

Boundy letter 1

David E. Boundy
Cantor Fitzgerald, L.P.
499 Park Ave.
New York, NY 10022

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By Email Nicholas_A._Fraser@omb.eop.gov

Mr. Nicholas A. Fraser
Desk Officer for Patent and Trademark Office
Office of Information and Regulatory Affairs
Office of Management and Budget 725 17th St. NW
Washington DC 20503

Re: Information Collection Request, Comment Request 0651-00xx, 73 Fed. Reg.
58943 (Oct. 8 2008, submitted to OMB Oct. 10, 2008)

Letter 1. Modification of Proposed Rule Language with Massive Paperwork
Burden Consequences

Dear Mr. Fraser:

I appreciate the opportunity to comment on the PTO's Information Collection
Request (ICR) 0651-00xx. This is the first of several letters I will send you on this ICR.

- In the Final Rule, the PTO "substantially modified" – completely reversed – a crucial provision of the proposed rule
- This change alone results in uncounted but massive new paperwork burdens because it would require applicants to predict and respond to unstated, possible future examiner positions. If they cannot make these predictions accurately and comprehensively, applicants will lose many cases before the Board of Patent Appeals and Interferences (BPAI) that on the merits they should win.
- Although this change violates the Administrative Procedure Act, OMB is authorized by 44 U.S.C. § 3507(d)(4)(D) to disapprove the ICR based solely on this change and thereby eliminate the need for wasteful and expensive litigation that does not serve the public interest.
- The burden of this change is difficult to estimate, in part because its effects are so widespread. Applicants will have to perform much more intensive work on most of the 400,000 patent applications filed each year – not just the applications

that are actually appealed – because applicants cannot know in advance which applications will need to be appealed and which will not.

- If each application requires just 6 additional hours of attorney time – a realistic average figure – the total additional burden would be about **\$1 billion per year** for only these two provisions of the final rule.

OMB is well within its statutory authority to disapprove ICR 0651-00xx and direct the PTO to fully comply with the law in every respect. Alternatively, OMB could approve only those burdens associated with the appeal regulations that have been in place for years and for which the PTO has never before sought a valid OMB Control Number. This generous compromise would enable the PTO to first reconcile its past illegal conduct, which might have been inadvertent, but refrain from rewarding the PTO for conduct that it knows is illegal and for which it apparently expects OMB to cover up on its behalf.

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I. Introduction

A. Patent Law Requires Examiners to Raise Issues of Unpatentability

The Patent Act obligates the PTO not to issue invalid patents. To fulfill this obligation, examiners must raise issues of unpatentability no matter the stage of proceedings. This applies to appeals filed by applicants to the Board of Patent Appeals and Interferences (BPAI).

Patent examiners will, from time to time, recognize new questions after an appeal has commenced. The 2004-vintage appeal rules recognize this by specifically allowing examiners to raise new issues. There are many reasons this might happen: though some examiners are not diligent during regular examination and only fully engage once an application reaches appeal, even the most diligent examiner occasionally misses an issue that speaks directly to patentability and thus, by law, must be raised.

B. 2004 Regulatory Reforms Provided Applicants Protection from New Grounds for Rejection Raised at Appeal

The 2004-vintage rules provide adequate procedural safeguards so that when a "new ground of rejection" arises, the applicant has straightforward options to pursue, and is not unduly disadvantaged.¹ An applicant has the option of introducing new affidavits to overcome the examiner's new positions and taking the issue to the Board. Alternatively, the applicant can agree with the examiner and drop the issue or drop the appeal in favor of resumed normal examination.

C. The 2007 Proposed Rule Retained These Procedural Safeguards

The 2007 Proposed Rule also recognized examiners' statutory need to be able raise new issues in an appeal. The Proposed Rule weakened these procedural safeguards by barring applicants from filing new affidavits to overcome new factual assertions or new evidence introduced by an examiner, and some public commenters

¹ See, e.g., 2004 version of 37 C.F.R. § 41.37(b).

strongly objected to this change. Otherwise, the Proposed Rule followed the same broad contours.²

D. Without Any Support in the Record, the 2007 Final Rule Took These Safeguards Away

In the 2008 Final Rule the PTO reversed field completely. Final Bd.R. 41.39(b) says examiners are no longer permitted to raise any new issue in appeal. The PTO also eliminated the procedural safeguards that protect applicants' right to contest examiner positions they believe are in error. In theory, these procedural safeguards are not necessary if examiners are prohibited from raising new issues during appeal.

The problem with this neat, "burden-reducing reform" is that it is inconsistent with the Patent Act. Examiners have a statutory obligation to raise questions of patentability at any time they arise. The PTO cannot repeal the Patent Act by rule. Examiners will continue to raise new grounds for rejection, even if the text of the rule says that they cannot, because the law requires them to do so.³

E. The New Rule Denies Applicants a Fair Opportunity to Contest New Grounds for Rejection

The actual effect of new Bd.R. 41.39(b) was known to the PTO, because the 2008 final rule is essentially identical to the rule in effect from 1997 to 2004.⁴ The final 2008 rule creates a seriously uneven contest ensuring that examiners are much more likely to prevail in appeals that applicants should win on the merits. Examiners have

² See, e.g., NPRM Bd.R. 41.37(b)(1), (b)(2), 41.41(h), 41.44(a), 41.44(d)

³ *Blacklight Power Inc. v. Rogan*, 295 F.3d 1269, 1273-74, 63 USPQ2d 1534, 1537 (Fed. Cir. 2002); *Ex parte Peppel*, 1998 WL 1766687 at *4, <http://des.uspto.gov/Foia/RetrievePdf?system=BPAI&fINm=fd982848> at page 9 (BPAI 1998) ("While it is unfortunate that the Examiner [raised a new rejection too late,] there is nothing that can be done. Examiners are charged with making sure that an 'applicant is entitled to a patent under law,' 35 U.S.C. § 151. A statutory ground of rejection cannot be dismissed just because it was not entered earlier.")

⁴ RIN 0651-AA80, Changes to Patent Practice and Procedure, 62 Fed. Reg. 53132, 53168 (Oct. 10, 1997) (amending 37 C.F.R. § 1.193(a)(2) to read "An examiner's answer must not include a new ground of rejection").

unconstrained freedom to raise any issue at any time, to introduce new evidence or to change their analyses at any time. However, applicants facing new grounds for rejection can only argue that the examiner is wrong. They cannot introduce new evidence, and they cannot amend the application as they do during normal prosecution. The 2008 Final Rule even takes away applicants' option to discontinue the appeal process and return to regular prosecution before the examiner. When the examiner throws a "late hit," the applicant is absolutely powerless to do anything to defend, counter, or even retreat.

F. The Practical Effect of the New Rule is to Make Applicants Responsible for Examiner Negligence and Misconduct

In the Final Rule preamble, the PTO states both explicitly and implicitly that it will now be the applicant's burden to anticipate every new position an examiner might take during a subsequent appeal and preemptively erect defenses against those positions during regular prosecution. Anything an examiner asserts during an appeal will be presumed correct unless contradicted by evidence placed in the file by the applicant during normal prosecution – that is, prior to the commencement of an appeal.

G. Vast New Paperwork Burdens Arise Because of This Burden-Shift

To maintain the same likelihood of prevailing on appeal, an applicant and his counsel must anticipate every conceivable position the examiner might take at a future date. Each such position must be countered with evidence, often in the form of expert affidavits, submitted to the file. Applicants must undertake this even if the examiner has not raised the issue, because once the appeal process starts, the opportunity for applicants to submit these affidavits is closed. The burden of achieving his new duty of omniscience imposed by the PTO is incalculably large, so the practical result is that many deserving appeals will not be filed.

If the PTO's objective is to radically reduce the number of appeals filed irrespective of the merit of the quality of examination, this is a perfect tactic. However, if

the PTO's objective is (as the Patent Office so often claims) to improve patent quality, this tactic will simply destroy billions of dollars worth of legitimate patent value. Only the very highest valued innovations will be protected by patent.⁵

II. The Final Rule Reverses the Proposed Rule, and the PTO Failed to Follow the § 3507(d)(4) Paperwork Clearance Procedure for This Change

44 U.S.C. § 3507(d)(4)(D) gives OMB the power to disapprove this information collection if the final rule is "substantially modified" from the proposed rule, and the agency did not give the public or OMB an opportunity to comment on the change:

§ 3507(d)(4) No provision in this section shall be construed to prevent the Director, in the Director's discretion--

(D) from disapproving any collection of information contained in a final rule, if--

(i) the Director determines that the agency has substantially modified in the final rule the collection of information contained in the proposed rule; and

(ii) the agency has not given the Director the information required under [§ 3507(d)(1)] with respect to the modified collection of information, at least 60 days before the issuance of the final rule.

Both prongs of this section apply. It is already understood that the PTO provided no opportunity to comment on preliminary burden estimates for any part of the Proposed Rule, and indeed, the Patent Office certified that the Proposed Rule contained no new paperwork burdens at all. The textual change between the Proposed Rule and the Final Rule could not be more "substantially modified," as the side-by-side table below shows.

Final Bd.R. 41.39(b) triggers this provision, as well as several other grounds.

⁵ The Final Rule erects a burden that is overcome by high dollar value, not high quality.

2007 Proposed Rule	2008 Final Rule
(b) <i>New rejection in examiner's answer. An examiner's answer may include a new rejection.</i> If an examiner's answer contains a rejection designated as a new rejection, appellant must, within two months from the date of the examiner's answer, exercise one of the following two options or the application will be deemed to be abandoned or the reexamination proceeding will be deemed to be terminated.	§ 41.39(b) <i>No new ground of rejection. An examiner's answer shall not include a new ground of rejection.</i>
(1) <i>Request to reopen prosecution.</i> Request that prosecution be reopened before the examiner by filing a reply under § 1.111 of this title with or without amendment or submission of evidence. Any amendment or evidence must be responsive to the new rejection. ...	{deleted}
(2) <i>Request to maintain the appeal.</i> Request that the appeal be maintained by filing a reply brief as set forth in § 41.41 of this subpart. A reply brief may not be accompanied by any amendment or evidence, except an amendment canceling one or more claims which are subject to the new rejection.	{deleted}
§ 41.43 Examiner's response to reply brief. Upon consideration of a reply brief, the examiner may withdraw a rejection and reopen prosecution or may enter a supplemental examiner's answer responding to the reply brief.	{deleted}

In the final rule, the PTO turned this scheme around 180°. ⁶ As amended in the Final Rule Notice, Bd.R. 41.39(b) states "An examiner's answer shall not include a new ground of rejection." This is nonsense on stilts – it ignores both the law and history.

The first violation of the Paperwork Reduction Act by final Bd.R. 41.39(b) is the requirement of § 3506(c)(2)(A)(i), that an information collection must be "for the proper performance of the functions of the agency." On its face, this rule obligates the PTO to break the law by issuing invalid patents. The PTO has long recognized that it has a legal obligation to raise issues of patentability, no matter when they are recognized. It is incompatible with "the functions of the agency" for the PTO to lock itself into granting

⁶ This was illegal under the Administrative Procedure Act. 180° changes between an NPRM and final rule without a new round of notice and comment violate the "logical outgrowth" requirement for APA notice and comment, and such rules are invalid. *Int'l Union, United Mine Workers of Am. v. Mine Safety & Health Admin.*, 407 F.3d 1250, 1259 (D.C. Cir. 2005).

an invalid patent because an ill-considered rule requires an examiner to ignore issues when they recognize them.⁷

Second, this 180° reversal squarely triggers § 3507(d)(4). The PTO did not submit the revised rule for review.

Third, the PTO previously admitted that the "no new grounds" scheme was unworkable. During 1997-2004, when the same law was in effect, "new grounds of rejection" were nonetheless raised by examiners with some frequency, and the Board often found itself caught between incompatible substantive and procedural law.⁸ When the PTO finally admitted in 2004 that this approach was unworkable, the PTO noted that examiners could do a better job, and applicants would have a fair opportunity to respond.⁹ This unexplained return to a failed experiment violates § 3506(c)(2)(A)(i), the requirement that information collections promote "the proper performance of the functions of the agency."

Fourth, the 2008 final version of Bd.R. 41.39 confines an applicant to filing a "continuation" application or "request for continued examination" (RCE) in order to present the necessary "amendment, affidavit, or evidence."¹⁰ Under current law, that filing may be made as of right, on payment of a fee and an hour or so of preparing papers for filing. However, under the Continuations Rule that the PTO continues to

⁷ *Blacklight Power Inc. v. Rogan*, 295 F.3d 1269, 1273-74, 63 USPQ2d 1534, 1537 (Fed. Cir. 2002); *Ex parte Peppel*, 1998 WL 1766687 at *4, <http://des.uspto.gov/Foia/ReterivePdf?system=BPAI&flNm=fd982848> at page 9 (BPAI 1998) ("While it is unfortunate that the Examiner [raised a new rejection too late,] there is nothing that can be done. Examiners are charged with making sure that an 'applicant is entitled to a patent under law,' 35 U.S.C. § 151. A statutory ground of rejection cannot be dismissed just because it was not entered earlier.")

⁸ *E.g., Ex parte Brissette*, <http://des.uspto.gov/Foia/ReterivePdf?system=BPAI&flNm=fd991499> at 3 n.1, 2002 WL 226585 at *1 n.1 (BPAI May 19, 2000)

⁹ RIN 0651-AB32, Rules of Practice Before the Board of Patent Appeals and Interferences, Final rule, 69 Fed. Reg. 49960, 49963 (Aug. 12, 2004).

¹⁰ This alone has a substantial economic effect. Filing of an RCE – rather than pursuing these issues within an appeal, as in the 2004 rules, deprives an applicant of substantial patent term. 35 U.S.C. § 154(b)(1)(B)(i), § 154(b)(1)(C).

pursue,¹¹ an applicant must often file a petition¹² to be permitted to file that continuation or RCE.¹³ The PTO has indicated that it intends to grant these petitions very sparingly, so the burden of preparing this petition will be very substantial. The PTO has not even acknowledged the existence of this burden in this ICR, let alone made any objective attempt to estimate it. Final Bd.R. 41.39 violates the PTO's obligation of objective estimation.

The PTO changed the rule 180° between the NPRM and the final rule, and "has not given the Director the information required under [§ 3507(d)(1)]." The ICR should be disapproved.

III. By Shifting the Burden of Proof, the PTO Adds Incalculable Burdens to Appeals and to Pre-Appeal Prosecution

For decades, the courts have uniformly held that the burden of proof is always on the PTO to establish unpatentability to a preponderance of the evidence. This level of burden of proof applies to both the examiner and the Board.¹⁴ That is, if the evidence is in equipoise, the applicant wins. The evidence is to speak for itself – the examiner's

¹¹ Changes to Practice for Continued Examination Filings, Patent Applications Containing Patentably Indistinct Claims, and Examination of Claims in Patent Applications, Final Rule, 72 Fed. Reg. 46716 (Aug. 21, 2007), final rule

¹² Aug. 21, 2007 version of 37 C.F.R. § 1.78(d)(1)(vi) or § 1.114(g).

¹³ The PTO stated that "will likely not grant the petition for an additional continuing application or request for continued examination" arising out of "issues pertaining to inadequate examination," 72 Fed. Reg. 46771, col. 2. Not only is the paperwork burden substantial, the PTO's willingness to correct its own errors substantially deprives applicants of all important property rights.

