-all BRI standard.

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. Copending reexamination proceedings can have a real impact on trial. For instance, in one case in the Eastern District of Texas, the court was persuaded to revisit and

¹⁴ *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).

¹⁵ 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).

¹⁶ *Zerex Corp. v. Google, Inc. et al.*, Dkt. No. 10-136-JJF-MPT (D.Del. Sept. 8, 2010).

modify its Markman order based on arguments the patent owner had made during a co-pending litigation.¹⁷ Moving from BRI to the *Phillips* standard in reexamination would provide more certainty and clearer guidelines for claim interpretation.

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 initial *ex parte* prosecution. For this reason, the authors believe it is ripe for challenge before the Board and the Federal Circuit.

E. Termination of Reexamination Following Court Decision

The MPEP provides that a reexamination will be terminated as to any claim found invalid or unenforceable in a “final Federal Court holding (after all appeals).”¹⁸ This is not surprising. The USPTO will not maintain a reexamination—either *inter partes* or *ex parte*—on a patent already invalidated by a court. However, there is distinction between *inter partes* and *ex parte* reexam when there is a final court ruling in favor of patent validity.

In *ex parte* reexaminations, a final federal court decision finding a patent was not invalid is not binding on the USPTO and will have little impact on the reexamination.¹⁹ On the other hand, a final decision that a patent is not invalid may be sufficient to terminate an *inter partes* reexamination, if certain conditions are met. Where a party to an *inter partes* reexamination was also party to a litigation resulting in a final decision of validity for a patent claim, the Office will discontinue the examination of the subject claim.²⁰ The only limit on the application of this rule is that the issue raised in the *inter partes* reexamination be an issue that was raised or could have been raised in the litigation.²¹

It is an open question as to whether a consent judgment between parties as a result of settlement would be sufficient to terminate a co-pending *inter partes* reexamination. The authors are aware of at least one case where a patent owner was successful in terminating a reexamination in this fashion.²² The key is to satisfy to the USPTO that “the party has not sustained its burden of proving the invalidity of any patent claim in suit.” 35 U.S.C. § 317(b). If the consent judgment comes at an early stage in the litigation, before the parties have properly joined the issue of patent validity, the consent judgment may not be sufficient. But if it comes at a later stage, after the parties invalidity contentions are known, it may be sufficient.

¹⁷ *Beneficial Innovations, Inc. v. Blockdot, Inc.*, Case No. 2:07-CV-263-TJW-CE (E.D. TX) (Order dated May 27, 2010).

¹⁸ MPEP 2286 (IV) & 2686.04 (IV)

¹⁹ MPEP 2286 (IV)

²⁰ 35 U.S.C. §117; 37 C.F.R. § 1.907(b); MPEP 2686(IV).

²¹ *Id.*

²² *See* 95/000,186 and *Polycom, Inc. v. Codian Ltd.*, Case No. 2-05cv-250 DF (E.D. TX).

III. After-Final Practice in Reexamination Proceedings

After-final practice in reexamination has several important differences from initial prosecution that can impact appeal. For this reason, we examine after-final practice in both *ex parte* and *inter partes* reexamination to allow the parties to put their case in the best 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 initial preparation and prosecution. One substantial difference, however, lies in the timing for filing a notice of appeal. During initial *ex parte* prosecution, a party may file an after-final response within the statutory six-month timeframe and wait for the Office to mail an Advisory Action. Based on the Advisory Action, the patent applicant may weigh the pros and cons of pursuing an appeal.

In *ex parte* reexamination, however, the time period to respond to a final Office action is typically shortened to one month. If the *ex parte* prosecution rule were followed, the patent owner would have to decide whether to pursue an appeal based only on the final Office action, without the benefit of an Advisory Action. However, the Office takes this into account. When the patent owner files a timely after-final reply, an automatic one-month extension is provided for actually filing a Notice of Appeal.²³ According to the MPEP, the Advisory Action for *ex parte* reexaminations should follow 5 days after filing an after-final reply. But patent owners should take care that not to let the time expire for filing a Notice of Appeal in the event of a late Advisory Action.

B. After-Final *Inter Partes* Reexamination

After-final practice in *inter partes* reexamination is very different from initial prosecution and even *ex parte* reexamination. The participation of the third-party 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 “ACP.” The examiner may issue an ACP after considering the issues a second or subsequent time, or upon a determination of the patentability of all claims.²⁴ After consideration of any comments on the ACP, the examiner may either reopen prosecution or issue 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.

²³ MPEP § 2272.I.

²⁴ 37 C.F.R. § 1.949.

1. *Action Closing Prosecution*

The ACP begins the end of 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 initial prosecution in that, before issuing an ACP, the examiner should ensure that issues have been fully developed. The ACP 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].”²⁵ 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.”²⁶

Although an ACP shares many attributes of a final rejection made in either initial 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.²⁷ 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 issues, “the patent owner no longer has a right to unrestricted further prosecution.”²⁸ The patent owner’s written comments are 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.²⁹

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.³⁰ In the rare case that such a waiver is granted, the

²⁵ MPEP § 2671.02.I.

²⁶ *Id.*

²⁷ 37 C.F.R. § 1.951(a).

²⁸ MPEP § 2672.III.

²⁹ 37 C.F.R. 1.116.

³⁰ *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 181.³¹ 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.³² 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.³³ 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.³⁴

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 her position in a manner adverse to the patent owner, 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.”³⁵ 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) or by filing a Request for Continued Examination under Rule 114. For example, if the patent owner proposes an amendment in the ACP that might make a claim

³¹ MPEP § 2672.VI.

³² 37 C.F.R. § 1.951(b).

³³ 35 U.S.C. § 314(b)(2).

³⁴ MPEP § 2672.VI.

³⁵ MPEP § 2673.01

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 should 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 Rule 181 petition 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 been finally incorporated into the Office rules or the MPEP; it is set forth only in the form of an Official Gazette notice dated March 1, 2005.³⁶ There, 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 or evidence not entered after final rejection in the pending reexamination proceeding.³⁷ When the Office revised section 2240 of the MPEP in May of 2004, a patent owner was barred from using this strategy.³⁸ In response, the Office presented the RCR procedure to provide an alternative for a patent owner to obtain entry of an amendment or evidence that was denied entry after a final rejection in an *ex*

³⁶ 1292 *Off. Gaz. Pat. Office* 20.

³⁷ *Id.*

³⁸ *Id.*

parte reexamination or after an action closing prosecution in an *inter partes* reexamination.³⁹ 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 for the parties to agree that the issues are appropriate for final action and request a RAN. The contents of such a request are set forth in MPEP § 2673.02.II.

