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By Email InformationCollection@uspto.gov (Subject line: “0651-00xx Matters Related to Patent Appeals comment”)

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Cc: U.S. Patent and Trademark Office, Mail Stop USPTO Contact Center (UCC) ATTN: Data Quality, by email to usptoinfo@uspto.gov and John Owens, Chief Information Officer, John.Owens@uspto.gov, Subject Line: “Data Quality”, attn: request for correction under the PTO’s Information Quality Guidelines, in § III starting at page 15

Cc: Bernard Knight, General Counsel, Bernard.Knight@uspto.gov, attn: problematic legal compliance noted in §§ III and IV starting at page 15—a particularly simple and telling issue is discussed at § III.C at page 22

Re: Request for Comments on Information Collection Request, Matters Related to Patent Appeals, 77 Fed. Reg. 269 (Jan. 4, 2012)¹

Dear Ms. Fawcett:

I write on behalf of several patent attorneys who contributed to this letter. We take this opportunity to comment on the proposed information collection relating to patent appeals published in the Federal Register on January 4, 2012.

This letter is also a request for correction under the PTO’s Information Quality Guidelines, addressing violations of transparency and reproducibility described in § III, below.

¹ <http://www.gpo.gov/fdsys/pkg/FR-2012-01-04/pdf/2011-33726.pdf>

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I. Ways to enhance the quality, utility, and clarity of the information to be collected

The United States Supreme Court notes that under the Paperwork Reduction Act, “Agencies are ... required to minimize the burden on the public to the extent practicable,”² and may not regulate solely for their own convenience. This is not only a requirement of law, it’s simple equity: as the PTO’s own statistics show, when all layers of appeal are considered in combination, the Board only ends up affirming 15% to 20% of all appealed rejections.³ The PTO’s own slides on this program state that “Over half of the appeal conferences result in

² *Dole v. United Steelworkers of America*, 494 U.S. 26, 32 (1990), citing 44 U.S.C. § 3507(a)(1)..

³ For example, nearly 80% of appeals are successful just at the Pre-Appeal and Appeal Brief stage. See, e.g., Ron D. Katznelson. Comments submitted to OMB and PTO under the Paperwork Reduction Act on USPTO appeal rules, ICR No. 200809-0651-003, (November 17, 2008). <http://www.reginfo.gov/public/do/DownloadDocument?documentID=95757&version=1> at Figure 2, page 3 Of the 20% of appeals that reach the Board, the ratio of affirm to reverse has been near equal for several years.

Dr. Katznelson’s conclusions are based on fully-disclosed PTO statistics, footnoted on his figure. In contrast, the PTO fails to disclose any of its data or analysis.

allowance or reopening of prosecution.”⁴ The *overwhelming* majority of all costs in appeal arise from examiner error—for example, Dr. Katznelson in his letter of November 17, 2008, commenting on the August 8, 2008 appeal rules, traced the flow of appeal briefs through the entire system. Dr. Katznelson showed that while about 11,000 appeals were filed, the Board affirmed only 1,113 examiner rejections.⁵

The data make clear that much of the burden for Pre-Appeals (this 0651-00xx) and appeals (0651-0063) arise from examiner error. The PTO should take every opportunity to reform its procedures to reduce this error rate, and to prune bad rejections out of the pipeline.

We offer several suggestions below.

A. Standards for “omissions of one or more essential elements needed for a *prima facie* rejection” of Pre-Appeal requests should be clarified

The PTO could remarkably improve the quality and predictability of examination, reduce RCE’s (0651-0031 and -0032), reduce appeals both in number and in burden per response (0651-0063), and reduce the PTO’s own costs, by

- clarifying the definition of “clear errors” or “omissions of one or more essential elements needed for a *prima facie* rejection” that support reopening or reversal on Pre-Appeal.⁶
- clarifying the definition of “clear issue developed for appeal” in MPEP § 706.07. The definition of “clear issue developed for appeal” most likely tracks the definition of “omission of essential *prima facie* element” of the previous bullet. By making the standards for final rejection clearer, examiners would be incentivized to do their work more completely, earlier in the process, which would avoid the need for many Pre-Appeals, reducing burden.

