

# An Unappealing Proposal: Another PTO Effort To Hamstring Applicants



BY JOSEPH M. BUTSCHER  
OF MCANDREWS, HELD &  
MALLOY, LTD.

*Joseph M. Butscher is a partner at McAndrews, Held & Malloy, Ltd. His practice involves counseling and assisting clients in a wide variety of intellectual property matters including prosecution of patents before the PTO, noninfringement/invalidity opinions, patent interferences, product clearances, IP due diligence and enforcement of intellectual property through licensing and litigation. Joe can be reached at (312) 775-8211 or by email at [jbutscher@mcandrews-ip.com](mailto:jbutscher@mcandrews-ip.com).*

**T**he United States Supreme Court has subjected U.S. patents to an unrelenting attack over the last year. From *eBay* to *MedImmune* and *KSR*, the Court seems determined to weaken patent rights. Not to be outdone, the United States Patent and Trademark Office (the “PTO”) proposed rules that arbitrarily limit the number of continuations and requests for continued examination (“RCEs”) that an Applicant may file. As discussed below, the PTO’s proposed rules governing appeal briefs are yet another example of this disturbing trend.

## CURRENT RULES GOVERNING APPEAL BRIEFS

The PTO’s administration of the current rules governing appeal briefs seems to be intended to frustrate Applicants and make appeals more difficult and burdensome than necessary. Currently, each appeal brief requires the following sections:

- Real party in interest;<sup>1</sup>
- Related appeals and interferences;<sup>2</sup>
- Status of claims;<sup>3</sup>
- Status of amendments;<sup>4</sup>

- Summary of claimed subject matter;<sup>5</sup>
- Grounds of rejection to be reviewed on appeal;<sup>6</sup>
- Argument;<sup>7</sup>
- Claims appendix;<sup>8</sup>
- Evidence appendix;<sup>9</sup> and
- Related proceedings appendix.<sup>10</sup>

Most patent practitioners who have filed appeal briefs within the past few years probably have received a “Notification of Non-Compliant Appeal Brief” at some point. In general, the PTO requires an Applicant to file a revised appeal brief for a host of different reasons that often seem overly stringent or even nit-picky. For example, a Notification is sent if the originally filed appeal brief does not explicitly indicate that a previously canceled claim is “canceled” (despite the fact that the brief does not list that claim as one being appealed), or if the subheadings of 37 C.F.R. § 41.37(c)(1)(i) – (c)(1)(x) are not listed verbatim in the brief.

On a more substantive level, at least some Applicants have been forced to “map the claims,” even through such a requirement is not found within the rules. Many briefs are returned because of a failure to properly comply with 37 C.F.R. § 41.37(c)(1)(i)(v), which relates to the summary of claimed subject matter. This section requires the following:

A concise explanation of the subject matter defined in each of the independent claims involved in the appeal, which shall refer to the specification by page and line number, and to the drawing, if any, by reference characters. For each independent claim involved in the appeal and for each dependent claim argued separately under the provisions of paragraph (c)(1)(vii) of this section, every means plus function and step plus function as permitted by 35 U.S.C. 112, sixth paragraph, must be identified and the structure, material or acts described in the specification as corresponding to each claimed

function must be set forth with reference to the specification by page and line number, and to the drawing, if any, by reference characters.

Therefore, as long as the claims are not in means or step plus function format, the rule states that an Applicant need only provide a “concise explanation of the subject matter defined in each of the independent claims involved in the appeal, which shall refer to the specification by page and line number, and to the drawing, if any, by reference characters.” Some at the PTO interpret this requirement to mean that the Applicant must “map” the claims. Indeed, some Notifications even state that the Applicant did not properly “map the claims,” despite the fact that this terminology is nowhere to be found in the rule.

While at least some of the current rules and procedures governing appeal briefs may be viewed by some practitioners as unnecessary, inefficient or even ridiculous, the *proposed* rules for appeal briefs will substantially increase the burdens and costs imposed on Applicants. If codified, the proposed rules will cause many Applicants to forego appeals altogether, and this appears to be the PTO’s primary motivation in attempting to promulgate them.

## PROPOSED RULES GOVERNING APPEAL BRIEFS

The *proposed* rules are designed to require an appeal brief to resemble a Federal Circuit brief.

In some instances, the rules propose to adopt practices similar to those of the Court of Appeals for the Federal Circuit. For example, an appendix would be required, page limits would be set, and a table of contents and a table of authorities would be required in briefs.<sup>11</sup>

In particular, an appeal brief under the proposed rules would require the following:

- (1) Statement of the real party in interest,
- (2) statement of related cases,
- (3) jurisdictional statement,
- (4) table of contents,
- (5) table of authorities,
- (6) status of claims,
- (7) status of amendments,
- (8) rejections to be reviewed,
- (9) statement of facts,
- (10) argument, and
- (11) an appendix containing (a) claims section, (b) claim support section, (c) drawing analysis section, (d) means or step plus function analysis

section, (e) evidence section, and (f) related case section.<sup>12</sup>

The most burdensome proposed additions seem to be the statement of facts and the claim support and drawing analysis sections of the appendix.