3. *Petition to Reopen Prosecution*

The MPEP also describes procedures to reopen prosecution after the Office issues an ACP.⁴⁰ This procedure, so-called reopening a prosecution after ACP, comes in two varieties—mandatory reopening and discretionary reopening. The MPEP provides that prosecution will be opened on a mandatory basis where a submission made after an ACP causes the examiner to modify his position in a manner adverse to patentability. In that circumstance, the RAN cannot be issued until the patent owner has an opportunity to address each and every rejection prior to the appeal stage. This mandatory reopening does not apply for third-party requestors. Instead, the MPEP provides that “the third party requestor has no right to comment on and address a finding of patentability made during the reexamination proceeding *until the appeals stage*, unless the patent owner responds (after which the third party requestor may file comments).⁴¹ There is also the ability of the Office to reopen prosecution on a discretionary basis. The MPEP provides that examiners should be “liberal” in reopening prosecution “equities of the situation make such appropriate, because patent owner cannot continue the proceeding by refiling under 37 C.F.R. 1.53(b) or 1.53 (d), nor by filing a request for continued examination under 37 C.F.R. 1.114.”⁴²

The MPEP does not provide much instruction as to when the discretion should be exercised except by way of example. Specifically, the MPEP describes a situation where the patent owner might be in a position to submit an amendment after the ACP that would make at least one claim patentable, if one or two minor changes could be entered to obviate rejection. In *inter partes* reexamination this may not be feasible because the examiner cannot be telephoned by the patent owner to obtain the minor changes nor can the examiner make his own amendments. In this circumstance the MPEP directs that the examiner should reopen prosecution and issue a new ACP suggesting the amendment. Practitioners should use petitions to reopen prosecution as an avenue to introduce evidence, raise arguments or amend claims that were not already made. On appeal before the Board, there is essentially no opportunity to do any of these things.

³⁹ *Id.*

⁴⁰ MPEP § 2673.01.

⁴¹ *Id.* (emphasis in original)

⁴² *Id.*

IV. Appeals to the Board

A patent owner in any reexamination may appeal to the Board from a final rejection of any claim.⁴³ In addition, a third-party requester in *inter partes* reexamination may appeal to the Board from any final decision favorable to patentability.⁴⁴ Decisions favorable to patentability include the confirmation of any claim and “any final determination not to make proposed rejection of any original, proposed amended, or new claim of the patent.”⁴⁵ That is, a third-party requestor may pursue on appeal a rejected claim if the examiner failed to adopt the requestor’s proposed ground of rejection.

A. Board Authority and Standard of Review In Patent Reexamination Appeals

Neither the Patent Act nor the Patent Rules state the applicable standard of review for the Board’s review of reexamination cases from the CRU. Board decisions hold that legal questions, such as claim interpretation, are reviewed *de novo*.⁴⁶ On issues of fact, the Board routinely makes its own factual findings and resolves factual disputes between the examiner and patentee.⁴⁷ Typically, however, the Board’s independent fact finding is limited to the record on appeal.⁴⁸

Recognizing that its role and its standard of review had become muddled, the Board issued a precedential decision on that issue.⁴⁹ In *Ex parte Frye*, the Board began with its statutory mandate to “on written appeal of an applicant, review adverse decisions of examiners upon applications for patents.”⁵⁰ The Board stated that “the Board reviews the particular finding(s) contested by an appellant anew in light of all the evidence and argument on that issue.”⁵¹ The Board thus implements a *de novo* standard of review, but only for specifically contested issues—“[T]he Board will generally not reach the merits of any issues not contested by an appellant.”⁵² Therefore, a party must ensure that it contests each aspect of the rejection that it wishes the Board to review. For example, if in an obviousness rejection an appellants contests

⁴³ 35 U.S.C. § 134(b); 37 C.F.R. § 41.31

⁴⁴ 35 U.S.C. § 134(c); 37 C.F.R. § 41.61.

⁴⁵ 37 C.F.R. § 41.61.

⁴⁶ *Cameron Inter. Corp. v. Patents of Safoco, Inc.*, 2008 WL 5112232 (BPAI December 4, 2008)

⁴⁷ *Ex parte Scientific-Atlanta, Inc.*, 2009 WL 192000 (BPAI January 26, 2009).

⁴⁸ *Id.*

⁴⁹ *Ex parte Frye*, App. No. 2009-6013 (BPAI February 26, 2010) (precedential decision).

⁵⁰ *Id.*, slip-op at 9 (citing 35 U.S.C. § 6(b)).

⁵¹ *Id.*, at 10.

⁵² *Id.*; see also *In re Oetiker*, 977 F.2d 1443, 1445 (Fed. Cir. 1992)(“In reviewing the examiner’s decision on appeal, the Board must necessarily weight all of the evidence and argument.”).

only the presence of a single limitation, the Board will not review the presence of uncontested limitations. In fact, the Board may treat arguments not made as waived.⁵³ The Board's factual findings must be supported by at least a preponderance of the evidence.⁵⁴

B. Appealable versus Petitionable Issues

The parties should understand the difference between appealable issues and those issues that must be resolved by petition. The MPEP explains that:

The line of demarcation between appealable matters for the [Board] and petitionable matters for the Director of the [USPTO] should be carefully observed. The Board will not ordinarily hear a question that should be decided by the Director on petition, and the Director will not ordinarily entertain a petition where the question presented is a matter appealable to the Board.

MPEP § 1201. For example, the in *Ex parte Frye*, the appellant sought review of the Examiner's objection to the drawings under 37 C.F.R. § 1.83(a) and the Examiner's refusal to enter amended drawings on the grounds that the amendments introduced new matter. But the Board noted that "the Examiner's refusal to enter the proposed drawing showing the midsole is unrelated to any rejection before the Board."⁵⁵ According to the Board, the appellant should have filed a petition "to resolve either the Examiner's objections to the drawings or the Examiner's refusal to enter proposed drawing amendments prior to the matter reaching the Board."⁵⁶

The example noted above occurred during *ex parte* prosecution of a patent application. In reexamination, a number of other petitionable issues may arise. For example, if a party wished to have evidence, such as a supplemental declaration, entered after an action closing prosecution in *inter partes* reexam, it would need to file a petition under 37 C.F.R. § 183 ("Rule 183") to waive the rule prohibiting entry of such evidence. Similarly, a party wishing to extend the page limits imposed by 37 C.F.R. § 1.943 would also need to file a Rule 183 petition justifying the need. It would not be appropriate to raise the denial of these petitions on appeal to the Board. The proper venue for challenging denial would be through an action filed in a district court under the Administrative Procedures Act.⁵⁷

⁵³ *E.g. Hyatt v. Dudas*, 551 F.3d 1307, 1313-14 (Fed. Cir. 2008).

⁵⁴ *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1427 (Fed. Cir. 1988) (explaining general evidentiary standard for proceedings before the Office).

⁵⁵ *Ex parte Frye*, App. No. 2009-006013, slip op. pp. 16-18 (BPAI February 26, 2010).

⁵⁶ *Id.*

⁵⁷ 5 U.S.C. §§ 701-706.

C. Review of Substantial New Question of Patentability (“SNQ”)

The authority to review issues related to SNQ has been delegated to the Chief Judge of the Board of Patent Appeals and Interferences.⁵⁸ The Notice provides that “for *ex parte* reexamination proceedings ordered prior to June 25, 2010, if the patent owner presents the SNQ issue in its appeal brief, the BPAI panel will review the procedural SNQ issue along with its review of any rejections in an appeal and will enter a final agency decision accordingly.”⁵⁹ One of the first cases to exercise this authority is *Ex parte Muzzy Products Corporation*.⁶⁰ In that case, the appellant challenged the propriety of the SNQ because it was based on art that had previously been considered by the Examiner. The Board agreed and terminated the reexamination before reaching the merits of the pending rejections.

While the Board can review on appeal a challenge to whether an SNQ was improperly granted, it cannot review an initial decision refusing to fine an SNQ and order a reexam. This is a petitionable matter for the director.

D. 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 initial 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....”⁶¹ 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 amendment as specified in [Rules 114 and 116].”⁶² 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 initial preparation and prosecution.