The checklist of “clear errors” or “omissions of one or more essential elements needed for a *prima facie* rejection” that support reopening or reversal on Pre-Appeal, should include issues such as the following:

⁴ Fries & Polutta, Pre-Appeal slides (footnote 60), slide 6.

⁵ Dr. Ron. D. Katznelson, footnote 3 *supra*, at Figure 3, page 5.

⁶ New Pre-Appeal Brief Conference Pilot Program § 4, 1296 Off. Gaz. 67 (July 12, 2005), <http://www.uspto.gov/web/offices/com/sol/og/2005/week28/patbref.htm> (Pre-Appeal with consider “clear errors in the examiner’s rejections” or “omissions of one or more essential elements needed for a *prima facie* rejection”)

- the examiner must “answer all material traversed”—nothing increases burden during both patent processing (0651-0031) and appeal (0651-0063) more than examiner silence on the issues that an applicant argues
- in prior art rejections, the examiner must give a limitation-by-limitation comparison of the claim to the art⁷
- set forth the findings required the September 2010 *KSR Guidelines Update*⁸
- etc.

An amendment is proposed in Exhibit A to this letter.

Pre-Appeal should be one of the procedural gatekeepers that the PTO uses to detect and remedy improper rejections. The Board benefits, the public benefits, and examination proceeds more efficiently and reaches a correct decision earlier, if all parties know where the “finish line” is. In the late 1970’s, Detroit found that it was far more efficient to slow down its assembly lines and focus on quality from the beginning, rather than to leave defect inspection and quality for the end of the process. The PTO is in much the same position today. The PTO should provide quality criteria for examiner’s actions that must be satisfied at several stages. If examiners are given clear, certain, and enforceable standards for the quality of Office Actions, first Actions will

⁷ *Ex parte Forest*, Appeal No. 2000-1901, <http://des.uspto.gov/Foia/ReterivePdf?system=BPAI&fINm=rm001901> at 4, 2002 WL 33951036 at *2 (BPAI May 30, 2002) reads as follows:

... In any event, for each reference relied on in each rejection, ***the PTO’s policy is for the examiner to compare the rejected claims feature-by-feature or limitation-by limitation with each of the references relied upon in the rejection.*** This comparison should map the language of the claims to the specific page number, column number, line number, drawing number, drawing reference number, and/or quotation from each reference relied upon. ...

... [The initial burden to formulate the details of a *prima facie* case of obviousness] rests solely upon the examiner.

See also Gechter v. Davidson, 116 F.3d 1454, 1460, 43 USPQ2d 1030, 1035 (Fed. Cir. 1997) (“we hold that the Board is required to set forth in its opinions specific findings of fact and conclusions of law adequate to form a basis for our review. In particular, we expect that the Board’s anticipation analysis be conducted on a limitation by limitation basis, with specific fact findings for each contested limitation and satisfactory explanations for such findings.”)

⁸ *Examination Guidelines Update Developments in the Obviousness Inquiry After KSR v. Teleflex*, 75 Fed. Reg. 53643, 53644–45 (Sep. 1, 2010) (“It remains Office policy that appropriate factual findings are required in order to apply the enumerated rationales properly. If a rejection has been made that omits one of the required factual findings, and in response to the rejection a practitioner or inventor points out the omission, Office personnel must either withdraw the rejection, or repeat the rejection including all required factual findings”).

be more complete, examiners will have clearer incentives to do a complete job earlier in the process, disputes will be reduced, and the backlog will fall.

One of the crucial definitions of quality should be the standards of “clear issue developed for appeal” in MPEP § 706.07. This, in turn, will reduce the number of Pre-Appeals, and the number of responses in this ICR 0651-00xx, in 0651-0031 (Patent Processing), and in 0651-0063 (appeals). A proposal is presented in Exhibit A to this letter.

Strikingly, because there are no written, enforced standards for complete Office Actions, many appeals arrive at the Board unready for decision, and the Board remands.⁹ This turns the entire appeal process—one of the most burdensome information collections in the entire patent prosecution process—into a complete waste for both the PTO and the public.

B. Pre-appeal procedure should provide issue-by-issue consideration, with a written explanation, not a single all-or-nothing “X”

Currently, if a Pre-Appeal raises multiple issues, and the panel finds that the examiner has a plausible position on only one, the Appeal conference checks a single box, “Proceed to the Board.” This is much less helpful and efficient than it should be.