¹⁴ *In re Swanson*, 540 F.3d 1368, 1377, 88 USPQ2d 1196, 1203 (Fed. Cir. 2008) ("In PTO examinations ... the standard of proof [is] a preponderance of evidence"); *In re Kahn*, 441 F.3d 977, 989, 78 USPQ2d 1329, 1338 (Fed. Cir. 2006) ("the Board need only establish motivation to combine by a preponderance of the evidence"); *In re Glaug*, 283 F.3d 1335, 1338, 62 USPQ2d 1151, 1153 (Fed. Cir. 2002) ("patentability is determined by a preponderance of all the evidence"); *In re Oetiker*, 977 F.2d 1443, 1445, 24 USPQ2d 1443, 1444 (Fed. Cir. 1992) ("After evidence or argument is submitted by the applicant in response, patentability is determined on the totality of the record, by a preponderance of evidence with due consideration to persuasiveness of argument.")

interpretation of the evidence is entitled to no more (and no less) weight than the applicant's.

It has also been clear for decades that an examiner's view of what the law is, and the application of the law to facts, is reviewed *de novo*, "from new," with no deference, no weight toward either applicant or examiner, on the Board's independent judgment. The Board is to reexamine these issues on a blank slate. Most importantly, the examiner's opinion of "claim construction," the interpretation of what a claim covers, the single most important issue in the vast majority of patent cases, has historically been given no weight – the Board has reviewed this issue *de novo*.¹⁵ This is a practical necessity: only a tiny fraction (under 10%) of all examiners have law degrees.

In this rulemaking, the PTO clearly shifts the burden of proof – while disingenuously stating it is not doing so. The PTO's own explanation states that anything an examiner says – a bald assertion of fact with no evidentiary support, an assertion of what the law is, or a finding of application of law to the facts – will be taken as correct, unless an applicant makes a showing of error:

In most appellate administrative and court tribunals, a decision under review is presumed to be correct until an appellant can convince the appellate tribunal that the decision is incorrect, whether the decision involves a question of fact or an issue of law or both. As one comment correctly stated: "[t]he appellant has to make the case for error on the record." On appeal to the Board, an appellant can overcome a rejection by showing insufficient evidence to support a *prima facie* case or rebutting any *prima facie* case with appropriate evidence.

Giving the benefit of doubt to an examiner until an applicant proves error is the very definition of a shift of the burden of proof. The new "presumptions" in favor of an examiner are similarly and unquestionably shifts of the burden of proof.

This is a giant thumb on the scale, and applicants will work hard to counterbalance it, using similar techniques, and with similar burdens, to those we

¹⁵ *Ex parte Toda*, 2001 WL 1729659 at *3, <http://des.uspto.gov/Foia/ReterivePdf?system=BPAI&fINm=fd980078> at 6 (BPAI Apr. 26, 2001)

discuss in § I.G at page 5. The PTO does not even acknowledge the existence of the burdens imposed, let alone estimate them. That violates the Paperwork Reduction Act.

The 2008 Final Rule is not required by law – indeed, it is almost certainly an illegal exercise of rulemaking authority.¹⁶ Without an OMB Control Number, the PTO cannot legally enforce it. Before OMB can even consider granting the PTO an approval that covers this provision, however, the PTO must acknowledge that the burdens exists and, for the first time, produce credible, objectively-based burden estimates for the steps applicants will take in response, and allow the public a reasonable opportunity to review and comment on them.

IV. Conclusion

This ICR should be disapproved, or should be approved with terms of clearance covering only the burden arising under 2004 appeal rules (except for the duplicative burdens, and those burdens the PTO imposes in violation of the Final Bulletin for Agency Good Guidance Practices). Only after the PTO has fully complied with the Paperwork Reduction Act should it be permitted to even seek OMB approval of the burdens in the 2008 Final Rule.

OMB should remember that the PTO's 2007 rule sharply limiting continuation practice – enjoined but now under appeal to the Federal Circuit – envisioned appeals as the preferred way for applicants to seek remedies from improper examiner decisions. The 2008 Final Rule fundamentally altering the appeals practice betrays the PTO's fundamental dishonesty, for this rule would destroy appeals as a practical alternative. The PTO did not provide objectively based estimates of the burdens for that rule either. The relevant ICR (0651-0031) has been "under review" at OMB for 14 months, with no

¹⁶ In *Tafas v. Dudas*, 541 F.Supp.2d 805, 817, 86 USPQ2d 1623, 1632 (E.D. Va. 2008), the Court specifically held that rules that shift burdens of proof are outside the PTO's rulemaking authority. The PTO's going final with another shift of burden of proof only two months later suggests that the PTO's rulemaking and legal oversight functions may be malfunctioning.

sign that the Patent Office is the least bit interested in obtaining honest burden estimates.

The difference is that the PTO has an OMB Control Number for 0651-0031 and OMB continues to issue 30-day extensions. So the Patent Office has no incentive whatsoever to do anything constructive. If OMB issues a Control Number for 0651-00xx, the PTO will learn that aggressive and persistent refusal to comply with the Paperwork is an effective bureaucratic strategy.

Sincerely,

/s/ David E. Boundy

Vice President, Assistant General Counsel
Intellectual Property
Cantor Fitzgerald L.P.
499 Park Ave.
New York, NY 10022
(212) 294-7848
(917) 677-8511 (FAX)

Boundy letter 2

David E. Boundy
Cantor Fitzgerald, L.P.
499 Park Ave.
New York, NY 10022

November 13, 2008

By Email Nicholas_A._Fraser@omb.eop.gov

Mr. Nicholas A. Fraser
Desk Officer for Patent and Trademark Office
Office of Information and Regulatory Affairs
Office of Management and Budget
725 17th St. NW
Washington DC 20503

Re: Information Collection Request, Comment Request 0651-00xx, 73 Fed. Reg.
58943 (Oct. 8 2008)

Letter 2. PTO Severely Limited the Public's Opportunity to Provide Comments,
then Ignored the Comments It Received

Dear Mr. Fraser:

I appreciate the opportunity to comment on the PTO's Information Collection Request 0651-00xx. This is my second of several letters on this ICR. This letter addresses two classes of procedural issues, most relating to the PTO's abuse of the public comment process and its misstatements of burden-hour estimates that the PTO ironically states that it obtained from public commenters.

- The public comments in reply to the so-called 60-day notice dated June 9, 2008, suggested a number of ways in which burdens could be reduced or practical utility improved. **The PTO paid no attention whatsoever to these comments in preparing the final rule.** Indeed, the PTO could not have given them any attention because it promulgated the final rule on June 10, 2008 -- one day after seeking public comment. *The final rule went on display at the Office of the Federal Register the same day the request for comment was published.*
- The Final Rule notice and the Supporting Statement to the ICR respond selectively and mischievously to the comments members of the public provided. The Supporting Statement fails to even acknowledge many of these comments,

and mischaracterizes many others to imply things their authors never intended, OMB's Information Collection Rule requires the PTO to "demonstrate that it has taken every reasonable step" to minimize burden and avoid duplication. Inasmuch as publication of notice and the final rule were concurrent, and the PTO avoided giving any fair answer to a majority of the public comments, the PTO cannot possibly demonstrate PRA compliance.

- By statute and regulation, the PTO was required to "consult with members of the public" to (a) evaluate whether the information collection has practical utility, (b) evaluate the accuracy of the agency's burden estimates, (c) enhance the utility and clarity of the information to be collected, and (d) minimize the burden, both by notice and comment "and otherwise." For an information collection that is part of a proposed rule, this consultation must occur before a Notice of Proposed Rulemaking is published, so that the agency's burden estimates informed by consultation can be included in the notice required by § 1320.11(a) and the results of the agency's consultation can be evaluated as part of the public comment process.¹ On the record the PTO generated, there is no evidence that PTO consulted with **any member of the public**.

If OMB approves this information collection, it will reward PTO for its serial abuse of both the letter and the spirit of the PRA's public participation provisions. It is shocking to imagine that PTO could get away with certifying the absence of paperwork burden in the NPRM, seek public comment on June 9, 2008,² promulgate a final rule on June 10, 2008,³ and submit a ICR exactly 60 days before the final rule is scheduled to become effective.

¹ For information collection requests contained in a proposed rule, 44 U.S.C. § 3507(d)(1)(A) requires that an agency submit an ICR to OMB "as soon as practicable, but no later than the date of publication of a notice of proposed rulemaking in the Federal Register." An agency also is required, by 44 U.S.C. § 3507(a)(1)(D)(ii)(V), to publish a notice in the Federal Register "setting forth ... an estimate of the burden that shall result from the collection of information." § 3506(c)(1)(A)(iv) requires that any burden estimate submitted to the OMB Director, including those under § 3507(d)(1)(A), be "objectively supported." For the types of burden in this rulemaking – new requirements for papers – the only practical source of "objective support" for burden estimates is "conferring" with attorneys who do similar work. This chain of syllogisms requires consultation with the public sufficiently before the NP RM to permit the results to be included in the NPRM.

² Board of Patent Appeals and Interferences Actions, New collection; comment request, 72 Fed. Reg. 32559 (June 9, 2008).

³ RIN 0651-AC12, Rules of Practice Before the Board of Patent Appeals and Interferences in Ex Parte Appeals, 73 Fed. Reg. 32938 (Jun. 10, 2008).

The issue presented to OMB is clear: Will OMB take reasonable action consistent with its statutory authority and responsibility to compel the PTO to adhere to the most elementary procedures of the Paperwork Act and OMB's Information Collection Rule, or will it become an accessory to the PTO's reckless disregard for both?

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I. Background: Patent Appeals Are Mostly the Result of the PTO's High Error Rate in Examination, in Turn Caused by Failure to Implement Good Guidance Practices

It is crucial to understand where the burdens of this information collection come from. The Patent Act, 35 U.S.C. § 134, expressly provides for appeals because examiners sometimes make mistakes. Over the last decade, the number of mistakes

has risen so much that examiners now lose between **80-90%** of appeals.⁴ This high error rate, in turn, is heavily influenced by two factors: (a) the PTO misincentivizes its employees by flawed compensation and performance metrics, urging them to reject meritorious applications, and (b) PTO management has stated that it refuses to implement the Final Bulletin for Agency Good Guidance Practices or to otherwise manage or direct its examiners to examine applications carefully.⁵ Because of these two factors, proceedings before patent examiners can be procedurally chaotic and unpredictable. Meritorious applications may be rejected simply because there is no way for an applicant to invoke the supervisory machinery of the PTO to compel an examiner to follow the PTO's Manual of Patent Examination Procedure (MPEP). Often, an appeal is the only way to secure a fair and competent examination in accordance with the MPEP and applicable legal standards.

⁴ Some PTO officials, including Commissioner John Doll, have incorrectly stated in recent public talks that the win/loss ratio is about 50/50. The 80-90% figure cited in the text comes from the PTO's own published data. Appeals proceed through three stages, "pre-appeal," "appeal conference" and final decisions of the Board of Patent Appeals and Interferences. Statistics from final Board decisions are available on the web; statistics on the two earlier levels are harder to come by and the PTO has disclosed only incomplete information in response to FOIA requests. When all the PTO's statistical facts are combined, e.g., Figure 4 of Katznelson <http://www.reginfo.gov/public/do/DownloadDocument?documentID=51959&version=1> one finds that the BPAI affirmed the examiner in only about 10% of appeals filed by applicants. **Examiners' erroneous rejection rate is between 80-90%.**

⁵ See Executive Order 13,422, http://www.whitehouse.gov/omb/inforeg/EO12866/EO12866_amended_01-2007.pdf (Jan. 18, 2007); Final Bulletin for Agency Good Guidance Practices, OMB Memorandum M-07-07, 72 Fed. Reg. 3432, <http://www.whitehouse.gov/omb/memoranda/fy2007/m07-07.pdf> (Jan. 25, 2007); and "Implementation of Executive Order 13422 (amending Executive Order 12866) and the OMB Bulletin on Good Guidance Practices," OMB Memorandum M-07-13, <http://www.whitehouse.gov/omb/memoranda/fy2007/m07-13.pdf> (April 25, 2007).

Almost two years after the issuance of the Bulletin, the PTO's web site still does not have the information required.

II. The PTO Systematically Violated the Public Comment Requirements of the Paperwork Reduction Act

A. The PTO's Notice and Comment Procedure for the NPRM was a Sham

From the outset, the PTO ignored mandatory public notice requirements in both law and regulation.

- In the preamble to the NPRM, the PTO states: "The collection of information involved in this proposed rule has been reviewed and previously approved by OMB under control number 0651-0031." 72 Fed.Reg. at 41484, col. 1-2.

This statement is knowingly false: the PTO has never submitted an ICR addressing appeals. ICR 0651-0031 includes a single reference to these procedures: the filing of a routine form announcing the intent to appeal, which the PTO estimates requires 12 minutes to prepare and submit. The 50-100 hours of substantive work for an appeal have never been disclosed to or approved by OMB.

- In the preamble to the NPRM, the PTO states: "The United States Patent and Trademark Office is not resubmitting an information collection package to OMB for its review and approval because the changes in this proposed rule would not affect the information collection requirements associated with the information collection under OMB control number 0651-0031." 72 Fed.Reg. at 41484, col. 2.

This statement is knowingly false. In its Supporting Statement, the PTO admits to more than \$250 million per year in burden.

- In the preamble to the NPRM, the PTO states it "determined" that the modifications it proposed to make to the existing appeal rules were "not significant for purposes of Executive Order 12866." 72 Fed.Reg. at 41484, col. 1.

This determination is knowingly false. Though the PTO has never acknowledged that the modified rule will have economically significant effects, such effects are certain given the magnitude of paperwork burdens it has more recently acknowledged. Indeed, the paperwork burdens the PTO has acknowledged are by themselves sufficient to render the NPRM "economically significant." Note that the PTO also neglected to submit the NPRM to OMB for review under Executive Order 12,866.

Even though the PTO did everything possible in the NPRM to evade the Paperwork Reduction Act, the public nonetheless provided significant input on the paperwork implications of the proposed rule. Microsoft estimated that the rule would double the costs of the most-expensive parts of appeals. Kodak estimated that the rules would "increase the attorney hours to prepare an appeal brief by multiples," "double or triple."⁶ Many of the public comment letters noted that some of the most-burdensome parts of the rule had absolutely **zero** practical utility to the agency.⁷

The public comment letters came from a strikingly large spectrum of companies: small entities, large entities, and from all sectors of technology. The commenters included IBM, Microsoft, 3M, Eastman Kodak, many companies in health sciences fields that depend for their existence on the patent system – from a 130-employee biofuels company to several of the most innovative biotech pharmaceutical companies to two of the pharmaceutical giants, Eli Lilly and Wyeth – all of the major intellectual property law associations, several state bar associations, and almost 30 individuals. While these companies have been in irreconcilable disagreement over statutory changes pending before Congress, they spoke nearly unanimously on this issue: their comments were nearly 100% negative, recommending either the status quo or other alternatives to achieving the PTO's goals at lower burden or higher utility. In this entire collection of 48 letters addressing dozens of specific items, there were at most a handful of comments that approved particular changes proposed in these rules.

In the preamble to the Final Rule, the PTO's response to these comments is highly selective and misleading. The PTO was **dead silent** on at least a dozen of the public comments.⁸ For dozens of others – perhaps a third of all the comments – the

⁶ <http://www.uspto.gov/web/offices/pac/dapp/opla/comments/bpai/microsoft.doc> at page 3; <http://www.uspto.gov/web/offices/pac/dapp/opla/comments/bpai/ea.pdf> at page 2.

⁷ See §§ IV.B, IV.C, IV.D, and IV.F of this letter.