Because appeals to the Board in *ex parte* reexamination are essentially the same as those in initial 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.⁶³ For that reason, extensions of time in *ex parte* reexamination proceedings before the Board are available under Rule 550(c) on a showing of “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.⁶⁴ The Board may (1)

⁵⁸ 75 Fed. Reg. 36357-58 (June 25, 2010).

⁵⁹ *Id.*

⁶⁰ *Ex parte Muzzy Products Corporation*, App. No. 2009-11350 (BPAI September 1, 2010).

⁶¹ 37 C.F.R. § 550(a).

⁶² 37 C.F.R. § 113.

⁶³ 35 U.S.C. § 305 (applying special dispatch to any appeal to the Board).

⁶⁴ 37 C.F.R. §41.50; MPEP 1211-1213.

sustain or reverse the rejections in whole or in part; (2) remand to the examiner and; (3) enter a new ground of rejection.⁶⁵ 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.⁶⁶ 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.⁶⁷ And, the Board may remand to the examiner for further search to be conducted, but this is very rare.⁶⁸ 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.⁶⁹

The Board may enter a new ground of rejection based on any knowledge it has for rejecting the pending claims.⁷⁰ A rule of reason applies in assessing in whether a new ground has been entered.⁷¹ 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 typically is not present.⁷² If a new ground of rejection is entered, the applicant may either request rehearing (addressing the new ground) or request that prosecution be reopened.⁷³

E. 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.”⁷⁴ The patent owner and the third-party requester may further be a party to any appeal taken by the opposing party.⁷⁵

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*

⁶⁵ *Id.*

⁶⁶ MPEP 1211.03

⁶⁷ *Id.*

⁶⁸ *Id.*

⁶⁹ 37 C.F.R. § 41.50(a)(2)(i)&(ii).

⁷⁰ 37 C.F.R. § 41.50 (b); 37 C.F.R. 196(b).

⁷¹ *In re Jacobson*, 407 F.2d 890, 893 (CCPA 1969).

⁷² *In re Kronig*, 539 F.2d 1300, 1302-03 (CCPA 1976).

⁷³ *Id.*

⁷⁴ 35 U.S.C. § 315(b).

⁷⁵ 35 U.S.C. §§315(a)(1)-(a)(2).

partes reexamination.⁷⁶ Both the patent owner and the third-party requester have a statutory right of appeal from a RAN.⁷⁷ The parties have one month to file a notice of appeal, which may not be extended.⁷⁸ 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.

A key difference lies in the necessary content of a notice of appeal submitted by a patent owner as compared to a notice of appeal submitted by a third-party requestor. A patent need only identify the rejected claims it is appealing to the Board; whereas a third-party requestor cannot merely identify allowed claims in its notice. Instead, the third-party requestor must also identify in its notice of appeal each rejection it previously proposed in the reexamination and which it intends to contest on appeal.⁷⁹

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.⁸⁰ All other amendments, affidavits, and other evidence will not be admitted unless the patent owner files a response requesting that prosecution be reopened.⁸¹

The appellant's brief should be filed no later than two months from the last-filed notice of appeal.⁸² The respondent's brief should be filed no later than one month from the date of service of the appellant's brief.⁸³ After both parties have filed a brief, the examiner may prepare an Examiner's answer.⁸⁴ In response, the appellant may file a rebuttal brief within one month of the Examiner's answer.⁸⁵ The rebuttal brief of the patent owner may be directed to the Examiner's answer and/or the respondent brief of any respondent.⁸⁶ 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.⁸⁷ Both the appellant and respondent may file a written request for an oral hearing within two months of the Examiner's answer.⁸⁸

⁷⁶ 35 U.S.C. § 134; 37 C.F.R. §§ 1.959 and 41.61.

⁷⁷ 35 U.S.C. §§ 315(a) and (b).

⁷⁸ 37 C.F.R. § 41.61.

⁷⁹ MPEP 2674

⁸⁰ 37 C.F.R. §41.63(a).

⁸¹ 37 C.F.R. §41.63(c).

⁸² 37 C.F.R. §41.66(a).

⁸³ 37 C.F.R. §41.66(b).

⁸⁴ 37 C.F.R. §41.69(a).

⁸⁵ 37 C.F.R. §41.71(a).

⁸⁶ 37 C.F.R. §41.71(b)(1).

⁸⁷ 37 C.F.R. §41.71(c)(1).

⁸⁸ 37 C.F.R. §41.73(b).

Although the appellant is allowed to petition 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.⁸⁹

Jurisdiction of the proceeding passes from the CRU to the Board after the filing of all briefs and examiner's answers.⁹⁰ 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.⁹¹ Additionally, prior to the decision on the appeal by the Board, the Director may *sua sponte* order the proceeding remanded to the Examiner.⁹²

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."⁹³ 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.⁹⁴ 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.⁹⁵ The statement constitutes a new ground of rejection that is not considered final for judicial review.⁹⁶

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 or request a rehearing to avoid termination of the appeal as to the rejected claims.⁹⁷ 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.⁹⁸ 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."⁹⁹

⁸⁹ 37 C.F.R. §41.66(a).

⁹⁰ 37 C.F.R. § 41.64(a).

⁹¹ 37 C.F.R. § 41.64(b).

⁹² 37 C.F.R. § 41.64(c).

⁹³ 37 C.F.R. §41.77(a).

⁹⁴ *Id.*

⁹⁵ 37 C.F.R. § 41.77(b).

⁹⁶ *Id.*

⁹⁷ *Id.*

⁹⁸ 37 C.F.R. § 41.77(c).

⁹⁹ 37 C.F.R. § 41.77(d).

V. Advocacy at the Board of Patent Appeals and Interferences

A. General Philosophy

The style of advocacy before the Board should differ from practice before the CRU. When prosecuting a reexamination at the CRU, the practitioner's audience is generally one to three experienced examiners. These examiners have accrued years of experience in initial prosecution and come from specialized technical backgrounds related to the technology involved in the patent. Most do not have experience in adversarial settings. As a result, examiners at the CRU may be more receptive to dispassionate prosecution-type arguments that assume a basic level of technical competency. This, of course, does not mean that practitioners should not be zealous advocates for their clients at the CRU. This is only to caution against perhaps distasteful adversarial techniques such as *ad hominem* attacks on the Office or one's opponent. The MPEP further cautions that parties at the CRU should avoid "litigation tactics". What is meant by "litigation tactics"? The MPEP does not specify and the authors do not have insight into what the Office means by this statement.

Practice on appeal at the Board differs from practice at the CRU, and the advocate's style should change accordingly. Judges at the Board, unlike examiners at the CRU are less likely to have technical backgrounds that are closely related to the technology emerging from the CRU. In addition, the Board is experienced in dealing with hard fought *inter partes* matters including interference proceedings. Several things should be considered in one's practice. First, a more overtly persuasive style should be adopted. The style here ought to be similar to the persuasive style that one finds in appellate briefs to courts of appeal or in dispositive motions before trial courts. In addition, practitioners should be particularly mindful to provide a detailed, readable, and compelling story of the invention to the Board. The patent owner's brief to the Board is the first and best chance to explain the underlying technology and to show its value to the Board—until the appeal the Board likely has had no interaction with the underlying technology. To tell the story effectively, it is therefore critical that the patent owner have put into the record proofs concerning the history of the invention, secondary commercial considerations such as commercial success and other evidence that distinguishes the prior art. Because there is no opportunity to introduce new evidence having this on the record is simply indispensable once one is on appeal.