We offer three suggestions for ways to enhance the quality and utility of the information to be collected. (a) The Pre-Appeal Decision form should indicate which rejections are maintained and which are withdrawn, on an issue-by-issue basis, (b) The Pre-Appeal Decision form should make clear that pre-appeal of less than all issues is permissible, and (c) the Pre-Appeal Decision form should request that the conference provide a “brief statement of grounds” for any rejection not withdrawn.

⁹ *E.g., Ex parte Braeken*, 54 USPQ2d 1110, 1112–13 (BPAI Dec. 21, 1999); *Ex parte Govindan*, Appeal No. 2001-0758, <http://des.uspto.gov/Foia/ReterivePdf?system=BPAI&fNm=fd010758> at 7, 2002 WL 32334569 at *5 (BPAI Nov. 15, 2002) (unpublished) (*in order for meaningful appellate review to occur, the examiner must present a full and reasoned explanation of the rejection. ... We would further emphasize what should be self-evident: the examiner must present a full and reasoned explanation of the rejection in the statement of the rejection, specifically identifying underlying facts and any supporting evidence, in order for appellants to have a fair and meaningful opportunity to respond.*)

1. The Pre-Appeal Decision form should provide for issue-by-issue decision

The conference should issue decisions on an issue-by-issue basis.

In one possible implementation, the appellant could provide something analogous to a special verdict form, setting out the specific underlying issues on which decision is sought. There would be three columns for indicating decision, “This issue is essential to the rejection, and the examiner omitted findings, reopen” “We agree with appellant, reverse” and “We agree with examiner, proceed to the Board.” For any decision in column 3, the conference must provide an explanation, as noted in § I.B.3 at page 8.

For example, the Pre-Appeal Request form could include a table along these lines:

Issue (provided by appellant)	omitted finding: reopen	examiner reversed	examiner affirmed

2. The documentation for Pre-Appeal procedure should clarify that an appeal-in-part is permissible

The Pre-appeal program documentation should make clear that appellant may pre-appeal some rejections and not others, with the goal of reducing issues on appeal, and should receive a decision on the pre-appealed issues. The PTO represents to the public in its presentations that Pre-Appeal of less than all issues is permissible:¹⁰

¹⁰ Fries & Polutta, Pre-Appeal slides (footnote 60), slide 11.

**What If You Believe That Some
Rejections Are Appropriate for Appeal
But Some Are Not?**

**Request Pre-Brief Appeal Conference
on Selected Rejections**

You may narrow the focus of the conference to
claims you select as having clearly erroneous
rejections.

In practice, where a Pre-Appeal addresses less than all rejections, often the pre-appeal conference apparently summarily checks the “proceed to the Board” box, without indicating the status of the particular rejections involved in the pre-appeal. In discussions with SPEs, several have stated that they operated under the impression that the Pre-Appeal Decision form only requires a single “X,” so if at least one issue is not Pre-Appealed, then the case has to “Proceed to Board” no matter what happens at Pre-Appeal, so the appropriate disposition for the entire Pre-Appeal is “Proceed” without consideration of the issues raised.

The form should be reframed to accurately state PTO policy, that less than all issues may be pre-appealed, and a decision will be rendered.

**3. The rules should clarify that Pre-Appeal decisions must include a
“brief statement of grounds”**

When a pre-appeal is denied, all an appellant receives is a single “X” in a checkbox on a form:

2. **Proceed to Board of Patent Appeals and Interferences** – A Pre-Appeal Brief conference has been held. The application remains under appeal because there is at least one actual issue for appeal. Applicant is required to submit an appeal brief in accordance with 37 CFR 41.37. The time period for filing an appeal brief will be reset to be one month from mailing this decision, or the balance of the two-month time period running from the receipt of the notice of appeal, whichever is greater. Further, the time period for filing of the appeal brief is extendible under 37 CFR 1.136 based upon the mail date of this decision or the receipt date of the notice of appeal, as applicable.

The panel has determined the status of the claim(s) is as follows:
Claim(s) allowed: _____.
Claim(s) objected to: _____.
Claim(s) rejected: _____.
Claim(s) withdrawn from consideration: _____.

This is insufficient to meet the PTO’s legal obligations under several laws, listed below.

