

## **New patent appeal rules draw fire**

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Patent lawyers are criticizing the U.S. Patent and Trademark Office's new rules for appeals and are insisting that the changes make appeals more costly and cumbersome.

Critics also charge that the new rules impose vague sanctions standards that give the office's appeals board too much power.

The new rules governing *ex parte* appeals before the USPTO's Board of Patent Appeals and Interferences (BPAI) were published on June 10 and are effective on Dec. 10. During the proposal stage, more than four dozen individual lawyers and inventors, law firms and companies filed comments, including many stinging rebukes.

Lawyers and industry leaders are panning the new rules for what they claim are nebulous sanctions language and a hyper-technical focus on form over substance that will raise the cost of appealing patent office decisions.

The USPTO maintains that the new rules inject uniformity to the system and restrict when examiners can raise new grounds for rejection.

A federal court struck down the USPTO's last batch of controversial rules.

A lawsuit challenged rules — originally slated to kick in last November — restricting the number of patent claims on patent applications in most instances. It also restricted the number of continuing patent applications, or subsequent applications for the same invention.

'Wrong-headed' approach

The final rules for appeals is "a cynical attempt of the patent office to make it more difficult to get review of examiners' actions," said James J. Mullen, an intellectual property lawyer and counsel to the San Diego office of Morrison & Foerster.

"This effort is wrongheaded," Mullen said. "It doesn't go to addressing the problems [with the patenting process]. It makes more problems than it solves."

Mullen estimated that it would take at least one-third more time to meet the new appeals requirements. The additional costs could also stifle innovation by increasing the cost of patenting for smaller companies that can least afford it, he said.

Michael Fleming, the chief administrative patent judge for the BPAI, said the rules are based on best practices of other tribunals, particularly the International Trade Commission, the U.S. Court of Appeals for the Federal Circuit and the U.S. Court of Customs and Patent Appeals.

Fleming also said the current rule "didn't do a good job of explaining what the brief had to be."

Big type, little room

The rules will also level the playing field by standardizing requirements, and will hopefully cut the number of briefs declared defective by individual examiners, Fleming said.

"It lays out what we want, but it's a lot less burdensome than what some of the examiners were requiring under the rules," Fleming said.

None of the new provisions is a "showstopper," but the cumulative effect of the "formalistic requirements" is to boost burdens on the user community, said Michael Kirk, executive director of the American Intellectual Property Law Association in Arlington, Va.

Kirk has submitted comments during the proposal stage and he has spoken with association members on the front lines since the rules were published.

"The clients in the inventor community will pay more money for appeals, and question really is: Is this burden necessary?" Kirk said. "Most of the user community would say not."

Lawyers object to the comprehensive nature of the new appeal brief mandates, such as one requiring a statement of facts outlining all facts that are material to the rejections. The demand for greater detail conflicts with a 30-page limit for the substantive portions of the brief and the 14-point type-size requirement, attorneys say.

The need to exhaustively catalog facts takes away from the space left for arguments in the brief, said Jim Butler, senior director of patents at San Diego's Amylin Pharmaceuticals Inc., which makes injectable diabetes drugs. Butler's company handles most of its U.S. patenting and appeals in-house.

"If you neglect to put in a fact, you won't be able to use it in a hearing," Butler said. "It does create a potential trap for the appellant if they don't get in all their facts up front."

Microrebuttals

Another requirement, which calls for appellants to rebut each point it disagrees with that is made by the examiner who rejected the patent, is far too burdensome, said Pamela Banner Krupka, who chairs the American Bar Association's Section of Intellectual Property Law and practices at the Krupka Law Group in Los Angeles.

"We think we shouldn't force the appellant to show why the examiner was wrong; it's the burden of the office to make their case," Krupka said. Fleming said the rule helps appellants by requiring examiners to explain rejections earlier in the process.

The rule also bars examiners from raising new grounds for rejection in an answer to an appeal brief, and from filing a supplemental examiner answer.

"It forces an examiner to make clear their rejection in the first action or final action," Fleming said.

The rule's sanctions language is another hot button for patent attorneys.

The sanctions provisions are "poorly conceived and seriously flawed" because they don't define misconduct beyond generic prohibitions of such actions as making a "misleading or frivolous" argument or request for relief, said Allen Hoover, a Chicago-based attorney at intellectual property firm Banner & Witcoff.

Using "dilatory tactics" could also invite sanctions, but it's unclear what constitutes such tactics, Hoover said.

"I think a body of law will have to develop under [the new] misconduct rule," Hoover said. "I don't know what actions I take would be deemed misconduct," he added.

Hoover also noted that attorneys and patent agents are already governed by ethical rules in every state and the patent office's ethical rules.

Steve Moore, a Stamford, Conn.-based partner at New York's Kelley Drye & Warren, is also troubled by the rules' vague language on sanctions in light of the power it extends the patent office.

"You [could] lose the right to get a patent," Moore said. "It opens a major, major door to the patent office. When you leave it loosey-goosey about what's going to be misconduct, people get afraid."

Fleming said the board has "always employed sanctions," but the rules make it clear that the chief administrative patent judge or an expanded panel can administer them.

He also emphasized that the board would use great restraint when imposing sanctions, and would publish an opinion to explain why it was necessary.

"It's not our intent to intimidate," Fleming said.

"Our intent was to make clear what our inherent authority is and to put restraints on it. This really is going to be monitored closely by [me]," he added.