B. Briefing the Board

At conference in April 2010, a panel of APJs, including Chief APJ Michael Fleming, presented a paper on effective appellate advocacy before the Board.¹⁰⁰ While focused on appeals from *ex parte* patent prosecution, their insight into appellate briefing is equally valid for appeals from the CRU—both for *ex parte* and *inter partes* reexamination. In that paper, the panel lists

¹⁰⁰ CAPJ Michael Fleming, APJs Sally Lane, Linda Horner and John Jeffery, "Effective Appellate Advocacy in Ex Parte appeals before the Board of Patent Appeals and Interferences," First Annual Board Conference for the Board of Patent Appeals and Interferences (April 7, 2010)

ten common mistakes by appellants. A brief overview of most of these points is presented below. The authors highly recommend downloading the entire paper from the PTO's website.¹⁰¹

1. *Failure to appreciate import of and strategy behind claim grouping*

According to the APJ panel, “confusion as to how to group claims effectively persists.” One mistake the panel highlights is not being clear about which claims are being separately argued. For instance, a heading will purport to address the rejection of claims 1-5, but will only contain arguments directed to claim 1. In that case, the Board may treat claim 1-5 as a group. Another mistake the panel noted is a failure to strategically group claims so as to highlight the strongest arguments. Multiple independent claim containing the same feature may be grouped together, providing “appellants with an opportunity to focus the Board’s attention on the strongest arguments in the appeal.”

In the absence of any clear intent by the party, it appears as if the Board has great discretion in doing its own grouping. But that is likely to be to the Board advantage and possibly to the party’s detriment. Therefore, parties need to carefully consider claim grouping when determining how to structure their argument section.

2. *“Kitchen sink” briefs*

As with all legal briefing, the “kitchen sink” approach should be avoided. Pick the strongest arguments to clearly and persuasively present. Strongly consider leaving out weaker arguments, especially where they rest solely on attorney argument or have little basis in the case law. For instance, the panel warns against over-reliance on policy guidance in the MPEP to the detriment of searching for relevant case law. One example may be to forego arguments related to commercial success where a party has been unsuccessful in establishing the required nexus to the claimed invention.

3. *Ineffective arguments to rebut obviousness rejections*

The panel dedicates the most space to ineffective arguments to rebut obviousness rejections. In particular, the panel cites to “overuse of certain ‘catch phrases’ in arguments without proper analysis under existing case law of why a particular argument applies in their case.” Two examples are (i) charactering references as “teaching away,” and (ii) characterizing a reference as non-analogous art. In both cases, appellants frequently fail to properly address the legal standards for each of these arguments. Finally, the panel cites to a common failure to address the examiner’s proposed combination—specifically a tendency to mount individual attacks on references without proper consideration of the examiner’s specific combination.

4. *Failure to account for a shift in the burden of proof to rebut a finding of inherency*

According to the panel, once an examiner makes a reasonable finding that a reference inherently discloses an element of a claim, the burden shifts to the appellant to show that the

¹⁰¹ Available at http://usptols.org/uploads/Ten_Common_Mistakes__5_.pdf

reference does not inherently possess the characteristics relied upon by the examiner. Appellants often “simply argu[e] that the prior art reference does not explicitly disclose the claimed characteristic [without] effectively show[ing] why the examiner erred in finding that the characteristic is inherent.”

The proper standards to be followed with respect to burden shifting in anticipation arguments is currently on appeal to the Federal Circuit in *In re Jung*, Fed. Cir. Appeal No. 2010-1019.¹⁰²

5. *Failure to define key claim terms*

Where the issue turns on claim interpretation, the panel characterized the appellants and the examiner briefs as “two ships passing in the night,” where there has been a failure to define key claim terms. Often, the examiner is taking a broad claim construction while the appellant is taking a narrower construction. In that case, according to the panel, it is incumbent on the appellant to rebut the examiner’s construction by showing why skilled artisans would not take such a broad interpretation.

In reexamination where there is concurrent litigation, defining claim terms requires considerable care and an overall awareness of what is going on in the concurrent proceeding. Taking a position on claim construction in the reexam that is not entirely consistent with the positions taken in the concurring litigation is risky at best and highly detrimental at worst. The authors are aware of at least one case where a district court judge revisited his claim construction order in view of the positions the patent owner took during a co-pending reexamination.¹⁰³ However, by the time a party is on appeal to the Board, its claim construction positions ought to be fairly set.

6. *Failure to support arguments with evidence and follow the rules regarding the evidence appendix*

The panel stated that “[w]e often see arguments made by appellants that might have been persuasive if supported by evidence to establish the points made in the arguments.” However, as the panel correctly notes, attorney argument cannot substitute for evidence.¹⁰⁴ This reinforces the need for patent owners (and third party requesters) in reexaminations to seek Rule 132 declarants as soon as possible. Such evidence, for all practical purposes, must be obtained and presented in the response to the first Office action. Thereafter, as we discuss below, it becomes increasingly difficult (if not impossible) to get evidence into the record.

¹⁰² *In re Jung*, Fed. Cir. Appeal No. 2010-1019. The authors represent appellants Edward Jung and Lowell Wood.

¹⁰³ *Beneficial Innovations, Inc. v. Blockdot, Inc.*, Dkt. No. 2:07-CV-263-TJW-CE (E.D. TX) (Order dated May 27, 2010).

¹⁰⁴ *Citing Estee Lauder Inc. v. L’Oreal, SA*, 129 F.3d 588, 595 (Fed. Cir. 1997).

7. Summary of claimed subject matter

The panel states that “[t]he Board uses the summary of the claimed subject matter portion of an appeal brief to help it understand the claimed invention and how the claim elements correspond to the drawing elements and description in the specification.” However, patent owners in reexamination (and likely patent applicants as well) see this section of the brief as potentially risky. This is because any detailed summary of the “invention” is more likely to be used against the applicant or patent owner to limit post-issuance claim scope, than it is to truly assist the Board in determining the scope of the claims. The authors believe that the best approach is to simply point the Board to the most relevant portions of the specification.

8. Ineffective use of reply brief

The reply or rebuttal brief to the examiner’s answer should not simply reiterate the same arguments made during the principal brief. Rather, it should respond “to specific findings made or positions taken by the examiner in the answer or addressing intervening case law relevant to appealed issues.” This is good advice in both *ex parte* prosecution and in *ex parte* patent reexamination.

However, in appeals of *inter partes* reexamination, the rebuttal brief “may be directed to the examiner’s answer and/or any respondent brief.” 37 C.F.R. § 41.71. Thus, the rebuttal brief may be an appropriate place for either party to directly address portions of the respondent briefs that it believes warrant clarification or rebuttal.

9. Ineffective use of request for rehearing

The most common mistake in requests for rehearing is a failure to point out “the particular points of error by the Board.” According to the panel, “[e]ffective requests for rehearing strategically limit their arguments to only one or two assertions of error, and refer to the specific portion(s) of the Board’s opinion where the errors can be found.” Further, the asserted errors should be of a character that, if decided differently, would change the ultimate outcome of the case. Again, this is good advice in both *ex parte* prosecution and in patent reexamination.