⁸ The comments that the PTO ignored are laid out in § IV below.

PTO mischaracterized the comment into a form the commenter would not recognize and responded only to the PTO's mischaracterization.

These are not merely Administrative Procedure Act issues. The Paperwork Act requires notice on or before the date of the publication of a proposed rule and a reasonable degree of diligence to respond to public comments received. The PTO provided no such notice, going to the extreme of denying that the NPRM entailed any new burden. When it received well-targeted public comments anyway, the PTO treated these comments as a nuisance.

B. The PTO is Using ICR 0651-00xx to Avoid Responding to Public Comments Submitted on ICR 0651-0031

ICR 0651-0031 has been pending before OMB for over a year, since September 26, 2007. A number of public comments were submitted to OMB. One commenter provided well-supported estimates developed in consultation with several experienced attorneys showing that the burdens of appeals-related paperwork burdens alone exceeded **\$800 million per year**. Another **\$30 billion per year** in burden was estimated for four of the five new major rules that are covered by this ICR.⁹ The PTO has not publicly disclosed any response to these public comments.

ICR 0651-0031 has historically been the "home" for appeals, as the PTO itself concedes.¹⁰ It is important that ordinary examination and appeals be covered by a single ICR – rule changes in one will inevitably affect burdens in the other, and if they are split, the changes in burden would too easily be concealed. I previously commented on this potential for "3 card Monte" concealment of burdens.¹¹ The PTO ignored my comment. Given that the PTO has ignored these and other comments, it is entirely reasonable to infer from the PTO's conduct that deceiving OMB is precisely PTO's

⁹ <http://www.reginfo.gov/public/do/DownloadDocument?documentID=57744&version=1>

¹⁰ Supporting Statement at p. 1.

¹¹ http://www.uspto.gov/web/offices/dcom/bpai/bpai_comments/boundy_revised.pdf at page 46.

intent. To prevent the PTO from accomplishing this, OMB should require all information collection elements related to appeals be incorporated into ICR 0651-0031, where they belong. If OMB allows separation, then it is almost certain that every time the PTO makes any change in either patent processing or appeals practice, the Paperwork Act would require that both ICRs be reopened for public comment and submitted to OMB. It is inconceivable that the PTO intends to do this.

C. The PTO's June 9th Request for Comment Was Invalid

The June 9, 2008 request for comment purports to be a § 3506(c)(2)(A) "60-day notice." Such notices apply to information collections that are not part of proposed rules. The PTO itself conceded that modification of appeals practice, proposed on July 30, 2007, was a proposed rule.¹² The PTO was obligated by § 3506(c)(2)(B) to publish notice and seek comment on or before the date of publication of the NPRM. It did not do so.

Assuming that this error was inadvertent, the reasonable thing for the PTO to have done was to re-propose the NPRM and cure the defective notice. That notice would have to include transparent, reproducible, objectively-based estimates of burden and invite the public to provide informed comments. The PTO did not do this, either.

The June 9, 2008 notice includes no acknowledgement of prior error, though it does acknowledge that public comments on the July 30, 2007 NPRM specifically identified paperwork burdens. The notice contains a mixture of burden estimates for various information collection elements. These estimates are neither transparent nor reproducible, and no distinction is made between the baseline burdens of the appeal rules and the incremental burdens associated with the NPRM. The text treats the burdens of the NPRM as if they had been previously approved by OMB when in fact

¹² RIN 0651-AC12, Rules of Practice Before the Board of Patent Appeals and Interferences in Ex Parte Appeals, Notice of proposed rule making, 72 Fed. Reg. 41472 (Jul 30, 2007).

none of the burdens associated with appeals practice have ever been submitted to OMB, let alone approved.

The PTO also tried to sneak the June 9th notice past the public in a manner calculated to deter public comment. The PTO advises the public of Federal Register notices on three web pages: the main "News" page, a "Recent Patent-Related Notices" page, and a "Federal Register Notices" page.¹³ The PTO did not inform the public of the June 9 Notice through any of these channels.

About a month later, I found the notice in the Federal Register, and alerted the blogs, who gave notice to the public that the PTO tried so hard to prevent. Twelve public comment letters were filed. These comment letters noted that the burden estimates in the PTO's June 9th notice were simply fanciful; of the comments that offered quantitative estimates, all but one were far higher than the PTO's.¹⁴

D. The PTO's Supporting Statement Responds Selectively and Mischievously to the Comments Members of the Public Provided

As I discuss in detail in § IV starting at page 14 of this letter, the PTO either totally ignored, or unfairly mischaracterized many of the public comments it received. The public provided dozens of ways to reduce burdens or increase practical utility – the PTO simply ignored these comments without explanation.

E. The PTO Has Done Everything Possible to Avoid Being Transparent and Publicly Accountable

The PTO has never sought, let alone obtained, OMB clearance or a control number for any of the paperwork burdens associated with appeal rules. This issue was

¹³ <http://www.uspto.gov/main/newsandnotices.htm>, <http://www.uspto.gov/web/offices/pac/dapp/ogsheet.html> and <http://www.uspto.gov/web/menu/current.html>

¹⁴ I opined that the PTO's estimate of 30 hours was a reasonably accurate under current rules, and that the burden under the new rules was far higher. The PTO misrepresents the facts to OMB, suggesting that I opined that 30 hours was reasonable for the new 2008 rules.

brought to the PTO's attention in public comments on the 0651-0031 ICR.¹⁵ It is conceivable that the PTO crafted ICR 0651-00xx in response to these comments, but that cannot be inferred from anything the PTO has publicly disclosed.¹⁶

In ICR 0651-00xx, the PTO estimates annual burden exceeding \$250 million per year. What the PTO does not reveal is that the PTO's objective support all relates to the 2004 rules, not the new 2008 rules, and the PTO applies no correction factor or increment for the rising unit costs or the rising number of appeals. The independent estimates of knowledgeable patent attorneys place the burdens of the 2008 rules at 2X, 3X or more higher.¹⁷

F. If OMB Approves ICR 0651-00xx, OMB Accepts Responsibility for the PTO's Serial Disregard for the Requirements of Law, and Imposes Further Costs on the Public

At every turn, the PTO has violated the procedural requirements of the Paperwork Reduction Act, and has thereby thwarted the Act's substantive goals. Even after the violation was squarely brought to PTO's attention,¹⁸ and the public asked the PTO to step back and follow the law, the PTO has charged ahead with no perceptible respect for the rule of law. The PTO does not even acknowledge the timeline set out in §§ 3506 and 3507, and ignores public comments in the Supporting Statement, without "evaluating" or "explaining" its views.

¹⁵ <http://www.reginfo.gov/public/do/DownloadDocument?documentID=57744&version=1>, "Alternative Burden Estimates" pages 14-16.

¹⁶ Susan Fawcett, the PTO's Records Officer, on August 13, 2008, asked me for a copy of one of the 0651-0031 comment letters, apparently unaware of its existence at OMB's reginfo web site.

¹⁷ <http://www.reginfo.gov/public/do/DownloadDocument?documentID=57744&version=1>, "Alternative Burden Estimates" at page 9 (estimates developed "With the assistance of experts in patent prosecution" place new burden at \$820-\$860 million, or 4.5X the PTO's numbers); Eastman Kodak, <http://www.uspto.gov/web/offices/pac/dapp/opla/comments/bpai/ea.pdf> at page 2 ("double or triple"); Microsoft Corp., <http://www.uspto.gov/web/offices/pac/dapp/opla/comments/bpai/microsoft.doc> at page 3 ("at least double today's cost").

¹⁸ http://www.uspto.gov/web/offices/dcom/bpai/bpai_comments/boundy_revised.pdf at pages 1-2, 4, 12-16.

OMB must not cover up the PTO's serial violations of law, or it will become an accessory to PTO's lawlessness. If OMB disapproves the information collection nothing bad happens. To date no one has invoked the Paperwork Act's public protection provisions in 44 U.S.C. § 3512 and 5 C.F.R. § 1320.6 by contesting the absence of a valid OMB Control Number for the burdens of the PTO's existing rules. Doing so may be entirely justified as a matter of law, but patent attorneys are more interested in serving their clients than making legal points. However, if OMB issues a control number (particularly if it covers the 2008 rules), then the public loses even the option of utilizing these public protection provisions.

III. The PTO Did Not Consult with the Public

In addition to complying with applicable notice and comment requirements, 44 U.S.C. § § 3506(c)(2)(A) provides that an agency must "otherwise consult with the public" to ensure that burdens are minimized and accurately estimated. This obligation is restated and elaborated at 5 C.F.R. § 1320.8(d)(1).

In past ICR submissions, the PTO has stated in the relevant Supporting Statement that it performed the required consultation.¹⁹ There is no such averment in this Supporting Statement.

Over the last few weeks, I have phoned or emailed the heads of all of the relevant committees of the relevant trade associations (the American Bar Association, the American Intellectual Property Law Association, Intellectual Property Owners Association, and the National Association of Patent Practitioners), many of the recently-retired senior PTO officials who are now in private law practice, and the PTO liaison officers or chief patent counsel of several of the PTO's largest customers. None that I talked to were ever contacted by the PTO to "consult" on the required issues. Obviously

¹⁹ E.g., <http://www.reginfo.gov/public/do/DownloadDocument?documentID=85615&version=0> § 8, <http://www.reginfo.gov/public/do/DownloadDocument?documentID=75279&version=0> § 8; <http://www.reginfo.gov/public/do/DownloadDocument?documentID=66557&version=0> § 8.

I did not talk to every possible "member of the public," but I talked to enough of the most likely candidates that one must infer that the PTO did not fulfill its duty to consult.

Several of the public comment letters provided burden estimates. The letters stated that these estimates were based on actual experience. I talked with several of the authors of the letters – the PTO did not "consult" with them, either.

In the rulemaking file of the Continuations rulemaking were samples of analogous documents that PTO submitted to the Small Business Administration to show paperwork burden. I phoned the authors of those papers to ask if the PTO had ever consulted them on burden. All said they had not been consulted. Thus, the PTO did not consult those persons it had previously identified as reliable sources of burden information.²⁰

The PTO's past Supporting Statements have stated that the PTO consulted with its Patent or Trademark Public Advisory Committees, as required by 35 U.S.C. § 3(a)(2)(B).²¹ I phoned one member of the Patent Public Advisory Committee who would have known whether this consultation occurred. He told me that PTO General Counsel James Toupin advised him not to respond. The PPAC is a federally chartered advisory committee subject to expansive disclosure requirements, the least of which consists of meeting agendas, and PPAC also generates an annual report. The information I sought is information the agency is required to make public. It is not clear what justification the PTO might have for denying public access to this information. I encourage OMB to get answers because apparently I cannot.

²⁰ In that rulemaking, the PTO based all its burden estimates on naked "belief" of PTO staff with no disclosed basis. See www.uspto.gov/web/offices/pac/dapp/opla/presentation/ccfrcertificationanalysis.pdf. PTO employees are not "members of the public" and thus cannot qualify as consulted parties.

²¹ E.g., http://www.reginfo.gov/public/do/PRAViewDocument?ref_nbr=200802-0651-001 § 8.

IV. The PTO Failed to Evaluate Public Comments and Suggestions for Reducing Burden

In addition to seeking and obtaining public comment, the PTO has several legal obligations under the Paperwork Reduction Act to take public comment seriously.²²

- **44 U.S.C. § 3507(a)(1)(B) and 5 C.F.R. § 1320.5(a)(1)(ii) require an agency to “evaluat[e] the public comments received,” and forbid the agency from enforcing a rule if the agency failed to do so. § 3507(d)(2)(B) and 5 C.F.R. § 1320.11(f) required the PTO to explain, in the final rule Federal Register notice, why it rejected any comments relating to paperwork.**

The PTO received a number of comments for reducing burden or increasing utility, and the PTO responded by either totally ignoring the suggestion, or by recharacterizing the suggestion into an absurdity, and then responding only to the PTO's own absurdity, not the comment. The PTO breached all these laws, repeatedly.

- **44 U.S.C. § 3506(c)(2)(A)(iv) and 5 C.F.R. § 1320.5(d)(1)(i) require an agency to certify or “demonstrate that it has taken every reasonable step to ensure that the proposed collection of information ... is the least burdensome necessary.”**

The PTO did no investigation before the NPRM, and simply ignored suggestions for reducing burden, so it cannot possibly make this “demonstration.” The PTO's certification was false.

²² See 44 U.S.C. § 3507(a)(1)(B) and 5 C.F.R. § 1320.5(a)(1)(ii); The Administrative Procedure Act also requires agencies to fully and fairly address comments raised in Notice and Comment letters. The APA does not permit an agency to create diversionary characterizations of issues raised by public comments, and respond only to such “strawmen.” The PTO failed to reply to a number of issues, and instead “replied” only to irrelevant softball mischaracterizations of the comments. “Unless an agency answers objections that on their face appear legitimate, its decision can hardly be said to be reasoned.” *Mistick PBT v. Chao*, 440 F.3d 503, 512 (D.C. Cir. 2006). It is a *per se* APA violation for an agency to dismiss alternatives proposed in public comment letters without careful discussion. *Motor Vehicle Mfrs. Ass'n v. State Farm Mutual Auto. Ins. Co.*, 463 U.S. 29, 48 (1983) (“not one sentence” of discussion of a reasonable alternative is a category of agency behavior that is *per se* arbitrary and capricious); *Yale-New Haven Hosp. v. Leavitt*, 470 F.3d 71, 80 (2d Cir. 2006) (an “agency must consider reasonably obvious alternatives and, if it rejects those alternatives, it must give reasons for the rejection...”); *Chamber of Commerce of U.S. v. Securities and Exchange Comm'n*, 412 F.3d 133, 145 (D.C. Cir. 2005) (agency's failure to consider an alternative that was neither frivolous nor out of bounds violated the APA). By refusing to consider suggested alternatives, the PTO repeatedly violated both the Paperwork Reduction Act and the Administrative Procedure Act.

- **44 U.S.C. § 3506(c)(3)(B) and 5 C.F.R. § 1320.5(d)(1)(ii) forbid “unnecessarily duplicative” collection of “information otherwise reasonably accessible to the agency.”**

The comment letters pointed out several duplicative elements, including at least one that the PTO itself had characterized as duplicative when it removed it in a 1997 rulemaking. The PTO reinstates or retains these duplicative elements, sometimes with no explanation, sometimes with an explanation of convenience, but never necessity.

- **44 U.S.C. § 3506(c)(2)(A)(ii) and § 3506(c)(1)(A)(iv) require an agency to objectively evaluate and objectively support its burden estimates.**

In the one case where the PTO offered “objective support,” the objective data shows the errors in the PTO’s position. All of the rest of the PTO’s estimates appear to be based on subjective “belief” of people who have never responded to information collections similar to those at issue here.

- **44 U.S.C. § 3506(c)(2)(A)(i) bars information collections with no practical utility.**

A number of comments noted that particular portions of the information collection have no utility; the PTO responded only with *non sequiturs*, that other portions might have utility. OMB may infer from PTO’s repeated failure to address the issues presented that the particular burdens addressed in the comment letters are purely gratuitous, with no practical utility.

- **44 U.S.C. § 3506(c)(3) and 5 C.F.R. § 1320.9 require that an agency provide a “record” with its submission supporting its certification that the agency complied with the Paperwork Reduction Act.**

The “record” submitted by the PTO is empty, showing that the PTO did not comply with the Act, and suggesting that the PTO’s certification was false.