Proposed Bd.R. 41.37(n) would require an Applicant to “set out in an objective and non-argumentative manner the material facts relevant to the rejections on appeal, preferably in numbered paragraphs.”<sup>13</sup> Each statement of fact “should be set out in short declarative sentences, and each sentence should address a single fact.”<sup>14</sup> Unfortunately for Applicants, the proposed rule to add a rigidly formatted statement of facts will surely increase the costs and time to prepare the appeal brief. Applicants will be driven to provide an extensive number of facts, for fear of being criticized by the Board for omitting a fact that the Board considers essential to the appeal.

Next, the claim support section would consist of an “annotated copy of the claim indicating in bold face between braces ({} ) after each limitation where, by page and line numbers, the limitation is described in the application as filed.”<sup>15</sup>

A significant objective of the “claim support section” would be to provide the examiner and the Board with the appellant’s perspective on where language of the claims (including specific words used in the claims, but not in the specification) finds support in the specification. Finding support for language in the claims can help the examiner and the Board construe claimed terminology and limitations when applying the prior art. The claim support section of the appendix would help the Board to interpret the scope of claims, or the meaning of words in a claim, before applying the prior art.<sup>16</sup>

Additionally, the drawing analysis section “would consist of an annotated copy of the claim [sic] in numerical sequence, indicating in bold face between braces ({} ) after each limitation where, by reference or sequence residue number, each limitation is shown in the drawing or sequence.”<sup>17</sup> The proposed rules state that such a drawing analysis “has proven useful to the Board in understanding claimed inventions described in applications and patents involved in an interference,” and therefore

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“is expected to be equally useful in ex parte appeals.”<sup>18</sup>

Together, the claim support and drawing analysis sections effectively force an Applicant into a claim construction analysis in all appealed cases, even when the Examiner and Applicant do not dispute the meaning of the claims. The PTO seems to seek opportunities to import the specification into the claims by requiring the Applicant to specifically point out where in the specification and drawings the claims are supported. While it is true that similar papers are filed during contested case proceedings before the Trial Division of the Board of Patent Appeals and Interferences, there is a key difference between appeals and contested cases: prosecution appeals are *ex parte* proceedings, but not adversarial contested cases, such as an interference. In contrast to ex parte appeals, adverse parties in a contested case frequently dispute claim construction.

Clearly, organizing and drafting the claim support and drawing analysis sections will further increase the burdens and costs for an Applicant. Moreover, if the application eventually issues as a patent, these proposed additions provide a detailed

claim analysis for prospective defendants to review before and during even the earliest stages of litigation. Defendants will assert that the PTO believed the claims were limited to the embodiments in the claim support and drawing analysis sections.

Overall, as noted above, the proposed rules regarding appeal briefs, including new sections and procedures not analyzed above, will substantially increase the time and costs to prepare appeal briefs. They also may pose numerous litigation pitfalls. Consequently, many Applicants will choose not to file appeals.

## REASONS WHY THE PTO IS PROPOSING THE NEW RULES

As noted above, the PTO suggests that these new rules are necessary to assist the Examiner and the Board during an appeal. That certainly *may* be one of the reasons for the proposed rules. Perhaps, however, the PTO has another reason that it is not so willing to explicitly articulate.

For example, the PTO states the following:

The changes are needed to permit the Board to handle an increasing number of ex parte appeals in a **timely** manner.

\* \* \*

The Board is currently experiencing a large increase in the number of ex parte appeals.

\* \* \*

These rules are proposed to change procedures in such a way as to allow the Board to **continue** to resolve ex parte appeals in a **timely** manner.<sup>19</sup>

As a side note, there are many who question if and when the Board *started* resolving ex parte appeals in a *timely* manner.

Putting aside the issue of timing, in addition to the oppressive backlog of applications that the PTO frequently bemoans, there now seems to be a substantial backlog of ex parte appeals. Simply making the appeal process more difficult, cumbersome and costly to Applicants will not dispose of the currently pending appeals. But cutting off or substantially restricting the source of appeals will allow the PTO to dispose of those already in the queue without more being added. That is, if the appeals process intimidates Applicants because of increased burdens and costs, some Applicants will likely forego appeals, thereby making life easier at the PTO.

Note also that the proposed appeal rules coincide with the proposed rules to arbitrarily limit the number of continuations and requests for continued examination (RCEs) that an Applicant may file. As of the date of this article, the latter rule is in a state of limbo due to a preliminary injunction. The judge in that case is currently pondering the next step.