C. Oral Hearing

1. Governing rules

Oral hearing must be requested, with accompanying fee, in a separate paper within two months of the examiner’s answer or supplemental answer.¹⁰⁵

2. Oral hearing logistics and strategy

The BPAI and the TTAB share four hearing rooms located, in the Madison Building, East Wing. The hearing rooms are designated as “A” through “D”. A given number of spaces in each

¹⁰⁵ 37 C.F.R. § 41.47(b)

hearing room are reserved for party representatives. The remaining spaces in each may be made available to the public on a first come, first served basis. According to the BPAI webpage, Hearing Room A is the largest with 55 spaces, Hearing Rooms B and C each have 10 spaces, while Hearing Room D is the smallest with only 5 spaces. No recording devices are permitted and those wishing to bring a computer must obtain an equipment pass from the hearing usher so that they will be permitted to leave the building with the computer. The Board is fully equipped to conduct remote hearings.

Appellants should have a two-minute message ready that covers the strongest points. Then be prepared to answer questions. Most importantly, be prepared to discuss claim scope and all references of record. Extensive preparation is strongly recommended. While applicants in initial *ex parte* prosecution get 20 minutes, reexam parties get 30 minutes. But most panels are lenient with time if the argument is constructive. For *inter partes* reexam, where representatives of the patent owner and the third-party requester may both argue, an appellant or cross-appellant can (and should) ask the panel to reserve a portion of their 30 minutes for rebuttal.

Parties should also consider preparing a bench book for the APJs so they can follow your argument. For example, include a copy of the claims under reexamination, copies of the references and any other evidence on which you may rely. A declaration that the copies are true copies and have been entered will resolve any potential doubt on that issue and allow the APJs to focus on the substance. Any demonstratives must also be based on the record. The parties are expected to argue only the issues and evidence already raised before the examiner.

3. *Pros and cons of requesting Oral Hearing*

Appellants should carefully weigh the pros and cons of requesting an oral hearing. Oral hearings are open to the public. They are also recorded and transcribed and become part of the reexam file wrapper. As such, they can form the basis for file wrapper estoppel just as with other parts of the written record. Answer hypothetical questions very carefully.

4. *The decision process*

Heard cases are decided differently from cases submitted on the briefs alone. For cases submitted on the briefs, one APJ will typically be responsible reviewing the briefs and drafting a decision. That APJ will make recommendations to a second APJ that typically include (i) findings of fact, (ii) principles of law, (iii) analysis, (iv) result, and (v) outstanding issues. If the two agree on a result and draft decision, it will be circulated to the third APJ for signature. If the first two APJs cannot agree, then the third APJ makes the final decision.

For cases that are heard, the responsible APJ will typically brief the other *two* APJs. This will typically occur just before the hearing. Nonetheless, there will typically be only one APJ that has in-depth knowledge of the case being heard. The panel will then decide, in a post-hearing conference, how it will rule including whether the examiner reversibly erred and whether any new grounds of rejection would be appropriate. The first APJ will then circulate a draft opinion to the other two APJs.

D. Pitfalls on Appeal to BPAI.

1. Brief compliance

One common issue that befalls many inexperienced practitioners (and even experienced ones) is non-compliance with the Board's detailed briefing requirements. To assist practitioners, the Board has compiled a number of checklists.¹⁰⁶ Additionally, the Office has set forth a number of "streamlined procedures" for brief review.¹⁰⁷ Specifically, the Chief APJ now has the sole responsibility for determining whether appeal briefs filed in *ex parte* reexamination proceeding appeals comply with the applicable regulations. The examiner no longer will review appeal briefs for compliance. According to the notice, "the streamlined procedure will increase consistency in the determination, and thereby reduce the number of notices of noncompliant appeal brief and non-substantive returns from the BPAI that require appellants to file corrected briefs in *ex parte* reexamination appeals.

It is not known why the same procedure was not immediately extended to *inter partes* reexamination. But at the end of the notice, the Director noted that such a streamlined procedure was under active consideration for *inter partes* reexamination as well.

2. Failure to preserve and properly argue issues

A fundamental component of practice before the Board is making sure that any appealed issue has been preserved and properly presented to the Board in the appeal brief. The Office's rules prohibit third-party requesters from proposing any new ground of rejection in an appeal, unless that ground of rejection was "withdrawn by the examiner during the proceeding, and the third party requester has not yet had an opportunity to propose it as a third party requester proposed ground of rejection."¹⁰⁸ For requesters, it is critical to make sure any proposed ground of rejection be made before the CRU, or there is risk the Board will refuse to decide the issue.

Of equal importance to preserving issues for appeal, parties on appeal need to present their arguments properly and to rebut the reasoning for any examiner decision that they seek reversal. One pitfall is attempting to incorporate by reference substantive arguments from other papers into an appeal brief to the Board. Given the tight page limits on briefs, it may be tempting for parties on appeal to save pages by incorporating an argument set forth in a reply to an Office action or in a third-party requester's comments. Practitioners should avoid this. The rules provide that any "arguments or authorities not included in the brief ... will be refused consideration by the Board, unless good cause is shown."¹⁰⁹ *Ex Parte Fleming* well illustrates the reason to avoid this practice.¹¹⁰ There, the appellants sought to raise an argument on appeal that it raised during prosecution, stating: "[a] detailed presentation of this argument cab [sic] be

¹⁰⁶ http://www.uspto.gov/ip/boards/bpai/procedures/guidance_noncompliant_briefs.jsp

¹⁰⁷ 75 Fed. Reg. 100 at 29321 (May 25, 2010).

¹⁰⁸ 37 C.F.R. § 41.67(c)(1)(vi).

¹⁰⁹ 37 C.F.R. §41.67(c)(1)(vii)

¹¹⁰ *Ex Parte Fleming* 2010 WL 964711 (Appeal 2009-5123, Mar. 15, 2010).

found in Applicant's response dated May 8, 2007, and is not reproduced herein."¹¹¹ Citing 37 C.F.R § 41.67, the Board responded: "we decline to consider this argument."¹¹²

Failing to directly address the reasoning for a decision that at party seeks the Board to reverse may risk waiver as to that issue.¹¹³ See 37 C.F.R. § 41.67 (c)(1)(vii). The MPEP explains, "Ignoring or acquiescing in any rejection or determination ... will invite dismissal of the appeal..."¹¹⁴ Thus, is it critical for a party on appeal to directly address the reasoning for any issue on which reversal is sought. For example, if the CRU determined that a proposed ground of rejection does not render a claim unpatentable because the primary reference did not disclose a claimed feature the appellant should point to the record why this reasoning was incorrect. Ignoring this issues and simply arguing that secondary references teach other claimed features is not an effective way to brief a case on appeal.

3. Failure to get evidence into the record

It is very difficult to have evidence entered into the record once a reexamination is on appeal. Care should be taken, therefore, to submit any needed expert testimony or prior art documents while the case is at the CRU. The authors are aware of two similar fact patterns in which a third-party requester fails to get important expert evidence in the record. The first is a reexamination involving a first Office action ACP, finding SNQs were presented but that all claims are patentable over the prior art. It is a common, and typically optimal, practice for third-party requesters to submit requests without expert declaration, calculating that subsequent rounds of prosecution will allow for those submissions. A first Office action ACP, however, will generally foreclose this possibility: the patent owner, having its claims confirmed, is not likely to respond to the ACP and the third-party requester has no comment right. The next step in the reexamination will likely be issuance of the RAN and a Board appeal.

The second fact pattern occurs where the CRU agrees with the third-party requester's proposed grounds of rejection through all of the Office actions but changes course in the RAN and confirms all of the claims there for the first time. In this scenario, the third-party requester has not likely submitted any expert declaration because the proceedings were going in its favor and there was no perceived need to convince the CRU as to any technical issue for example.