- **44 U.S.C. § 3506(c)(3)(D) and 5 C.F.R. § 1320.9(d) forbid ambiguous agency regulations.**

The comments showed that several provisions are ambiguous. The PTO made no direct answer to the comments, but instead made incidental statements in the Final Rule notice that increase the ambiguity.

A. The "Claim Support and Drawing Analysis Section" of Rule 41.37(r) is Burdensome Far Out of Proportion to Any Practical Utility, and PTO Failed to Consider Suggestions for Reducing Burden

Rule 41.37(r) requires that every appeal have a "claims support and drawing analysis section" analyzing every limitation of every independent claim and separately-argued dependent claim, even those that have nothing to do with any issue in dispute. My comment letters, as well as a number of others, noted that there cannot be any practical utility to the Board for having superfluous and irrelevant information unrelated to the issues under appeal.²³ Preparing and submitting irrelevant information can take many hours because of the volume of work and the care that must be exercised – even though it doesn't matter to the agency.²⁴ Given the PTO's decision not to respond to these comments, one must infer that the PTO's purpose is to make the appeal process gratuitously burdensome in hopes that this will deter applicants from exercising their statutory rights to appeal.

Several public comments proposed alternatives that could both reduce burden and increase utility, for example:²⁵

- placing the "claim support and drawing analysis" discussion at the place in the brief where the information is relevant, rather than buried in an appendix, where the Board clearly does not intend to look at any but a small fraction of the information collected. It's far easier for appellants to present information in one consolidated place in a brief, rather than spread over multiple disconnected sections. It's far more useful to readers, such as the Board, to have the facts

²³ Boundy Pre-ICR letter, August 17, 2008, <http://www.reginfo.gov/public/do/DownloadDocument?documentID=87032&version=0> of page 26-27; Boundy notice-and-comment letter, Oct. 11, 2007, <http://www.uspto.gov/web/offices/pac/dapp/opla/comments/bpai/boundy.pdf> at 35-37; American Bar Assn. Sept. 28, 2007, <http://www.uspto.gov/web/offices/pac/dapp/opla/comments/bpai/aba.pdf> at pages 2-3; American Intellectual Property Law Assn, Sept 28, 2007, <http://www.uspto.gov/web/offices/pac/dapp/opla/comments/bpai/aipia.pdf> at pages 5-6.

²⁴ Letter of Ron Katznelson, Oct. 15, 2007, <http://www.uspto.gov/web/offices/pac/dapp/opla/comments/bpai/katznelson.pdf> at Table 4 (PDF page 23).

²⁵ Boundy Pre-ICR letter, August 17, 2008, <http://www.reginfo.gov/public/do/DownloadDocument?documentID=87032&version=0> of pages 26-27; Boundy notice-and-comment letter, Oct. 11, 2007, <http://www.uspto.gov/web/offices/pac/dapp/opla/comments/bpai/boundy.pdf> at 10-11 and 35-37.

presented at the point where the reader is presented with the analysis of those facts. Ironically, in answering another question, the PTO conceded that the suggestion was good, and that briefs that followed it had been "very useful."²⁶

- Instead of a "drawing analysis section," the appeal rules should be revised to use a word count limit, not a page limit, to encourage – rather than discourage – appellants to paste the drawings themselves in the body of the brief, at the place that they will be most helpful to the Board.

The PTO did not "evaluate" these suggestions or "explain" its reasons for rejecting them.²⁷ The PTO simply ignored them.

B. The Requirement for "Consecutive" Page Numbering is Immensely Burdensome and Provides No Practical Utility, and the PTO Refused to Consider Less Burdensome Alternatives Used Elsewhere

Rule 41.37(v)(1) requires all pages of a brief and the appendix to be numbered "consecutively," with no gaps in page numbers. This provision has no legitimate practical utility – all other tribunals find that non-consecutive page numbers fully accomplish the purpose of giving an unambiguous way to refer to page locations. The comment letters²⁸ suggested that the PTO follow the example of all other tribunals, which permit non-consecutive page numbers and other techniques that ease the process of assembling an appendix.²⁹ The comment letters noted that the "consecutive" page numbering requirement alone could add full *days* of attorney and

²⁶ 73 Fed.Reg. 32964, col. 2, Answer No. 42.

²⁷ See footnote 22.

²⁸ Boundy Pre-ICR letter, August 17, 2008, <http://www.reginfo.gov/public/do/DownloadDocument?documentID=87032&version=0> of page 27-28; Boundy notice-and-comment letter, Oct. 11, 2007, <http://www.uspto.gov/web/offices/pac/dapp/opla/comments/bpai/boundy.pdf> at 11-12.

²⁹ *E.g.*, Federal Rule of Appellate Procedure 30(c)(2) (permitting the appendix to be filed after the briefs are filed, and a week later, filing a replacement brief with final page numbers substituted); Federal Circuit Rule 30(c)(2) ("Omission of pages need not be noted, *e.g.*, page 102 may be followed by page 230 without stating that pages 103-229 are not reproduced in the appendix").

paralegal time, representing tens of millions of dollars in incremental costs over current rule.

The preamble to the Final Rule and the Supporting Statement misstate these public comments and respond only to the PTO's own misstatements.³⁰ The preamble also states that the PTO will not permit applicants to use the techniques that the PTO itself uses to reduce the burden of preparing its own briefs and appendices when it litigates in court.³¹ The PTO has never attempted to "objectively support" its contention that "consecutive numbering" has any practical utility. Given the PTO's decision not to respond to public comments, it is reasonable to infer that the PTO intends to make the appeals process gratuitously burdensome in hopes that this will deter applicants from exercising their statutory rights to appeal.

C. The Requirement for a Table of Authorities is Immensely Burdensome and Provides No Practical Utility, and the PTO Did Not Respond to Public Comments

Several public comment letters noted that a "Table of Authorities" is not easy to generate: using the automatic tools in Microsoft Word, a Table of Authorities takes a bare minimum of 2 or 3 hours, and almost always considerably more. The public comment letters also noted that a Table of Authorities has essentially no utility in any but a tiny fraction of appeals, and that whatever utility exists will be outweighed by the burden of creating it.³² The PTO offered no objective basis to disagree.

³⁰ <http://www.reginfo.gov/public/do/DownloadDocument?documentID=89627&version=0> at page 14, Question and Answer 5; Final Rule Notice, 73 Fed. Reg. at 32965, col. 2, Answer No. 81.

³¹ 73 Fed.Reg. 32944 col. 3, forbidding the use of roman numerals for front-matter pages, and forbidding restarting numbering for appendices.

³² Boundy Pre-ICR letter, August 17, 2008, <http://www.reginfo.gov/public/do/DownloadDocument?documentID=87032&version=0> at pages 28-29; Boundy notice-and-comment letter, Oct. 11, 2007, <http://www.uspto.gov/web/offices/pac/dapp/opla/comments/bpai/boundy.pdf> at pages 12-13; IBM Corp., Sept. 28, 2007, <http://www.uspto.gov/web/offices/pac/dapp/opla/comments/bpai/ibm.doc> at page 3; American Intellectual Property Law Assn, Sept 28, 2007, <http://www.uspto.gov/web/offices/pac/dapp/opla/comments/bpai/aippla.pdf> at page 5

A "table of authorities" is a concordance of the citations in a brief, listing the case law, statutes, etc. mentioned in the brief, and listing the page numbers on which each authority is mentioned. A table of authorities can be useful when the dispute is over what the law is, to help a court consult precedential cases to decide that dispute. However, a table of authorities has no utility when the dispute is over facts, such as what a technical document does or doesn't say.

The preamble to the Final Rule concedes that in about 75% of appeals, a Table of Authorities will have essentially no utility, because it will only be read by agency personnel who cannot make "efficient and effective ... use of the information to be collected."³³ Moreover, the PTO apparently agrees with public commenters that a Table of Authorities may have non-zero utility for the PTO in perhaps 10% of all appeal briefs.³⁴ Nevertheless, the PTO insists on imposing this burdensome requirement on all appeals. Both the Final Rule Notice and the Supporting Statement make clear that the PTO did no factual investigation to determine the magnitude of this burden, and the authors of both of PTO's documents clearly have never tried to produce one.³⁵

³³ 73 Fed.Reg. 32959, col. 3, Answer No. 42. A table of authorities has no utility in the 75% or so of appeals decided at one of the early stages, before the appeal goes to the Board, because the examiners that decide appeals in these early stages are not lawyers, are not instructed to apply case law, and therefore rarely make "efficient and effective ... use" of the case law information in a Table of Authorities.

³⁴ See 73 Fed.Reg. at 32959, col. 3.

³⁵ The preamble to the Final Rule states "Modern word processors make the creation of ... a table of authorities fairly easy when headings are used in a document. ... it would add 5 to 10 minutes to the preparation of the brief to insert the table of contents and table of authorities." See 73 Fed.Reg. at 32969 col. 3; Oct. 10, 2008 Supporting Statement, <http://www.reginfo.gov/public/do/DownloadDocument?documentID=89627&version=0> at pages 9-10. However, "headings" are totally irrelevant to a Table of Authorities. The PTO fails to inform OMB that "modern word processors" offer only minimal computer assistance to an intensely manual process. This fact was brought to PTO's attention in my comment letter, <http://www.uspto.gov/web/offices/pac/dapp/opla/comments/bpai/boundy.pdf> at pages 12-13. The PTO's reply demonstrates the PTO's haphazard approach to Information Quality of the information it disseminates.

If the PTO can demonstrate some utility, there is a simple way to reduce burden, by confining the requirement for a Table of Authorities to only those situations where it might be genuinely useful. For example, a Table of Authorities could be deferred until all briefing is complete (which eliminates 80% or so of all appeals). Then a single Table of Authorities could be provided for both the principal Appeal Brief and Reply Brief in a single document (which increases its practical utility), confined to only cases on issues where there is a genuine dispute of law (which decreases burden).

D. The Requirement for Attorney Signature of a Notice of Appeal is an Unnecessarily Gratuitous Burden

In the major 1997 rulemaking in which the PTO "cleaned house" of unnecessary regulations shortly after enactment of the Paperwork Reduction Act of 1995, the PTO eliminated the requirement for signature of a Notice of Appeal, because signature of a Notice of Appeal is "redundant" with signature of a subsequent Appeal Brief.³⁶

Inexplicably, the PTO now reimposes this burden. 73 Fed.Reg. at 41483, col. 2 (noting that signature of a notice of appeal is one of the changes). Neither the NPRM nor the Final Rule offers any explanation for reimposition of this burden, or any justification for an information collection that was previously conceded to be duplicative.

At least two public comment letters noted that the PTO's previous concession that the signature requirement was duplicative, and therefore incompatible with the Paperwork Reduction Act.³⁷ The PTO's reply? **Dead silence.**

E. The Extension of Time Rule is Unnecessarily Burdensome

For all other extensions of time, the PTO permits either an extension after the fact by mere payment of a fee and a purely formal petition for extension under 37 C.F.R. § 1.136(a), or a petition "filed on or before the day on which such reply is due."

³⁶ 62 Fed.Reg. 53132, 53167, col. 2 (Oct 10, 1997).

³⁷ Boundy Pre-ICR letter, August 17, 2008, <http://www.reginfo.gov/public/do/DownloadDocument?documentID=87032&version=0> of page 29-30; Microsoft letter of Sept. 28, 2007, <http://www.uspto.gov/web/offices/pac/dapp/opla/comments/bpai/microsoft.doc> at page 3.

§ 1.136(b). In almost all courts in almost all situations, a petition for extension of time or enlargement of page limit may be filed on the date a paper is due, if it is filed with the consent of opposing counsel, which is almost never denied.

In contrast, new 37 C.F.R. § 41.41(d) requires that any petition either for extension of time or for enlargement of the page limit be filed at least 10 days before the final due date. This requirement to predict the future 10 days in advance imposes unnecessary burdens: the petition must be filed speculatively if there is any possibility that an extension will be required. This issue was squarely raised at least twice in public comments. The comments noted that burden could be reduced if filing were not required until the last day, when it is clear whether or not the petition is actually required.³⁸ The rule in effect in every other tribunal and setting cuts down the number of such petitions to be filed by a significant fraction.

The preambles to the NPRM and the Final Rule Notice, and the Supporting Statement, provide no rationale for adopting the burdensome "10 day" rule. The comments suggested "last day" rule in order to reduce the number of petitions; the PTO twice mischaracterized the comment, and justified the "10 day" rule by irrelevantly and incorrectly stating that the per-response burden would be no larger.³⁹ It is reasonable to infer that the PTO adopted the "10-day" rule precisely because it is burdensome, in hopes that it would deter petitions.

³⁸ Boundy Pre-ICR letter, August 17, 2008, <http://www.reginfo.gov/public/do/DownloadDocument?documentID=87032&version=0> of page 30; Boundy comment letter, <http://www.uspto.gov/web/offices/pac/dapp/opla/comments/bpai/boundy.pdf> at pages 8-9.

³⁹ The PTO's statement is false, even if taken on its own terms. Any request for permission to act in the future has to consider more contingencies than a request for permission to act in the present. The "10 day" rule also increases burden per response.

F. Public Comments Suggested Less Burdensome Alternatives, but the PTO Failed to Acknowledge These Comments, Let Alone "Evaluate" Them

Several of the comment letters proposed alternatives to various provisions, many of which would reduce paperwork burdens and/or improve utility. The preamble to the NPRM does not justify the provisions that were subject of these comments, and neither the preamble to the Final Rule nor the Supporting Statement acknowledge having received comments, let alone respond to them. Many comments are totally ignored, most are unrecognizably recharacterized.

1. Word count limit instead of page limit

At least three commenters proposed that the rules should use a word-count limit rather than a page-count limit,⁴⁰ as required by all federal appeals courts, especially the specialized court that deals with patent issues (the Court of Appeals for the Federal Circuit).⁴¹ The comments noted that a word limit rather than a page limit would improve the practical utility of briefs to the agency, by encouraging the use of drawings in the body of the brief. The Final Rule Notice and Supporting Statement are **dead silent** on the suggestion of a word-count limit.

2. Automatic proportional enlargement of word-count limits

Courts that have page-limit or word-limit rules provide that where one party goes over the limit, the limit for the other party is enlarged without the need for a formal request.⁴² Several comment letters suggested that this should apply to the Patent

⁴⁰ Boundy Pre-ICR letter, August 17, 2008, <http://www.reginfo.gov/public/do/DownloadDocument?documentID=87032&version=0> at page 33; Boundy notice-and-comment letter, Oct. 11, 2007, <http://www.uspto.gov/web/offices/pac/dapp/opla/comments/bpai/boundy.pdf> at 10-11; American Intellectual Property Law Assn, Sept 28, 2007, <http://www.uspto.gov/web/offices/pac/dapp/opla/comments/bpai/aipla.pdf> at page 9.

⁴¹ Federal Rules of Appellate Procedure, Rule 32(a)(7)(B) <http://www.ca9.uscourts.gov/pdf/rules.pdf>

⁴² <http://www.ca9.uscourts.gov/pdf/rules.pdf> Rule 28(c).

Office as well: if the examiner's paper is large, the limit for the appeal brief should be enlarged symmetrically.⁴³ The PTO has been **dead silent** on this suggestion.⁴⁴

3. Symmetrical limits

Many of the letters noted that if page limits and strict formal requirements would encourage efficiency on the part of appellants, than analogous requirements would be efficient if imposed on examiners.⁴⁵ The Final Rule Notice and Supporting Statement are **dead silent**. The PTO must explain the double standard – either page limits and tight formatting requirements are efficient if imposed on both parties, or they are inefficient and unnecessarily burdensome for both parties.