Nevertheless, the PTO undoubtedly foresees that if Applicants are limited to only two continuations and one RCE, many will surely file appeals to preserve the precious amount of available continuations and RCEs that the PTO capriciously authorizes. The PTO will be inundated with appeals as a direct consequence. The proposed appeal rules will act as a brake on the incoming stream of appeals. As such, the proposed continuation/RCE rules and the proposed appeal rules are intended to work together, like a sledgehammer and an anvil, to “fix” the backlog of patent applications by essentially curtailing the number of applications and appeals filed. Unfortunately, the PTO’s customers will be caught between the sledgehammer and anvil.

The PTO also appears to offer a slightly more shrewd way of discouraging Applicants from filing appeals. Recently, the PTO published a “self-congratulatory blurb on

the PTO web site representing that ‘patent examiner decisions were upheld 69% of the time’ by the Board in the past fiscal year.”<sup>20</sup> This statistic is, however, somewhat misleading.<sup>21</sup> Nevertheless, the PTO seems to be signaling to Applicants that if an appeal is filed, chances are the Board will stand by the Examiner. In other words, as far as the PTO is concerned, the customer is usually wrong. In general, there seems to be little doubt that the PTO is making a concerted effort to curb the filing of new appeals in order to reduce the current backlog.

Yet one wonders why appeals are being filed at an increased rate, thereby causing a backlog. The PTO seems all too willing to shift the blame on to the Applicants for filing too many appeals (and applications). Maybe, however, the PTO’s woes are at least partially self-induced. Does the increasing rate of ex parte appeals exist because a large percentage of Applicants stubbornly refuse to compromise in even the most modest fashion and amend claims to procure allowable subject matter? Or do these problems exist because a growing number of examiners refuse to allow seemingly allowable claims or are unwilling to compromise and find allowable subject matter through claim amendments? If the latter, why have these examiners recently become more obstinate than in the past? Is it because they have been directed to take a tougher stand against allowing applications due to bad press caused by recent anti-patent demagoguery? Officials at the PTO most likely have a better understanding as to the actual reasons for the recent influx of ex parte appeals.

## CONCLUSION

The frequency of appeals would certainly diminish if examiners relented and indicated that at least some claims define allowable subject matter. Further, the decision-making process would most likely be quicker and more efficient if the Board acted as a neutral arbiter instead of as the “highest level of Examining Corps”<sup>22</sup> that seemingly endeavors to buttress and bolster the Examiner’s position. One assumes, and the Board should be confident, that the Examiner thoroughly analyzed the prior art and put forth the best case possible based on that art. As such, the Board should simply review and assess the Applicant’s position in relation to the Examiner’s, based on the materials filed, and issue a decision based on the more persuasive case. If the

Board needs a point or two clarified, there is no reason the Board cannot contact the Applicant to clear up any confusion. If, however, the PTO lacks confidence that Examiners thoroughly analyze the prior art and put their best cases forward, then the PTO should reconsider its examination procedures and/or hiring policies.

The PTO assuredly realizes that Applicants cannot solely be at fault for its alleged examination woes. Despite the recent backlash against patent rights, the PTO should determine and acknowledge the real reasons why there is a backlog of applications and an increasing number of appeals. These reasons should then guide the PTO before it implements any hastily-crafted, ham-handed new rules that strategically and economically hamstring Applicants with respect to determining whether to appeal. Considering that the PTO now seems to relish the notion that the customer is usually, or at least often, wrong, however, this plea will most likely fall upon deaf ears. **(IPT)**

## ENDNOTES

1. Bd.R. § 41.37(c)(1)(i)
2. Bd.R. § 41.37(c)(1)(ii)
3. Bd.R. § 41.37(c)(1)(iii)
4. Bd.R. § 41.37(c)(1)(iv)
5. Bd.R. § 41.37(c)(1)(v)
6. Bd.R. § 41.37(c)(1)(vi)
7. Bd.R. § 41.37(c)(1)(vii)
8. Bd.R. § 41.37(c)(1)(viii)
9. Bd.R. § 41.37(c)(1)(ix)
10. Bd.R. § 41.37(c)(1)(x)
11. Rules of Practice Before the Board of Patent Appeals and Interferences in Ex Parte Appeals, 72 Fed. Reg. 41,472 (2007)
12. Id. at 41,474.
13. Id. at 41,475.
14. Id.
15. Id. at 41,477-78.
16. Id. at 41,478.
17. Id.
18. Id.
19. Id. at 41,472 (emphasis added).
20. John L. Rogitz, Board Appeal Statistics Refined, 15 Intellectual Property Today 41 (February, 2008).
21. See id.
22. See In re Alappat, 33 F.3d 1526, 1545, 31 USPQ2d 1545 (Fed. Cir. 1994) (“[T]he Board is merely the highest level of the Examining Corps, and like all other members of the Examining Corps, the Board operates subject to the Commissioner’s overall ultimate authority and responsibility.”)