Given these scenarios, third-party requesters should consider submitting expert declarations with the request or in response to patent owner's response to Office actions that are rejecting claims. There are trade-offs to these approaches, those trade-offs should be weighed in deciding whether prophylactic submissions of expert testimony is warranted.

¹¹¹ *Id.*

¹¹² *Id.*

¹¹³ See 37 C.F.R. § 41.67 (c)(1)(vii).

¹¹⁴ MPEP 2675.

VI. 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.”¹¹⁵ 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.”¹¹⁶ 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.”

This provision was recently challenged in the U.S. District Court for the Eastern District of Virginia in the case styled *Sigram Schindler Beteiligungsgesellschaft MBH v. Kappos*, No. 1:09cv935. The plaintiff Sigram 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

¹¹⁵ 35 U.S.C. § 306.

¹¹⁶ 35 U.S.C. § 141.

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."¹¹⁷ (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 "may appeal under the provisions of sections 141-144." Thus, there is no ambiguity for *inter partes* reexamination—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.

¹¹⁷ 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."

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.¹¹⁸ 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.¹¹⁹ 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.¹²⁰ According to the most

¹¹⁸ See <http://www.patentlyo.com/patent/2009/06/appealing-bpai-rejections-part-i.html>.

¹¹⁹ *Id.*

¹²⁰ *Id.*

recent official statistics, the median disposition time for Federal Circuit appeals is 9.3 months after docketing.¹²¹

VII. Statistics

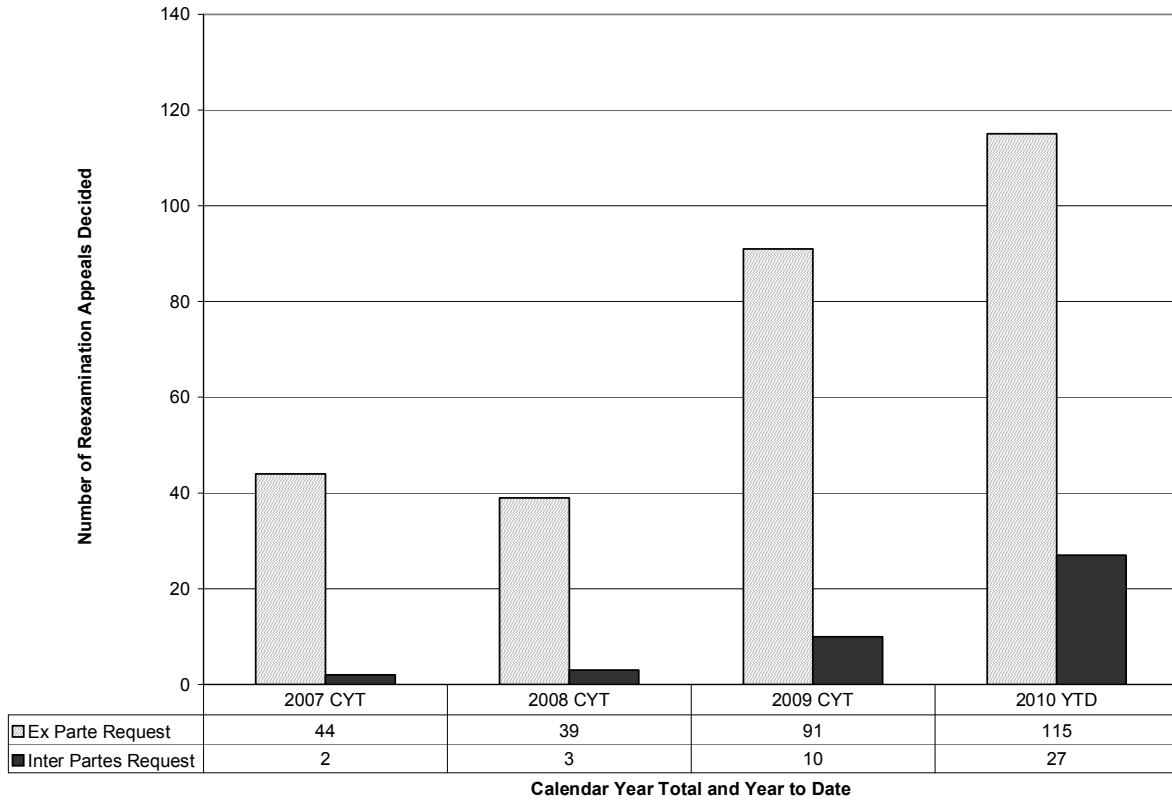
We reviewed all 331 publicly available¹²² final decisions rendered by the BPAI from January 1, 2007 to October 1, 2010 in order to provide general outcome statistics, not including disposals of requests for reconsideration. With the exception of one appeal that was dismissed, the following statistics are based on the 93 appeals from CRU Group Art Unit (“AU”) 3991, 108 from AU 3992, and 130 AU 3993 decided by the BPAI during this time period.

First, the number of reexamination appeal decisions by the BPAI more than doubled in 2009. As shown in the Figures below, 243 or 73% of all reexamination appeal decisions over the past three years were decided in 2009 and 2010 the year to date (“YTD”). Compared to 2007 and 2008, this was more than twice the norm. The number of *inter partes* proceedings tripled from 2008 to 2009 and then doubled from 2009 to 2010 in the YTD alone.

¹²¹See [http://www.cafc.uscourts.gov/images/stories/the-court/statistics/MedianDispTime\(table\)00-09.pdf](http://www.cafc.uscourts.gov/images/stories/the-court/statistics/MedianDispTime(table)00-09.pdf)

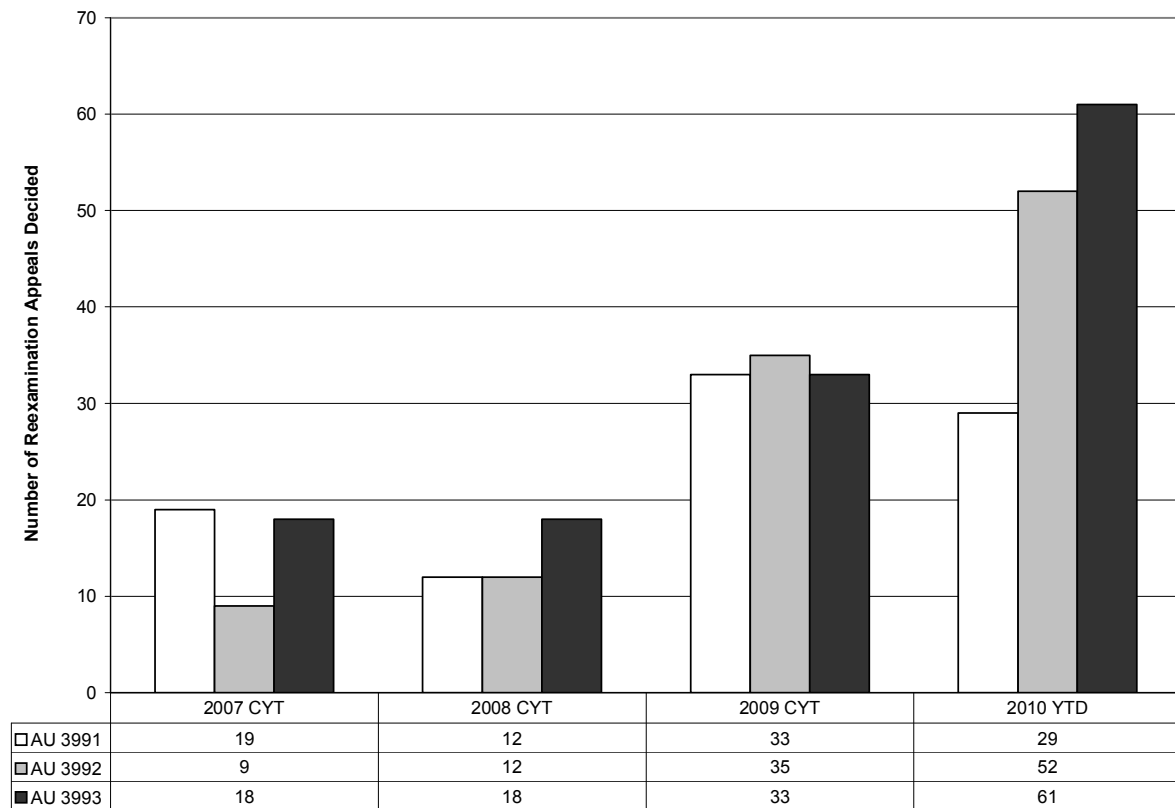
¹²² USPTO FOIA Reading Room for the Board of Patent Appeals and Interferences. See <http://des.uspto.gov/Foia/BPAIReadingRoom.jsp> (Last Accessed: October 1, 2010).