4. Requiring information that is necessarily irrelevant to the issues the Board is allowed to consider

Many comments noted that the requirement of Bd.R. 41.37(o)(3) to identify where in the prosecution record an issue was first raised is (a) unacceptably ambiguous, (b) imposes substantial unnecessary and duplicative burdens, and (c) has no observable practical utility, in view of the Board's repeated holdings that it has no jurisdiction to consider the purely procedural issues of timing to which this information

⁴³ Boundy notice-and-comment letter, Oct. 11, 2007, <http://www.uspto.gov/web/offices/pac/dapp/opla/comments/bpai/boundy.pdf> at 7; 73 Fed.Reg. at 32966 Comment and Answer No. 88.

⁴⁴ *E.g.*, 73 Fed. Reg. at 32966, Comment and Answer No. 87.

⁴⁵ Boundy Pre-ICR letter, August 17, 2008, <http://www.reginfo.gov/public/do/DownloadDocument?documentID=87032&version=0> at page 33; Boundy notice-and-comment letter, Oct. 11, 2007, <http://www.uspto.gov/web/offices/pac/dapp/opla/comments/bpai/boundy.pdf> at 15, 18, 19; American Intellectual Property Law Assn, Sept 28, 2007, <http://www.uspto.gov/web/offices/pac/dapp/opla/comments/bpai/aipla.pdf> at page 9; Microsoft Corp., Sept 28, 2007, <http://www.uspto.gov/web/offices/pac/dapp/opla/comments/bpai/microsoft.doc> at pages 2-3

might be relevant.⁴⁶ The PTO's answer was circular: "Indicating whether an argument previously has been made will help both the examiner and the Board recognize when a new argument has been made."⁴⁷ But the PTO never explains why "recogniz[ing] when a new argument has been made" has any practical utility. If an argument is persuasive, it is persuasive whether made for the first time or the tenth.

5. Inconsistency with existing reporting requirements

Several comments noted that the requirements for 14-point font, double space, is unnecessarily inconsistent and incompatible "with the existing reporting and recordkeeping practices,"⁴⁸ in violation of § 3506(c)(3)(E). The PTO's response to these comments, 73 Fed. Reg. 32965-66, makes representations that are directly contrary to facts PTO asserted in a contemporaneous rulemaking: (a) the PTO has recently converted to end-to-end electronic images, so that there are no "numerous levels of electronic image processing,"⁴⁹ (b) the PTO recently proposed to disallow filing by FAX,⁵⁰ and (c) the PTO formally reaffirmed that existing "reporting requirements" for font size and page format are perfectly acceptable for all other PTO papers.⁵¹ These three statements elsewhere directly refute the three reasons PTO gives OMB here. In

⁴⁶ American Intellectual Property Law Assn, Sept 28, 2007, <http://www.uspto.gov/web/offices/pac/dapp/opla/comments/bpai/aipia.pdf> at page 6; IBM Corp., <http://www.uspto.gov/web/offices/pac/dapp/opla/comments/bpai/ibm.doc> at page 4; Microsoft Corp., Sept. 28, 2007, at <http://www.uspto.gov/web/offices/pac/dapp/opla/comments/bpai/microsoft.doc> at page 4.

⁴⁷ 73 Fed.Reg. 32963, col.1, Answer No. 61.

⁴⁸ American Intellectual Property Law Assn, Sept 28, 2007, <http://www.uspto.gov/web/offices/pac/dapp/opla/comments/bpai/aipia.pdf> at page 9.

⁴⁹ In a May 13, 2008 public talk, John Doll stated that the vast majority (over 70%) of all papers are filed as degradation-free PDF's, so there is not even a single step of scanning degradation. <http://www.klgates.com/newsstand/Detail.aspx?publication=4547>.

⁵⁰ 73 Fed. Reg. 45662 (August 6, 2008).

⁵¹ 12-point font is adequate for the Office's needs in all other contexts. 73 Fed.Reg. at 45666 col. 3.

addition, 12-point font, 1½ or double spacing, has been accepted by the Board for decades. And so we are left with the Paperwork Reduction Act issue: on the facts as PTO concedes them to be, why is there any "need" to impose special "reporting and recordkeeping practices" for appeals? Does the 14-point font rule have any purpose other than to cut the useable length of a brief to half that of any other tribunal, thereby to reduce applicants' likelihood of success?

6. Imposing paperwork burden is not a legitimate substitute for supervisory oversight

One commenter made several suggestions for improved supervisory oversight and review at key points in the process so that examiner errors could be identified and resolved earlier, thereby sharply reducing paperwork burdens.⁵² The commenter observed that these suggestions would likely significantly reduce error-correction costs for the PTO as well. In neither the preamble to the Final Rule nor the Supporting Statement did the PTO disagree with the commenter's observation: apparently the PTO concedes that most rejections are vacated once the PTO performs proper supervisory review. The PTO did not even acknowledge the suggestion, let alone explain reasons for withholding supervisory review until applicants have incurred the expense of writing and submitting an appeal brief.

7. Requiring applicants to perform superfluous but expensive tasks

One commenter noted that Rule 41.37(n) requires that the appeal brief discuss and analyze issues that have nothing to do with any matter in dispute in the appeal, specifically "the level of skill in the art" in a § 103 rejection.⁵³ The commenter showed that the "level of skill in the art" is only relevant in rare cases. The PTO "replied" only

⁵² <http://www.uspto.gov/web/offices/pac/dapp/opla/comments/bpai/ibm.doc> at page 2, lines 4-32.

⁵³ <http://www.uspto.gov/web/offices/pac/dapp/opla/comments/bpai/ibm.doc> at page 3.

with a *non sequitur*, that different kinds of evidence can be used, but otherwise failed to explain what practical utility might justify these burdens.⁵⁴

8. Ambiguity of "level of ordinary skill"

Commenters observed that Rule 41.37(n) is ambiguous,⁵⁵ and thus it violates the requirement of § 3506(c)(3)(D). "Level of ordinary skill" is not a clear, factual concept. Instead, it is usually a matter of opinion, and as such would require an expert opinion, which is almost always too difficult and expensive an undertaking for an ex parte appeal.

The PTO did not respond to this comment. Ironically, in the preamble to the Final Rule, the PTO conceded that the text of the rule was indeed ambiguous and proposed text that would resolve the ambiguity.⁵⁶ But the PTO refused to amend the actual text of the rule to use the unambiguous language.

9. Ambiguity of the terms "new ground of rejection" and "appealable subject matter"

Many provisions of the appeal rules (and indeed, pre-appeal prosecution before examiners) turn on the definitions of two terms, "new ground of rejection" and "appealable subject matter." Though the two terms have reasonably clear and consistent definitions, those definitions are spread among dozens of court and PTO decisions; no consolidated definition exists in any guidance document that PTO employees feel bound to follow. Instead, various PTO employees use mutually-contradictory definitions. In my comment letter, I noted that that the ambiguity in the PTO's choice of language leads to intra-agency disagreement, and that ambiguity creates large and unnecessary paperwork burdens: (a) applicants are shunted between officials who each insist that they have no responsibility for dealing with a problem, or

⁵⁴ 73 Fed.Reg. 32960, col. 2, Answer No. 47.

⁵⁵ <http://www.uspto.gov/web/offices/pac/dapp/opla/comments/bpai/ibm.doc> at page 3.

⁵⁶ 73 Fed. Reg. at 32962, col. 1, Answer No. 54.

(b) applicants are forced into expensive options when less-expensive options should be open if the PTO followed the correct definitions of these terms.

I twice suggested that the PTO add guidance in the MPEP to define these two terms, to resolve the intra-PTO disputes.⁵⁷ I provided solid first drafts of the two requested guidance sections, with extensive footnotes and quotations from binding authority.

Both the Final Rule Notice and the Supporting Statement ignore my two comments. Both documents are **dead silent** on the suggestion to add definitions of these two terms.

Instead, for "new ground of rejection," the PTO states in the preamble that it will **maintain the ambiguity**: each PTO employee will have the power to define the term, and therefore the scope of his/her own responsibilities, on a "case by case basis," apparently without regard to court or agency precedent. 73 Fed.Reg. at 32945, col. 1.

10. Duplicative requirements

Several commenters noted that the requirement to re-file documents in an evidence appendix is indisputably duplicative and could be eliminated if the PTO permitted appellants to simply identify the location of existing evidence documents in the PTO's PAIR document database.⁵⁸ The preamble to the Final Rule notice fails to even acknowledge this suggestion. Ironically, the preamble notes an "effective use of information technology" to solve the problem – "consecutively numbered pages" embossed onto the page images as they come in, 73 Fed. Reg. 2965, Answer No. 77 -- and notes that these page numbers would have utility for both the PTO and applicants throughout prosecution. But then the PTO declines to adopt its own suggestion.

⁵⁷ Boundy Pre-ICR letter, August 17, 2008, <http://www.reginfo.gov/public/do/DownloadDocument?documentID=87032&version=0> at pages 24-25; Boundy notice-and-comment letter, Oct. 11, 2007, <http://www.uspto.gov/web/offices/pac/dapp/opla/comments/bpai/boundy.pdf> at pages 4, 36-37, and Attachments E and F (PDF pages 66-80).

⁵⁸ <http://www.uspto.gov/web/offices/pac/dapp/opla/comments/bpai/ibm.doc> at page 4.

11. Failure to acknowledge, much less adhere to, applicable Good Guidance Practices

My public comment showed that much of the PTO's inefficiency flows from the its failure to implement OMB's Bulletin on Agency Good Guidance Practices and its stated refusal to enforce its own procedural rules.⁵⁹ I included documented examples, including papers signed by top-30 officials in the PTO, who presumably have the authority to state PTO policy, and several recent statements by the PTO in the Federal Register. To PTO did not respond in either the preamble to the Final Rule or the Supporting Statement.

12. Disregard for the public's superior expertise

At several points, the PTO appears to reject public comments simply because the suggestions came from the public.⁶⁰ The PTO arbitrarily and capriciously dismisses these suggestions as "beyond the scope of the rulemaking."⁶¹

⁵⁹ <http://www.uspto.gov/web/offices/pac/dapp/opla/comments/bpai/boundy.pdf> at page 30, examples of statements by SPE's and T.C. Director Jack Harvey attached as Attachments A and B.

⁶⁰ See 73 Fed.Reg. at 32956 Comment and Answer No. 13; 73 Fed.Reg. at 32957 Comment and Answer No. 19; 73 Fed.Reg. at 32958 Comment and Answer No. 33; 73 Fed.Reg. at 32964, Answer No. 71; 73 Fed.Reg. at 32967 Comment and Answer No. 93A. The PTO also rejects suggestions on the ground that it could not adopt proposals without first performing a pilot test. The PTO apparently has a double standard, that pilot tests are only required for suggestions made by the public. The PTO did not perform a pilot test of its proposed revision.

⁶¹ The only way that alternative solutions to the PTO's appeal backlog problem could be "beyond the scope" is if the PTO had a predetermined and inflexible definition of the solution, such that no other solutions would be considered. The APA imposes the same requirement is the Paperwork Reduction Act: an agency must approach its rulemaking, and conduct its notice and comment procedure, with a "flexible and open-minded attitude towards its own rules." *Chocolate Mfrs' Ass'n of the U.S. v. Block*, 755 F.2d 1098, 1103 (4th Cir. 1985). An "agency must consider reasonably obvious alternatives and, if it rejects those alternatives, it must give reasons for the rejection..." *Yale-New Haven Hosp. v. Leavitt*, 470 F.3d 71, 80 (2d Cir. 2006). The PTO did neither.

G. The PTO failed to respond to issues arising under the Information Quality Act

A number of commenters raised issues arising under the Information Quality Act and the PTO's own Information Quality Guidelines,⁶² that the PTO was disseminating influential information that failed objectivity, reproducibility, and utility, or that lacked any objective support.⁶³

Both the preamble to the Final Rule and the Supporting Statement decline to respond to these comments. The Supporting Statement contains a boilerplate assertion of information quality compliance that is not supported by any evidence and contradicted by all the evidence that is available. The PTO pretends to "answer" a mischaracterization of my question, relating to quality of information collected rather than the quality of information disseminated – a *non sequitur*.

V. Conclusion

The PTO repeatedly violated the public notice and comment requirements in the Paperwork Reduction Act (44 U.S.C. §§ 3506 and 3507) and OMB's Information Collection Rule. This ICR should not be approved, or should be approved with terms of clearance as follows:

- (a) covering only the burden arising under 2004 appeal rules;
- (b) not covering the duplicative submissions required by the 2004 version of 41.37(c)(1)(ix); and
- (c) extending only to burdens arising under the text of the 2004 rules – not internal PTO guidance, for which the PTO has never sought an OMB Control Number.

⁶² <http://www.uspto.gov/web/offices/ac/ido/ifoqualityguide.html>

⁶³ Boundy Pre-ICR letter, August 17, 2008, <http://www.reginfo.gov/public/do/DownloadDocument?documentID=87036&version=0> at pages 16-23; Katznelson Pre-ICR letter, Aug. 9, 2008, <http://www.reginfo.gov/public/do/DownloadDocument?documentID=87052&version=0> at page 8; Microsoft letter of Sept. 28, <http://www.uspto.gov/web/offices/pac/dapp/opla/comments/bpai/microsoft.doc>

In addition, the PTO should be directed to promptly address public comments received concerning ICR 0651-0031. Indeed, burdens associated with appeals practice should not be separated from burdens of "patent processing." These burdens are highly interrelated such that changes in examination can be expected to affect burdens in appeals practice, and vice versa. Separating them invites – or rather, encourages – the PTO to continue playing fast and loose with the law and deceiving OMB about its actual information collection activities.

Ideally, the PTO should be directed to start over with this entire series of major regulatory actions and, for the first time, comply with both the Paperwork Act and Executive Order 12,866. There cannot be any doubt that the PTO knew from the outset that these regulations would have massive economic and paperwork consequences but hoped that the OMB staff would find them too technical to understand and the public too busy to resist. So far, that strategy has proved to be quite effective. The public cannot be expected to devote more resources to participating in ICR reviews if OMB does not act on the extraordinary volume of information it already has. If OMB does not act responsibly, the public is likely to conclude that OMB is a paper tiger and that the Paperwork Reduction Act and Executive Order 12,866 are dead letters.

Sincerely,

/s/ David E. Boundy

Vice President, Assistant General Counsel
Intellectual Property
Cantor Fitzgerald L.P.
499 Park Ave.
New York, NY 10022
(212) 294-7848
(917) 677-8511 (FAX)

Boundy letter 3

David E. Boundy
Cantor Fitzgerald, L.P.
499 Park Ave.
New York, NY 10022

November 14, 2008

By Email Nicholas_A._Fraser@omb.eop.gov

Mr. Nicholas A. Fraser
Desk Officer for Patent and Trademark Office
Office of Information and Regulatory Affairs
Office of Management and Budget
725 17th St. NW
Washington DC 20503

Re: Information Collection Request, Comment Request 0651-00xx, 73 Fed. Reg.
58943 (Oct. 8 2008)

Letter 3: Falsified certifications of economic effect and burden

Dear Mr. Fraser:

This is my third of several letters on Information Collection Request 0651-00xx ICR. This letter addresses the PTO's pattern of obviously falsified certifications.