1. *Figure 3: Increase in BPAI Decisions on Appeals from Ex Parte and Inter Partes Reexaminations 2007-2010 YTD*



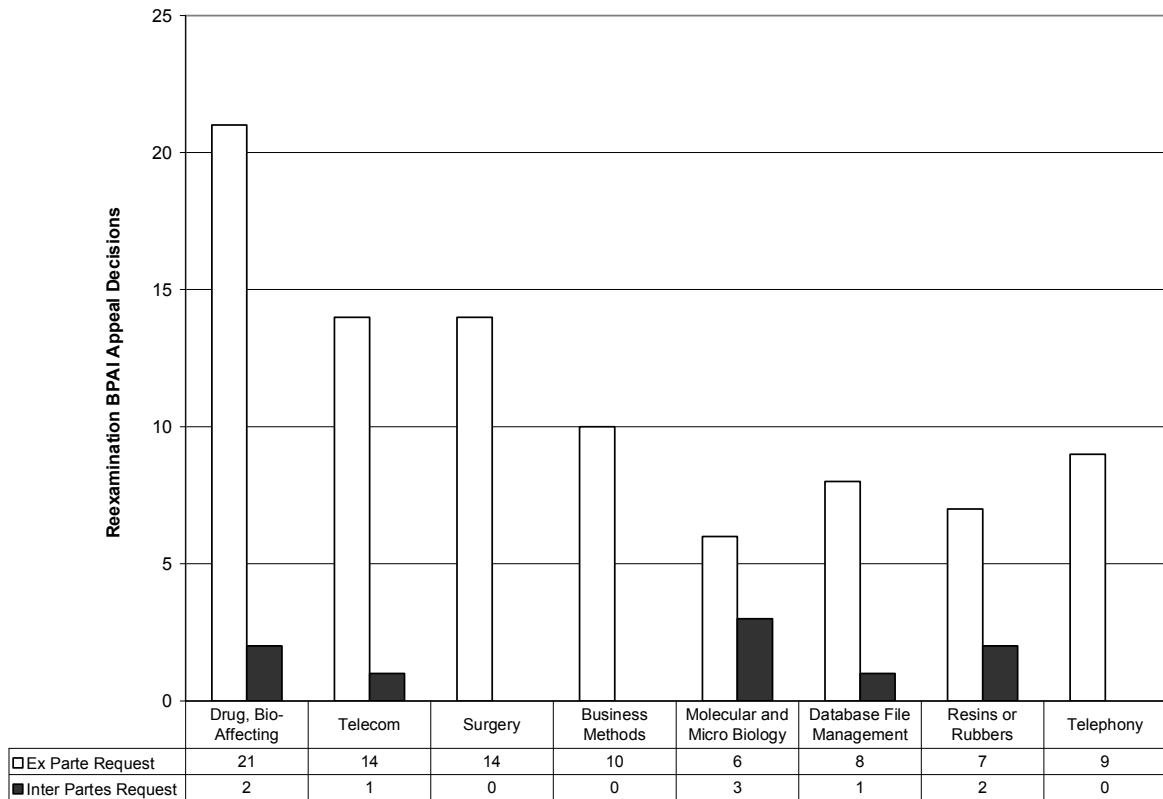
All three group art units demonstrated this increase. Decisions appealed from AU 3993, involving reexaminations in a range of classes (e.g., surgery, data processing, business methods, exercise machines, apparel) increased 83% from 2008 to 2009 and again by 85% in 2010 YTD with three months remaining in the calendar year. Similarly, AU 3992, involving reexaminations of telecommunications, electronics, and video distribution patents, increased 191% from 2008 to 2009 and 2010 YTD has shown a further increase of 49%. AU 3991, involving reexaminations of biological, chemical, and pharmaceutical patents, increased 175% from 2008 to 2009 although 2010 YTD has not reached a projected increase.

2. **Figure 4: CRU Group Art Units 3991 (Biotech), 3992 (Electrical), 3993 (Other) Appeals Decided 2007-2010 YTD**



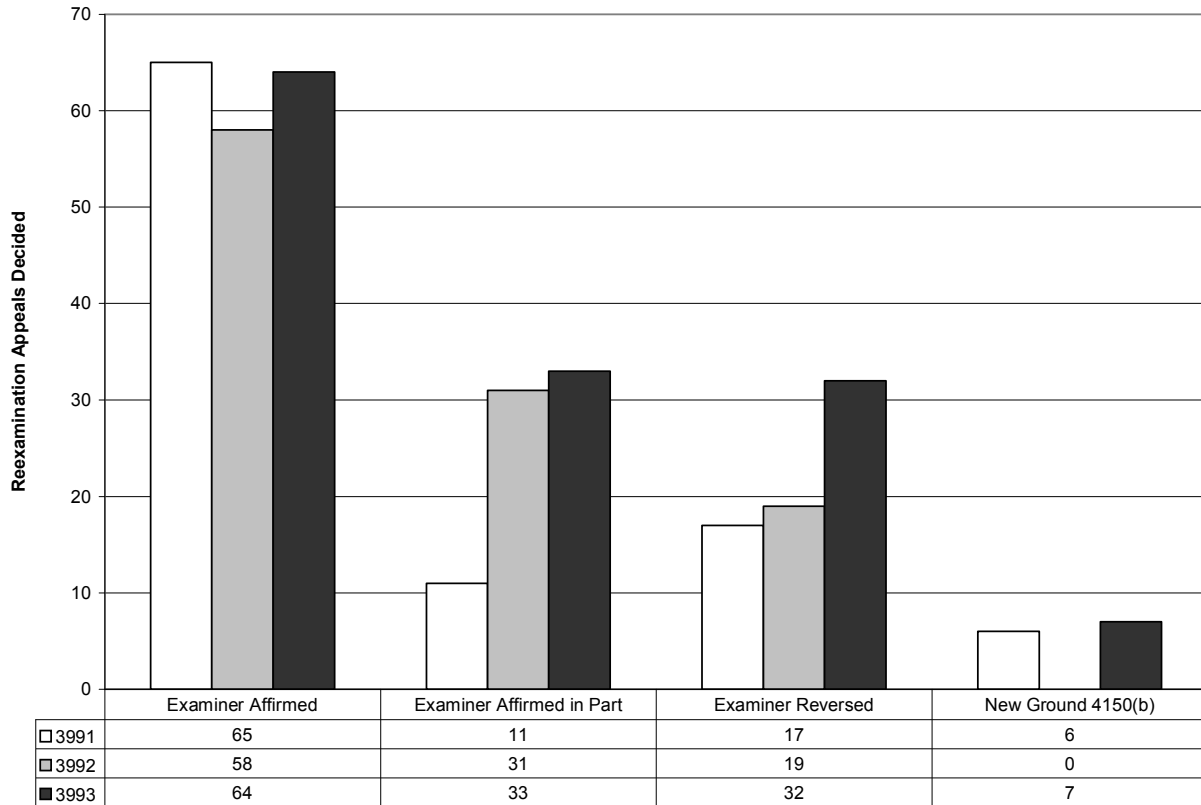
As illustrated in Figure 5 below, the top ten technology classes represented 89 or 31% of all *ex parte* reexamination appeals and 9 or 21% of all the *inter partes* reexamination appeals decided by the BPAI during this period. The remaining 124 technology classes accounted for the remaining 233 decisions, with less than seven decisions each. The top two classes (Drug, Bio-Affecting and Telecommunications) accounted for 7% and 5% respectively.