In the preamble to the 2007 proposed rule,¹ the PTO certified to OMB and the Small Business Administration Office of Advocacy that the rule would have negligible economic effects and no new paperwork burdens (72 Fed. Reg. at 41483 col. 3 to 41484, col. 2):

Regulatory Flexibility Act

...
Accordingly, these proposed rules do
not have significant economic impact on
a substantial number of small entities.

¹ RIN 0651-AC12, Rules of Practice Before the Board of Patent Appeals and Interferences in Ex Parte Appeals, 73 Fed. Reg. 32938 (Jun. 10, 2008).

Executive Order 12866

This rule making has been determined to be not significant for purposes of Executive Order 12866 (Sept. 30, 1993).

Paperwork Reduction Act

This proposed rule involves information collection requirements which are subject to review by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*). The collection of information involved in this proposed rule has been reviewed and previously approved by OMB under control number 0651-0031. The United States Patent and Trademark Office is not resubmitting an information collection package to OMB for its review and approval because the changes in this proposed rule would not affect the information collection requirements associated with the information collection under OMB control number 0651-0031.

Yet, on the very same page, the PTO provided a catalog of changes in the proposed rule. Here is an excerpt from the list, focusing only on those elements that add new paperwork burdens (72 Fed. Reg. at 41483, col. 2-3). Note that this list does not include changes that have non-paperwork economic effects (e.g., changes in the burden of proof to the disadvantage of applicants with meritorious claims, the loss of patent property rights abandoned simply because the procedures are too expensive, and businesses that cannot be formed because of the reduced availability of patent protection):

The notable changes in the proposed rules are: (1) Providing additional delegated authority from the Director to the Chief Administrative Patent Judge to decide certain petitions authorized by Part 41 as proposed, including requests for extension of time to file certain papers after the appeal brief and requests to enlarge the page limit on certain appeal papers; (2) defining the record on appeal to clarify what documents the Board will consider in resolving the appeal; (3) requiring the notice of appeal to be signed; (4) providing a definition of non-appealable issues; (5) transferring jurisdiction of an appeal to the Board upon entry of a docket notice by the Board; (6) relinquishing the Board's jurisdiction in an appeal when the Board orders a remand or enters a final decision and judicial review is sought or the time for seeking judicial review expires; (7) changing the format and content of the appeal brief to require the following additional sections: (a) Jurisdictional statement, (b) table of contents, (c) table of authorities, and (d) statement of facts; (8) changing the format and content of the appeal brief appendix to include the following additional sections: (a) claim support section, (b) drawing analysis section, (c) means or step plus function analysis section, and (d) an expanded evidence section to include, inter alia, relevant Office action(s) and portions of papers filed by appellant during prosecution; (9) providing page limits for all briefs; (10) prohibiting incorporation by reference in briefs; (11) establishing a format for a reply brief to include: (a) Table of contents, (b) table of authorities, (c) statement of timeliness, (d) statement of facts in response to a new ground of rejection in examiner's answer, (e) argument, and where appropriate, (f) supplemental appendix; (12) providing for a supplemental reply brief, if a supplemental examiner's answer is furnished by the examiner; (13) establishing a format for a supplemental reply brief to include: (a) Table of contents, (b) table of authorities, (c) statement of timeliness, and (d) argument; (14) requiring appellant to supply a list of technical terms and other unusual words at the time of confirmation of the oral hearing to aid in transcription at the oral hearing; (15)

(16) establishing a format for a request for rehearing to include: (a) Table of contents, (b) table of authorities, (c) statement of timeliness, and (d) argument; and (17) providing sanctions to be imposed on the appellant for misconduct during prosecution of the appeal.

It is inconceivable that anyone – whether a patent attorney, a PTO Commissioner, the PTO's § 1320.7 "Senior Official" responsible for making submissions to OMB, or an OMB Desk Officer – could look at this list of "new," "additional," "expanded" and newly "established" requirements and seriously believe that there is no new burden.

Then, in the preamble to the 2008 Final Rule, the PTO again stated to OMB, and certified to SBA-Advocacy, that the rule would have negligible economic effects and no new paperwork burdens (73 Fed. Reg. 32969 col. 1 and 32972 col. 2):

Regulatory Flexibility Act

The Deputy General Counsel for General Law of the United States Patent and Trademark Office certifies to the Chief Counsel for Advocacy of the Small Business Administration that this final rulemaking, Rules of Practice Before the Board of Patent Appeals and Interferences in Ex Parte Appeals (RIN 0651-AC12), will not have a significant economic impact on a substantial number of small entities. See 5 U.S.C. 605(b).

Executive Order 12866

This rulemaking has been determined to be not significant for the purpose of Executive Order 12866 (Sept. 30, 1993).

In contrast, in the preamble, the PTO lists some of these changes (73 Fed. Reg. 32969, col. 2):

The primary changes in this rule are:
(1) The requirements for an appeal brief include new sections for jurisdictional statement, table of contents, table of authorities, statement of facts, new format for arguments in the appeal brief and for claim support and drawing analysis section and means or step plus function analysis section in the appendix of the appeal brief, new section for table of contents in the evidence section of the appendix, new format in 14-point font, and 30-page limit for the grounds of rejection, statement of facts, and argument sections, (2) the requirements for a reply brief include new sections for table of contents, table of authorities, statement of additional facts, new format for arguments in the reply brief, new format in 14-point font, and 20-page limit for the statement of additional facts and argument sections, (3) the requirements for a request for rehearing include new sections for table of contents, table of authorities, new format for arguments in the request for rehearing, new format in 14-point font, and 10-page limit for the argument section, (4) new grounds of rejection are no longer permitted in an examiner's answer, (5) the examiner's response to a reply brief is eliminated, (6) petitions to exceed the page limit for an appeal brief, reply brief or request for rehearing are made under Rule 41.3 which requires a \$400 fee, (7) petitions for an extension of time to file a reply brief, request for oral hearing, or request for rehearing are made under Rule 41.3 which requires a \$400 fee, and (8) a list of technical terms or unusual words to be provided to the transcriber at the oral hearing. The rules described in (1)

Again, no person with the slightest experience with patent law, or regulatory policy of any form, could possibly believe that this list involves no new paperwork burdens.

Further, it is astoundingly naïve to believe that changes like these would have no material economic effects.

Anyone who also read the so-called "60-day notice" the PTO published on June 9, 2008² would know that the certifications in the June 10 notice were obviously and knowingly false. The "60-day notice" admitted to paperwork burdens exceeding \$250 million per year. The PTO has never had to publicly explain how it is that \$250 million in annual paperwork burden is the same as "no burden," or how \$250 million in annual paperwork burden is "not significant" for purposes of Executive Order 12,866.

With all due respect, one can only conclude that PTO purposefully deceived OMB about the contents of this rule. The primary means of the deception was PTO's assurance to OMB that the rule was a minor administrative exercise, and thus it deserved no OMB oversight. The question posed by ICR 0651-00xx is whether OMB will reward the PTO for its deceitful conduct or hold it accountable in accordance with its longstanding statutory authority under the Paperwork Reduction Act.

Sincerely,

/s/ David E. Boundy

Vice President, Assistant General Counsel
Intellectual Property
Cantor Fitzgerald L.P.
499 Park Ave.
New York, NY 10022
(212) 294-7848
(917) 677-8511 (FAX)

² Board of Patent Appeals and Interferences Actions, New collection; comment request, 72 Fed. Reg. 32559 (June 9, 2008).

Boundy letter 4

David E. Boundy
Cantor Fitzgerald, L.P.
499 Park Ave.
New York, NY 10022

November 17, 2008

By Email Nicholas_A._Fraser@omb.eop.gov

Mr. Nicholas A. Fraser
Desk Officer for Patent and Trademark Office
Office of Information and Regulatory Affairs
Office of Management and Budget
725 17th St. NW
Washington DC 20503

Re: Information Collection Request, Comment Request 0651-00xx, 73 Fed. Reg.
58943 (Oct. 8 2008)

Letter 4: Paperwork burdens attributable to PTO's attempt to overrule
established Procedural Due Process protections

Dear Mr. Fraser:

This fourth letter on the PTO's Information Collection Request 0651-00xx addresses paperwork burdens that arise from certain comments in the preamble to the Final Rule notice, in which the PTO states that it refuses to follow precedential court decisions on an issue of Procedural Due Process, and instead will maintain the authority of individual PTO employees to make up the law on a "case-by-case" basis.

This letter considers the term "new ground of rejection." The facts considered in this letter overlap with the facts raised in my first letter. However, the legal issues are non-overlapping, and if OMB accepts the positions I state here, the terms of any clearance will have additional limitations. My first letter looked at only the PTO's failure to follow the procedures that are required when an agency changes its mind in the middle of rulemaking. This letter looks at the PTO's redefinition of an established term of art, and gives a semi-quantitative estimate of paperwork burden.

The PTO's comments raise two classes of new paperwork burdens:

- If the PTO overrules due process protections created by the courts, and the term "new ground of rejection" is subject to the nontransparent, discretionary judgment of each Technology Center Director to determine on a "case by case" basis, applicants will face significant new burdens during regular prosecution trying to foresee what these decisions will be. Attorneys will have a duty to prospectively protect themselves and their clients, at enormous expense.
- Uncertainty about the law creates burdens of its own. What PTO guidance is a reliable guide to agency behavior, and what is not? The conventional understanding is that precedential court decisions are binding and non-precedential decisions are not – what does it mean when the PTO states vice-versa? The final rule creates these uncertainties and resolves none of them. The consequence of unresolved uncertainty is increased paperwork burden.

These issues are material to OMB's review under the Paperwork Reduction Act:

- 44 U.S.C. § 3507(a)(1)(B) and 5 C.F.R. § 1320.5(a)(1)(ii) require an agency to "evaluat[e] the public comments received," and forbid the agency from enforcing a rule if the agency failed to do so. § 3507(d)(2)(B) and 5 C.F.R. § 1320.11(f) require the PTO to respond to significant public comments in the preamble to the final rule. PTO is silent on comments I raised on these issues with specific reference to the Paperwork Reduction Act.
- 44 U.S.C. § 3506(c)(3)(D) and 5 C.F.R. § 1320.9(d) forbid ambiguous agency regulations. The PTO states that it does not want predictability or clarity, meaning that it intends for the term "new ground of rejection" to be ambiguous in order to preserve its discretion. PTO may be able to defend this dubious legal position, but it has a significant effect on paperwork burdens that has to be addressed.

I. Background: the Term "New Ground of Rejection" and its Practical Importance

For decades, the courts that oversee the PTO have required that when the PTO raises a "new ground of rejection" late in examination, or during the appeal process, the PTO must give the applicant appropriate procedural rights to respond. Depending on the procedural stage of proceedings, if the PTO raises a "new ground of rejection" relative to the previous PTO paper, the PTO must give the applicant opportunity to make responsive arguments such as by adding new evidence (including affidavit evidence) or amending claims. The basic principle is that the PTO should raise all

issues in its first paper, and when the PTO raises new issues later that could have been raised earlier, the applicant's procedural or substantive rights should not be compromised, and the PTO should bear the cost of correcting its earlier omission.

However, as I described in my first letter, new issues raised late in the process are a necessary evil – both legally required and practically inevitable. All that can be done is (a) incentivize examiners to do a complete job as early in the process as possible, and (b) provide procedures that are fair when this unfortunate event occurs, so that inventors can obtain the patent protection to which they are entitled by law, with minimal cost involved to correct PTO's untimeliness.¹ The term "new ground of rejection" is crucial to both of these:

- (a) Examiners' and supervisors' performance and compensation schemes are tied to the definition of "new grounds of rejection." The definition stated by the courts works with this compensation scheme to encourage examiners to do the job right the first time. The definition stated by the PTO in the preamble to the 2008 final rule incentivizes examiners to game the system by delaying full consideration of the application, or withholding a full explanation of position, until further "counts" can be extorted from the applicant. This creates immense paperwork burdens on the public. It has "practical utility" for the PTO only if the Patent Office's mission is construed as reducing the number of invalid patents issued irrespective of the collateral damage to valid patents that are improperly denied.
- (b) The definition is also crucial as a dividing line that determines procedural rights at several stages of prosecution: a shift in position by the PTO large enough to constitute a "new ground of rejection" triggers procedural options for applicants to exercise, while smaller adjustments of the PTO's previously-stated positions on existing issues, that are not "new grounds of rejection," do not trigger these options.

¹ 35 U.S.C. § 102 ("A person shall be entitled to a patent unless...").

The courts' definition of "new ground of rejection" is any "position or rationale new to the proceedings,"² including new evidence, reliance on a new part of existing evidence, any new analysis of existing evidence, or new inference drawn from an existing reference, a new legal theory, or a new application of law to facts. To first approximation, if some argument or evidence is relevant to the PTO's new position that was not relevant to the old position, the new position is a "new ground of rejection." If a later PTO paper merely re-explains a position taken in an earlier paper, that re-explanation is not a "new ground of rejection."

The courts' definition provides significant incentives to the PTO to "get it right the first time." If an examiner gets all the issues on the table and fully explains his/her position in the first paper, the examiner will earn production counts, and a final decision will be reached, with the minimum back-and-forth. It also and gives applicants fair protections when the PTO imposes a "late hit" for whatever reason. If an examiner does an incomplete job in the first paper, then any "new grounds of rejection" in later papers will force the examiner to keep prosecution open, delaying progress of the application and counts for the examiner. But this all relies on enforcement by PTO management vis-à-vis a robust definition of "new ground of rejection."

II. My Comment Letters on the Proposed Rule and the so-called 60-Day Notice, and the PTO's Final Rule Notice

A few of the elements in the NPRM relied on the term "new ground of rejection" as a trigger for further proceedings.

In my comment letter, I provided a well-researched and fair synthesis of the case law stating the definition of "new ground of rejection," and requested that this statement

² *In re DeBlauwe*, 736 F.2d 699, 706 n. 9 (Fed. Cir. 1984) (interpreting the term "new ground of rejection:" "Where the board makes a decision advancing a position or rationale new to the proceedings, ... "); *In re Eynde*, 480 F.2d 1364, 1370-71, 178 USPQ 470, 474 (CCPA 1973) ("We do agree with appellants that where the board advances a position or rationale new to the proceedings... the appellant must be afforded an opportunity to respond to that position or rationale by the submission of contradicting evidence.").

of the law – or something similar – be incorporated into the PTO's significant guidance document, the Manual of Patent Examining Procedure (MPEP). I provided extensive footnotes and quotations from binding authority.³ I also explained the procedural havoc that arises because the PTO does not currently provide its employees with guidance on the definition of the term "new ground of rejection."⁴ I also included a transcript of a telephone conversation with Technology Center Director Jack Harvey (a "T.C. Director" is a top-30 official in the PTO, typically responsible for 100-400 examiners), in which he stated he would not read the relevant published PTO precedent or precedential decisions of the Federal Circuit to determine the definition of the term "new ground of rejection."

The PTO's Final Rule notice was surprising. The "Response to Comments" section simply ignored my comment. Instead, in the preamble the PTO states it will **maintain the ambiguity**: each PTO employee will have the power to define the term, and thereby the scope of his/her own responsibilities, on a "case by case basis," apparently without regard to court or agency precedent. 73 Fed.Reg. at 32945, col. 1. The PTO said that instead, it would rely on non-precedential cases that did not even involve the issue. If the PTO were deliberately attempting to signal to patent applicants that it intends to exercise its power arbitrarily and capriciously, it's hard to imagine what more it could have done.

I re-raised the issue in my letter responding to the PTO's June 9, 2009 so-called "60 day" notice. The PTO's Supporting Statement ignored my comment entirely.

³ <http://www.uspto.gov/web/offices/pac/dapp/opla/comments/bpai/boundy.pdf>
Attachment F (PDF pages 75-80).

⁴ I mentioned a formal written decision by Jack Harvey, one of the top-30-or-so officials in the PTO, in which Mr. Harvey stated that he would not follow the law, simply because in his personal opinion, "it cannot be seen" why he should. That decision is attached as Exhibit 1 to this letter.

III. The Final Rule Notice Introduces a Number of New Ambiguities that Further Increase Paperwork Burdens

The PTO promises in final Bd.R. 41.39(a) that "An examiner's answer shall not include a new ground of rejection." However, the preamble states that this is a promise the PTO made with its fingers crossed:

"an appellant runs a risk that it will be confronted for the first time in the Examiner's Answer with new rationale in support of the rejection or new evidence or both"⁵

For decades, "new rationale" and "new evidence" both have been "new grounds of rejection." Here are a number of quotes from precedential decisions of the Federal Circuit – the court with exclusive jurisdiction over cases arising from the Patent Office – and the PTO's contrary statements in the Final Rule preamble:

The PTO's Final Rule Notice	The Law
"it would <i>not</i> be a new ground of rejection... if the Examiner relies on ... yet another reference,...." 73 Fed. Reg. at 32945, col. 2, with no citation to any authority	"it is not uncommon for the board itself to cite new references, in which case a new ground of rejection is <u>always</u> stated." <i>In re Ahlert</i> , 424 F.2d 1088, 1092 n. 4 (CCPA 1970) (emphasis added);
"it would <i>not</i> be a new ground of rejection ... if the Examiner relies on any part of the record ... to meet the new argument made for the first time in the appeal brief." 73 Fed. Reg. at 32945, col. 2	"We find the new reliance [to be] a new ground of rejection. New portions of the reference are relied upon to support an entirely new theory." <i>In re Echerd</i> , 471 F.2d 632, 635, 176 USPQ 321, 323 (CCPA 1973), <i>reaffirmed by Kronig</i> , 539 F.2d at 1303, 190 USPQ at 427.
"it would <i>not</i> be a new ground of rejection... if the Examiner relies on [new evidence] to meet the new argument made for the first time in the appeal brief." 73 Fed. Reg. at 32945, col. 2	The Federal Circuit has repeatedly rejected exactly this position. Any new "position or rationale new to the proceedings" triggers "new ground of rejection" options for an appellant during on appeal, even if that new position or rationale is expressed by the PTO in response to a new argument from the applicant. <i>In re Kumar</i> , 418 F.3d 1361, 1367, 76 USPQ2d 1048, 1051-52 (Fed. Cir. 2005) (Board's new analysis of the identical disclosure, by calculating new derived values from those expressly disclosed in the reference, was a "new ground"); <i>In re DeBlauwe</i> , 736 F.2d 699, 705-06, 222 USPQ 191, 196-197 (Fed. Cir. 1984) (when an

⁵ 73 Fed. Reg. at 32945, col. 2-3.

	applicant has argued a point, the examiner and Board are obligated to respond to those arguments, and their new response requires giving an applicant a new opportunity to respond); <i>In re Eynde</i> , 480 F.2d 1364, 1371, 178 USPQ 470, 475 (CCPA 1973) (even though Board's new rationale, based on the Eynde patent, was in response to arguments made in the appeal Reply Brief, it was nonetheless a "new ground")
PTO states that a "new rationale" will be permitted in an Examiner's Answer, even over the proscription of "new ground of rejection." 73 Fed. Reg. at 32945, col. 2-3.	"merely advanc[ing] 'an additional reason' for affirming the examiner" is a "new rejection," <i>In re Waymouth</i> , 486 F.2d 1058, 1061 (CCPA 1973), <i>modified</i> 489 F.2d 1297 (CCPA 1974), <i>reaffirmed by Kronig</i> , 539 F.2d at 1303, 190 USPQ at 427

The PTO defends these departures from case law with an amateurish legal analysis. First, the PTO cites two non-precedential cases. Every non-precedential case from the Federal Circuit starts with the sentence: "Pursuant to Fed.Cir.R. 47.6, this order is not citable as precedent." By citing *Gately* and *Ansel* as precedent, the PTO leaves one wondering – were there no precedential decisions supporting the point? Why did the PTO cite decisions as precedent when the authors of the decisions instructed the PTO not to? By citing non-precedential cases and ignoring clear statements in precedential cases, the PTO creates great ambiguity and uncertainty in all its rules. Do precedential court decisions control, or notes in the background of a rule that are based on non-precedential decisions? When the Federal Circuit holds that certain fact patterns are "always" new grounds of rejection, and the PTO states that these fact patterns will be considered "case by case" with no stated standards, what is the law? What predictable procedures can applicants rely on?

Second, the PTO's representation of the non-precedential case *In re Gately*, 69 Fed. Appx. 993 (Fed. Cir. 2003) is exactly wrong. The Board had introduced a new calculation based on the identical references, and the Board held that that this new analysis of existing evidence was a "new ground of rejection," and the court accepted that holding without comment. However, under the "definition" the PTO gives in the preamble, this would not be a "new ground." The PTO makes no attempt to explain the

basis for disagreeing with the very case it relies on. The other cases the PTO relies on either do not support or undermine its argument.^{6,7}

The PTO has never responded to my comment, or my suggestion to provide guidance in the MPEP. There should be no doubt that this is a major issue that cuts to the heart of whether the 2008 final rule is even legal.

IV. Paperwork Consequences, and Burden Estimate, of the Ambiguity

The PTO long operated under an incorrect definition of the term "appealable subject matter," and stated in August 2007 that it would not implement the Final Bulletin for Agency Good Guidance Practices with respect to supervision of procedural aspects of examination of claims.⁸ Because of these two errors, the PTO refuses to enforce the procedures for examination of claims set out in MPEP Chapter 2100.⁹ Now the PTO adds a new and illegal incorrect definition of "new ground of rejection," and takes away

⁶ *Gately* only holds that if the Board has "use it or lose it" rules, and a party chooses to forego an option at the time the rules say it must be exercised, the party can't resurrect the option later. The PTO's rules clearly do not and never have required an applicant to exercise every available option before an appeal begins, and the courts and the PTO's own rules have been uniform in stating that it is always the PTO's "burden to come forward" first, and that an applicant's duty is only to reply to positions the examiner states. 37 C.F.R. § 1.111(b). The PTO's attempt to require applicants to anticipate what an examiner might do in the future thus violates case law.

⁷ The PTO also cites *In re Bush*, 296 F.2d 491 (CCPA 1961), a 47-year-old case. The reasoning of *Bush* is either irrelevant to or incompatible with the definition of "new ground of rejection" that crystallized over the decade of the 1970's.

⁸ Changes to Practice for Continued Examination Filings, Patent Applications Containing Patentably Indistinct Claims, and Examination of Claims in Patent Applications; Final Rule, 73 Fed. Reg. 46716, 46752, col. 2-3 (Aug. 21, 2008).

⁹ The PTO gives examiners almost 250 pages of guidance on examination of claims of patent applications. http://www.uspto.gov/web/offices/pac/mpep/mpep_e8r6_2100.pdf However, the PTO refuses to enforce this guidance during examination. I have asked this question several times of appropriate supervisory officials, "So an examiner can write 'All claims rejected because we're having a job action over bad coffee.' You're telling me that your supervisory authority is so completely absent that you can't even intervene in a case like that?" The answer is consistently "Yes. I would not be able to intervene." Not all, but a solid majority of supervisors insist that they have no obligation to supervise.

the procedural protections afforded by the 2004 version of the appeal rules. The consequence is that an examiner can do the following:

1. The first Office Action can be a cursory, 100,000-foot flyover. This is not theoretical. For example, in 09/385,394, Office Action of February 20, 2002 "considered" 95 claims in 4 pages. For this substandard work, the Examiner received the same performance credit that would have been earned by doing a first-rate job.
2. The second Office Action can then fill in a few details, but still leave major gaps. Over the course of post-final Rule 116 papers, the examiner may dribble out further little bits of his position.

Under a correct definition of "new ground of rejection," at this point an applicant has the right to ask the examiner to start over. Under the PTO's new definition, this right is lost and can only be restored by the "case by case" benevolence of the examiner's supervisor – whose bonus, promotion and evaluation structure incentivizes him/her to permit the examiner to play "hide the ball."

The most reasonable action for the applicant to take at this point is to file either a continuation application or an appeal, solely for the purpose of motivating the examiner to perform the review that should by now have been complete.

3. If the applicant chooses appeal, the Examiner's Answer is then the first time that the examiner gives a detailed explanation of his/her position, perhaps with addition of new evidence. Under the new rules, however, the examiner is free to raise new issues (regulatory language notwithstanding) and the applicant has very limited options to respond.

Because of interactions among this appeal rule and the Continuations/Claims rule that the PTO continues to pursue, at this point the applicant may well have to withdraw the appeal, and petition for a continuation to regain the right to add new evidence or claim amendments whose need should have been made clear in step 1.

The ambiguity in the PTO's new definition of "new ground of rejection" affects over half the applications I work on. Examiners in some examining groups are probably aware that their supervisors will not hold them accountable to give anything more than cursory consideration in a first Office Action, and often do no more. When the examiner makes a rejection "final" after only cursory examination, an applicant has to go to

supervisory personnel to enforce the PTO's written rules, under the courts' definition of "new ground of rejection." Since there is no PTO guidance on the definition of the term, convincing supervisory personnel to rely on the precedential definition instead of personal opinion or whim takes great effort. This typically takes 6-12 hours' work, in about ¼ of the applications I work on. Other attorneys of similar skill do not press this issue as hard as I do, but their paperwork burdens are about the same magnitude, realized at a different place in the prosecution. It would be fair to book this as burden for about 100,000 applications per year, at a cost of 8 hours times \$380 per hour.

The PTO violated 44 U.S.C. § 3506(c)(3)(D) by introducing in the final rule new language that creates maximum uncertainty throughout prosecution and appeals practice with clear paperwork implications for both. The majority of the new paperwork burdens are covered by a different ICR (0651-0031). The PTO must be held accountable for this sleight of hand.

V. Conclusion and Recommendations

The PTO has repeatedly stated to the public that the new rule on appeals practice is intended to improve efficiency. In the Supporting Statement, the PTO tells a different, and unwittingly more honest story. The purpose, the PTO now admits, is "judicial economy" – that is, the convenience of the PTO. If the PTO's real goal were overall efficiency, it would take actions to improve the quality of examiners' first Office Actions. Nothing in any of the PTO's recent rules will improve examiner performance, and the 2008 appeal rule – the ambiguity in the term "new ground of rejection" among other provisions – actively incentivizes examiners to perform worse than they do today.

Even the "judicial economy" story from the PTO is unsupportable. The 2004 appeal rules are working – the PTO states that they have "radically reduced" backlog. There is no appeals crisis that needs a regulatory solution – the number of appeals actually reaching the Board has been almost flat for a decade. The "appeals crisis" is in examination – last year, in over 80% of appeals, the examiner admitted error and gave up before even writing an Examiner's Answer. This forced admission of an 80% error

rate occurs because appeal is the first point where the PTO requires examiners to think carefully – 100,000 foot flyovers won't do for an Examiner's Answer. If the PTO simply enforced its existing guidance as required by Good Guidance Practices, and incentivized careful examination up front instead of delay so examiners earn more "counts," these applications would have been allowed far earlier, at far lower cost for both the PTO and the public. The PTO's backlog would rapidly be whittled down, and the 80% of expensive appeal briefs directed to totally worthless rejections would rapidly drop.

The legal issues I've covered in my letters reinforce those I've made in previous public comments: this ICR is the predictable result when agencies are allowed free rein to act for self-interest, without concern for the public interest or OMB's regulatory oversight law. The PTO has had regulations governing appeals practice since enactment of the Paperwork Reduction Act, but has never bothered to obtain a valid OMB Control Number for their paperwork burdens. The PTO belatedly acknowledges in the Supporting Statement for ICR 0651-00xx that these burdens have all along exceeded \$200 million per year, yet it refuses to even acknowledge that it was running an illegal bootleg operation. Nor did the PTO bother to think through the consequences of its rules to identify all of the information collection elements created or affected by its most recent actions – or perhaps it did, and decided to "certify" no economic effect anyway. This is part of a well-established practice: over the last few years, as the problems caused by poor management have mounted, the PTO has consistently displayed a dismissive attitude toward OMB and its statutory responsibilities.

The PTO's pattern of evading and obstructing OMB and public accountability has been so consistent that it can only have been intentional. When the PTO published the proposed rule modifying appeals practice in 2007, it deceived OMB and the public about what it was doing by evading OMB review under Executive Order 12,866 and falsely certifying that the proposed rule had no incremental burden. But the public caught on to these deceits and submitted informed and detailed comments on both the

proposed rule and its paperwork burdens. The PTO's response has been to stonewall – ignore all the public comments it possibly can and misrepresent the others. To show the last full measure of its devotion to the law and public accountability, the PTO grudgingly sought public comments on June 9, 2008, promulgated the final rule one day later, and submitted ICR 0651-00xx exactly 60 days before the effective date of the rule. Surely OMB is not fooled for even a minute.

The PTO's only perceptible attempts to cure the consequences of its own failure to follow the law and Good Guidance has been to impose hundreds of millions of dollars of burden on the innovation sector of the economy, burdens that will go into force on December 10 unless OMB acts to prevent them.

The PTO desperately needs adult supervision, and when it comes to the key provisions of the Paperwork Reduction Act, OMB is the only entity with the authority to provide it. Before the PTO will even consider changing its ways, OMB must first get its attention. The right way to do that it is to disapprove ICR 0651-00xx and direct the PTO to start over. Other specific suggestions within OMB's authority are contained in my presentation to OMB of June 15, 2007.¹⁰ We will all get a better idea of the true benefits, costs, practical utility and burdens of the PTO's intended changes when the PTO prepares for OMB review and public comment a comprehensive Regulatory Impact Analysis – something it should have done more than ten years ago.

Sincerely,

/s/ David E. Boundy

Vice President, Assistant General Counsel
Intellectual Property
Cantor Fitzgerald L.P.
499 Park Ave.
New York, NY 10022
(212) 294-7848
(917) 677-8511 (FAX)

¹⁰ <http://www.whitehouse.gov/omb/oira/0651/meetings/619-3.pdf>

EXHIBIT 1



UNITED STATES PATENT AND TRADEMARK OFFICE

Commissioner for Patents
United States Patent and Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450
www.uspto.gov

David Boundy
Willkie Farr & Gallagher, LLP
787 Seventh Ave.
New York, NY 10019

MAILED

NOV - 8 2005

Technology Center 2100

In re Application of: Yates, et al.
Application No. 09/385,394
Attorney Docket No. 114596-03-4000
Filed: 08/30/1999
For: COMPUTER WITH TWO
EXECUTION MODES

)
) DECISION ON PETITION FOR
) SUPERVISORY REVIEW
) UNDER 37 CFR §1.181
)
)

This is a decision on the petition under 37 CFR § 1.181, originally filed April 8, 2005, and supplemented on June 14, 2005 and June 17, 2005, requesting the Commissioner to invoke his supervisory authority and withdraw the finality of the Final Office action mailed October 25, 2004 and to enter the amendment under 37 C.F.R. 1.116 filed on April 14, 2005 (copy filed April 18, 2005). The instant petition(s) also requests Examiner consideration of a reference cited on form 1449, filed July 15, 2004.

The petition is **GRANTED-in-PART**, to the extent indicated below.