3. **Figure 5: Top Ten Technology Classes for Ex Parte and Inter Partes Reexamination Appeals Decided 2007-2010 YTD**



As illustrated in Figure 6 below, with the exception of one appeal from AU 3993 that was dismissed, the rate of affirming on appeal was 57% overall, affirming-in-part was 23% overall, reversal was 21% overall, and reversal entering a new ground of rejection pursuant to 37 C.F.R. § 41.77(b) was 4% overall. The affirming rate in AU 3991 appears to be relatively higher than AU 3992 and AU 3993 by about 20%. This, however, is not readily explained by the data.

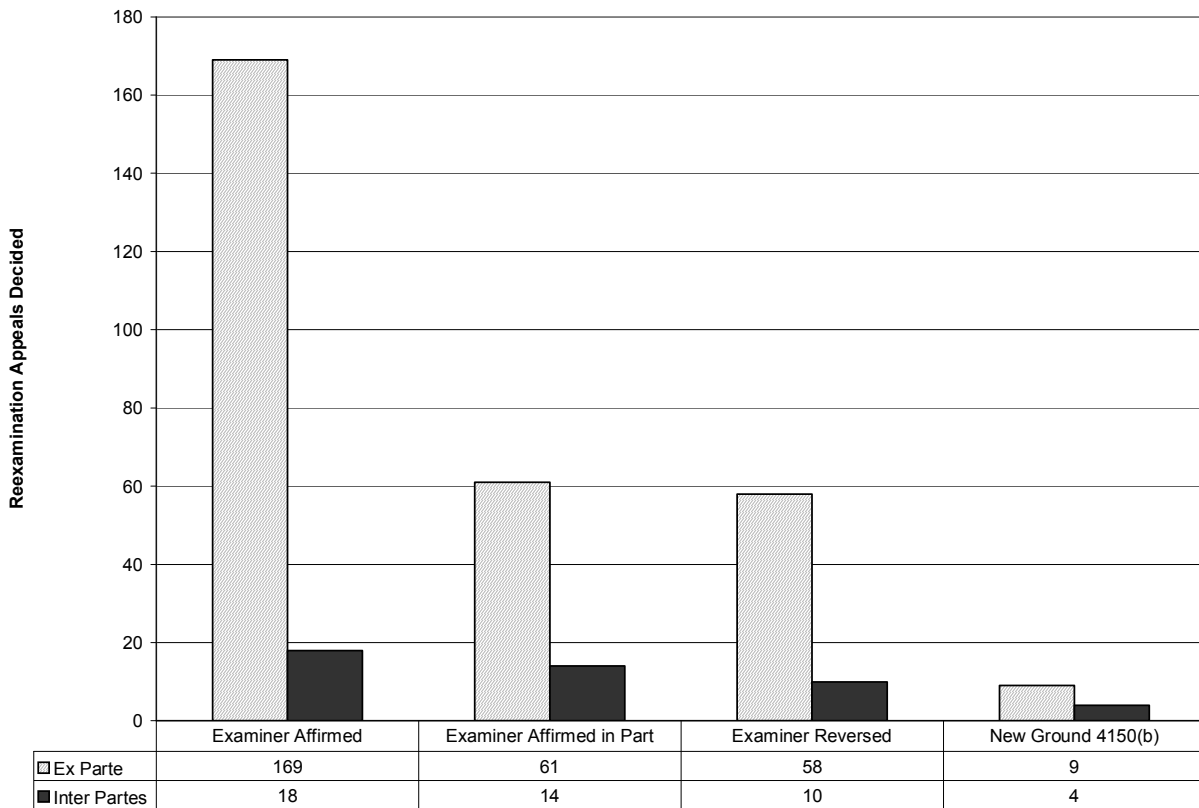
4. **Figure 6: Affirmed, Affirmed-in-Part, Reversed, and or New Ground by Group Art Units 3991, 3992, 3993 Decided 2007-2010**



| Group Art Unit (Percentage) | Examiner Affirmed | Examiner Affirmed in Part | Examiner Reversed | New Ground § 41.77(b) | Total Number of Decisions |
|-----------------------------|-------------------|---------------------------|-------------------|-----------------------|---------------------------|
| 3991 | 65 (70%) | 11 (12%) | 17 (18%) | 6 (7%) | 93 |
| 3992 | 58 (54%) | 31 (29%) | 19 (18%) | | 108 |
| 3993 | 64 (50%) | 33 (26%) | 32 (25%) | 7 (5%) | 129 |
| Grand Total | 187 (57%) | 75 (23%) | 68 (21%) | 13 (4%) | 330 |

As illustrated in Figure 7 below, with the exception of one *ex parte* reexamination appeal that was dismissed, the rate of affirming on appeal was 16% higher in *ex parte* than *inter partes*, affirming-in-part was 11% higher in *inter partes* than *ex parte*, reversal was marginally higher by 4% in *inter partes* than in *ex parte*; however, by percentage, new grounds of rejection under § 41.77(b) were entered three times more in *inter partes* reexamination appeals than *ex parte*. Three decisions were noted as previously having been decided by the BPAI.¹²³

5. **Figure 7: Affirmed, Affirmed-in-Part, Reversed, and or New Ground by Ex Parte and Inter Partes Appeals Decided 2007-2010**



| Type of Proceeding (Percentages) | Examiner Affirmed | Examiner Affirmed in Part | Examiner Reversed | New Ground 4150(b) | Total Number of Decisions |
|----------------------------------|-------------------|---------------------------|-------------------|--------------------|---------------------------|
| Ex Parte | 169 (59%) | 61 (22%) | 58 (20%) | 9 (3%) | 288 |
| Inter Partes | 18 (43%) | 14 (33%) | 10 (24%) | 4 (10%) | 42 |
| Grand Total | 187 (57%) | 75 (23%) | 68 (21%) | 13 (4%) | 330 |

¹²³ See Reexamination Control Nos. 90/006,351, 90/006,775, 90/007,172.