RECENT PROSECUTION HISTORY

- (1) On February 9, 2004, a petition requesting reconsideration of the petition decision of December 4, 2003 was filed.
- (2) On February 11, 2004, a Non-Final Office action, treating all pending claims, was mailed. In addition, a copy of the Examiner considered references on form PTO-1449 was attached.
- (3) On May 4, 2004, a petition decision was mailed, denying Petitioner's request for reconsideration of the decision to dismiss a request for withdrawal of the Finality of a previous Office action. In the petition decision, it was noted that a proper request for continued examination (RCE) had been filed by Applicant on July 3, 2003.
- (4) On July 15, 2004, an amendment, response, two-month extension of time and IDS was filed by Applicant.
- (5) On October 25, 2004, a Final Office action, treating all pending claims, was mailed.

- (6) On January 25, 2005, a response was filed including: an amendment after Final rejection under 37 CFR 1.116; I.D.S.; as well as a request for reconsideration and request to withdraw the Finality of the October 25, 2004 Office action.
- (7) On February 14, 2005, an Advisory Action was mailed, indicating that the proposed amendment(s) would not be entered as they raised new issues that would require further consideration and/or search. The action also indicated that all references cited had been considered on attached (or previously provided) form(s) PTO-1449, with the exception of the reference to Kelly (WO 99/08188).
- (8) On April 8, 2005, a Petition under 37 CFR 1.181 requesting the Commissioner to invoke his supervisory authority and withdraw the finality of the Final Office action mailed October 25, 2004, to enter the amendment under 37 C.F.R. 1.116 and to consider the reference(s) cited on form 1449 was filed.
- (9) On April 14, 2005, a response, exhibit, an amendment, a three month extension of time, and copy of IDS (previously filed) was filed.
- (10) On April 18, 2005, a request to withdraw the Finality, duplicate copy of response and amendment, and IDS was filed.
- (11) On April 28, 2005, a Notice of Appeal, response and (apparently different) amendment under 37 CFR 1.116 was filed.
- (12) On June 7, 2005, an Advisory Action treating proposed amendments filed April 14, 18 & 28, 2005 was mailed, indicating that the proposed amendment(s) would not be entered as they raise new issues that would require further consideration and/or search. The action also included a copy of non-considered PTO-1449. The Advisory Action also recognized that the submission of April 8, 2005 was in fact a petition to withdraw the finality of the action mailed October 25, 2004, and forwarded such submission to the appropriate deciding officials.
- (13) On June 14, 2005, in response to the Advisory Action, a supplemental petition (to the original petition filed April 8, 2005) was filed.
- (14) On June 17, 2005, an additional supplemental petition was filed. Petitioner acknowledges that all references cited have been considered by the Examiner with the exception of Kelly (WO 99/08188) noted above.

RELIEF REQUESTED

The instant petition filed under 37 CFR 1.181 requests the following relief: A) withdrawal of the finality of the October 25, 2004 office action as prosecution was alleged to have been prematurely closed; B) entry of the amendment filed April 14, 2005 under 37 CFR 1.116 (duplicate copy filed April 18, 2005); and C) Examiner consideration of the reference to Kelly (WO 99/08188) filed in an IDS (PTO form 1449) on July 15, 2004.

REQUIREMENTS

A petition under 37 CFR §1.181 must include: (1) a statement of facts involved and (2) the point or points to be reviewed and the action requested. Note, the mere filing of a petition will not stay any period for reply that may be running against the application, nor act as a stay of other proceedings. In addition § 1.181(f) sets forth: any petition under this part not filed within two months of the mailing date of the action or notice from which relief is requested may be dismissed as untimely. Further, when a petition is taken from an action or requirement of an examiner in the ex parte prosecution of an application, ... it may be required that there have been a proper request for reconsideration (37 CFR §1.111) and a repeated action by the examiner.

The petition initially filed on April 8, 2005 (and supplemented on June 14 & 17, 2005) includes elements (1) and (2) above. The petition was filed within two months of the action (Advisory Action, mailed February 14, 2005) from which the relief is requested i.e. the Examiner maintaining his position in response to the request for reconsideration (of the propriety of the final rejection of October 25, 2004).

OPINION

A) The request for Withdrawal of the Finality of the Office action mailed October 25, 2004 will be addressed first.

Petitioner presents the following arguments in support of the position that the Final rejection was premature:

In consideration of unamended claim 87, does the Final Office action of October 25, 2004 support closing of prosecution, i.e. no new grounds of rejection, see *In re Kronig* and *In re Wiechart*.

Does the Final Office action of October 25, 2004 timely comply with 37 CFR §1.113 for final rejection of unamended claim 22, i.e. no new grounds of rejection.

Under the definition for "new grounds of rejection" by the Federal Circuit and Board definitions, the new grounds of rejection of claims 104* and 87 were not necessitated by amendment.

In addition, Petitioner argues that since a reference, submitted on form PTO-1449 has not been considered, (i.e. WO 99/08188 to Kelly), "present procedures" for examination of the application were not completed and therefore closing of prosecution is premature.

ANALYSIS

The relevant section of the MPEP concerning finality of Office practice is MPEP § 706.07. The MPEP does discourage the shifting "from one set of references to another in rejecting in successive actions claims of substantially the same subject matter. However, contrary to Petitioner's assertion, clear issues have been developed. In the language of the MPEP:

*Note, claim 104 was first identified in the request for reconsideration filed on January 25, 2005 and then again in the supplemental petitions of June 14 & June 17, 2005, but not in the original petition filed on April 8, 2005.

While the rules no longer give to an applicant the right to "amend as often as the examiner presents new references or reasons for rejection," present practice does not sanction hasty and ill-considered final rejections. The applicant who is seeking to define his or her invention in claims that will give him or her the patent protection to which he or she is justly entitled should receive the cooperation of the examiner to that end, and not be prematurely cut off in the prosecution of his or her application. *But the applicant who dallies in the prosecution of his or her application, resorting to technical or other obvious subterfuges in order to keep the application pending before the primary examiner, can no longer find a refuge in the rules to ward off a final rejection.*

The examiner should never lose sight of the fact that in every case the applicant is entitled to a full and fair hearing, and that a clear issue between applicant and examiner should be developed, if possible, before appeal. However, it is to the interest of the applicants as a class as well as to that of the public that prosecution of an application be confined to as few actions as is consistent with a thorough consideration of its merits.

Neither the statutes nor the Rules of Practice confer any right on an applicant to an extended prosecution; Ex parte Hoogendam, 1939 C.D. 3, 499 O.G.3, 40 USPQ 389 (Comm'r Pat. 1939).

In making the final rejection, all outstanding grounds of rejection of record should be carefully reviewed, and any such grounds relied on in the final rejection should be reiterated. They must also be clearly developed to such an extent that applicant may readily judge the advisability of an appeal unless a single previous Office action contains a complete statement supporting the rejection.

However, *where a single previous Office action contains a complete statement of a ground of rejection, the final rejection may refer to such a statement and also should include a rebuttal of any arguments raised in the applicant's reply.* If appeal is taken in such a case, the examiner's answer should contain a complete statement of the examiner's position.

Finally, as set forth in MPEP 706.07(a):

Under present practice, second or any subsequent actions on the merits shall be final, except where the examiner introduces a new ground of rejection that is neither necessitated by applicant's amendment of the claims nor based on information submitted in an information disclosure statement filed during the period set forth in 37 CFR 1.97(c) with the fee set forth in 37 CFR 1.17(p). (emphasis added)

It is noted that numerous communications after Final rejection have been filed in the instant application, including some apparent duplicate or refiled communications restating issues that had been previously presented by Applicant. Such numerous filings confuse the prosecution history of the instant application.

With respect to the petition at hand, in the instant application, with respect to claims 22, 87 and 104, a comparison of the Non-Final Office action of February 11, 2004 with the Final Office action of October 25, 2004 reveals that the Examiner maintained the same statutory basis of rejection for each of claims 22, 87 and 104. That is, claim 104 was rejected in both actions under 35 USC 102(e) as being clearly anticipated by Goetz et al. (US 5,854,913) and claims 22 and 87 were each rejected in both actions under 35 USC 103(a) as being obvious over Goetz et al. (US 5,854,913) in view of Brender et al. (US 5,339,422) and Murphy et al. (US 5,764,947).

First, Petitioner should be advised that there is no requirement that an element for element or limitation for limitation identification (between the claims and reference(s) be provided to applicant in the grounds of rejection set forth in the examination process, particularly in a rejection wherein the identification of the claimed limitations are readily apparent. Second, upon careful reading of both the Non-Final Office action of February 11, 2004 and the Final Office action of October 25, 2004, it is apparent that the Examiner has fully developed a position on the above identified claims in these Office actions. Further, the position taken by the Examiner has been presented to Applicant in multiple Office communications including the Final rejection. Specifically, with respect to each of claims 104, 22, 87, the Examiner's rejection of these claims is identified clearly in the Non-Final Office action at paragraphs 10 and 46, respectively. In applicant's response filed July 15, 2004, in which these claims were not amended but separately argued that the applied references do not teach a feature of the claim(s), the Examiner responded directly (in the Final rejection of October 25, 2005) to Applicant's arguments by pointing out where the argued feature was taught.

Contrary to the citations of case law presented by Petitioner, it cannot be seen how further clarifying ones position and responding directly to limitations identified as "not taught by the cited art" could be construed to be "a new line of reasoning" (*In re Kronig*) or "relying on a new portion of a reference" (*In re Wiechert*). The rejections presented and explanations provided by the Examiner are not read in a vacuum, but rather with an understanding and knowledge of one having "ordinary skill in the art" (MPEP 2106).

The Examiner clearly identifies the specific elements in the applied art which are being relied upon to meet the claim limitations. Furthermore, Applicant's response to the rejections and the arguments presented in this petition delineate issues which have been clearly developed between the Examiner and Applicant. The Examiner has explained his position in detail in the Non-Final action. Applicant has traversed and the Examiner has correspondingly responded to each traversal in a timely manner, addressing all points raised by Applicant in even greater detail in the Final Office action. Differences of opinion are not unexpected in regular examination processes. It is apparent that these issues are now ripe for appeal.

The Examiner's holding of Finality with respect to the rejections of record in the Final Office action mailed October 25, 2004 is correct and in accordance with Office policy and practice. Accordingly the petition to withdraw the finality is **DISMISSED**.

Thus, Petitioner's assertion that "because present practice was not observed in the Office action of October 2004, MPEP § 706.07(a) does not authorize closure of prosecution", finds no merit since MPEP § 706.07(a), as it relates to 37 CFR § 1.97, is based upon the introduction of an improper "new grounds of rejection". Since no "new grounds of rejection" is present in the Final Office action (as discussed above), and since consideration of a reference cited in an information disclosure statement is not a controlling factor as to whether an Office action can or cannot be made final, closing of prosecution in the Final Office action of October 25, 2004 is deemed to be proper.

B) The propriety of the Examiner's refusal to enter the amendment after final will now be addressed.

In the response filed April 14, 2005, Applicant indicates that since the finality of the Office action of October 25, 2004 was premature, that "the amendments proposed here may be entered as a matter of right. Even if finality is maintained, these amendments are entitled to entry under Rule 116".

The relevant section of the MPEP concerning entry of amendments after final rejection is MPEP § 714.13 which states:

ENTRY NOT A MATTER OF RIGHT

It should be kept in mind that applicant cannot, as a matter of right, amend any finally rejected claims, add new claims after a final rejection (see 37 CFR 1.116) or reinstate previously canceled claims. Except where an amendment merely cancels claims, adopts examiner suggestions, removes issues for appeal, or in some other way requires only a cursory review by the examiner, compliance with the requirement of a showing under 37 CFR 1.116(c) is expected in all amendments after final rejection.

Newly amended claim 63, as proposed, is not equivalent to a previously presented claim, but rather it presents a combination of limitations not previously presented. This change in scope of the claim limitations requires more than a cursory review, as indicated in the Advisory Action mailed June 7, 2005. In addition, it is noted that the proposed amendment of April 14, 2005 presents additional claims (proposed claims 134 & 135) without canceling a corresponding number of finally rejected claims.

Therefore, the Examiner's refusal to enter the proposed amendment filed in Paper No. 14 is correct and consistent with Office policy and practice. Accordingly, the petition to compel the examiner to enter the amendment is **DISMISSED**.

C) The propriety of the Examiner's refusal to consider the reference cited in the IDS, filed on July 15, 2004 will now be addressed.

The relevant section of the MPEP concerning consideration of references filed is found in MPEP § 609 and 37 CFR §§ 1.97, 1.98:

37 CFR 1.97. Filing of information disclosure statement.

(c) An information disclosure statement shall be considered by the Office if filed after the period specified in paragraph (b) of this section, provided that the information disclosure statement is filed before the mailing date of any of a final action under § 1.113, a notice of allowance under § 1.311, or an action that otherwise closes prosecution in the application, and it is accompanied by one of:

- (1) The statement specified in paragraph (e) of this section; or
- (2) The fee set forth in § 1.17(p).

37 CFR 1.98. Content of information disclosure statement.

(d) A copy of any patent, publication, pending U.S. application or other information, as specified in paragraph (a) of this section, listed in an information disclosure statement is required to be provided, even if the patent, publication, pending U.S. application or other information was previously submitted to, or cited by, the Office in an earlier application, unless:

- (1) The earlier application is properly identified in the information disclosure statement and is relied on for an earlier effective filing date under 35 U.S.C. 120; and
- (2) The information disclosure statement submitted in the earlier application complies with paragraphs (a) through (c) of this section.

A review of the file history indicates that the IDS filed July 15, 2004, which lists the Kelly WO 99/08188 reference, includes a fee payment of \$180.00 received by check on July 16, 2004 as per 37 CFR 1.97(c)(2). Further, a copy of the Kelly reference is found in the earlier filed US application SN 09/239,194 to which the instant application directly relies upon for an earlier effective filing date under 35 U.S.C. § 120 (instant application is a continuation-in-part of the earlier application, as referenced on page 1 line 5 of the instant specification). Since the Kelly reference was properly cited and considered in the earlier application, it is found to comply with 37 CFR 1.98(d)(1)(2) and thus entitled to consideration in the instant application.

Since present Office practice with respect to consideration of references properly cited was not followed, accordingly, the petition to compel the Examiner to consider the reference is **GRANTED**.

CONCLUSION

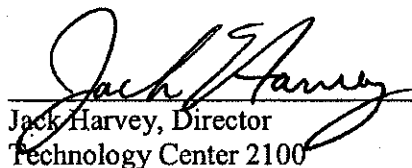
For the above stated reasons, the petition to withdraw the finality of the final Office action of October 25, 2004 is **DISMISSED**.

For the above stated reasons, the petition to enter the amendment filed after final rejection under 37 CFR §1.116 is **DISMISSED**.

The petition for Examiner consideration of the reference to Kelly (WO 99/08188) is **GRANTED**. The Examiner is directed to consider the reference as cited on form PTO-1449 filed on July 15, 2004 (note, copy present in related application SN 09/239,194).

The application is being forwarded to the examiner for consideration of the reference to Kelly (WO 99/08188). Appellant is reminded that the Brief must be filed within the period set forth in 37 CFR 1.192(a), or any extension thereof (37 CFR 1.191(d)), to avoid dismissal of the appeal.

Any inquiries related to this decision may be directed to Specials Program Examiner Brian Johnson at (571) 272-3595.


Jack Harvey, Director
Technology Center 2100

Computer Architecture, Software, and Information Security