Pre-Appeal is one of the natural points in the process to enforce procedural requirements.¹¹ Pre-Appeal procedure should be revised to require that appeal conferences give a “brief statement of grounds” for denying the request, to clarify the issues that are to “proceed to the Board.”

(a) A statement of reasons is required in order to satisfy the Paperwork Reduction Act

The fundamental dispute in a significant fraction of all appeals (the overwhelming majority in the experience of some firms) is that the examiner *stated no position whatsoever* on the issue in dispute. Examples include:

- example, when an examiner gives no limitation-by-limitation comparison between the claim and the prior art
- an assertion of “inherency” with no showing that “a basis in fact and/or technical reasoning to reasonably support the determination that the allegedly inherent characteristic necessarily flows from the teachings of the applied prior art” (MPEP § 2112(IV))
- an assertion of Official notice without “provid[ing] specific factual findings predicated on sound technical and scientific reasoning to support his or her conclusion of common knowledge” (MPEP § 2144.03(B))
- failure to answer all material traversed

Appealing from an examiner’s *silence* is unnecessarily burdensome: under the Board’s practice initiated in *In re Lovin*, 652 F.3d 1349, 99 USPQ2d 1373 (Fed. Cir. 2011), an appellant must guess at all the possible positions an examiner might have had in mind, but did not commit to paper, so that the appeal brief can offer a “substantive” rebuttal to positions that the examiner never stated.

A statement of grounds on all denials of pre-appeal would “enhance the quality, utility, and clarity of the information to be collected” in the appeal brief.

¹¹ Pre-Appeal Memorandum, footnote 57 (“omissions of one or more essential elements needed for a *prima facie* rejection” is a proper ground for pre-appeal).

(b) A statement of reasons is required by the Administrative Procedure Act and the Supreme Court’s *State Farm* criteria for non-arbitrary, non-capricious agency action

The Administrative Procedure Act requires the PTO to give informative written decisions on Pre-Appeal. The operative statute is 5 U.S.C. § 555(e) of the Administrative Procedure Act:

5 U.S.C. § 555 Ancillary matters.

(e) Prompt notice shall be given of the denial in whole or in part of a written application, petition, or other request of an interested person made in connection with any agency proceeding. Except in affirming a prior denial or when the denial is self-explanatory, the notice shall be accompanied by a brief statement of the grounds for denial.¹²

The United States Supreme Court has elaborated on the § 555(e) “statement of grounds” that an agency must give in denying a written request:¹³

[T]he agency must examine the relevant data and articulate a satisfactory explanation for its action including a “rational connection between the facts found and the choice made.” ... In reviewing that explanation, we must “consider whether the decision was based on a consideration of the relevant factors and whether there has been a clear error of judgment.” ... Normally, an agency [action] would be arbitrary and capricious if the agency has relied on factors which Congress has not intended it to consider, entirely failed to consider an important aspect of the problem, offered an explanation for its decision that runs counter to the evidence before the agency, or is so implausible that it could not be ascribed to a difference in view or the product of agency expertise. ...

We have frequently reiterated that an agency must cogently explain why it has exercised its discretion in a given manner, and we reaffirm this principle again today. ...

The agency must explain the evidence which is available, and must offer a “rational connection between the facts found and the choice made.” ...

A one-sentence decision, that a petition was “not adequately supported,” was set aside as arbitrary and capricious in *Tourus Records Inc. v. Drug Enforcement Admin.*, 259 F.3d 731 (D.C. Cir. 2001). *Tourus* gives a tutorial on agency decision-making that may be helpful to the PTO as

¹² “Prior denial would satisfy [the “prior denial”] requirement only where the grounds previously stated remain the actual grounds and sufficiently notify the party. A self-explanatory denial must meet the same test; that is, the request must be in such form that its mere denial fully informs the party of all he would otherwise be entitled to have stated.” *Roelofs v. Secretary of the Air Force*, 628 F.2d 594, 600 n.33 (D.C. Cir. 1980), *quoting* Senate Committee Report, S.Doc.No. 248, 265–68 (1946); See also S.Doc.No. 248, 206 (1946); Attorney General’s Manual on the Administrative Procedure Act 69–70 (1947).

¹³ *Motor Vehicle Mfrs. Ass’n v. State Farm Mutual Auto. Ins. Co.*, 463 U.S. 29, 43, 48, 50 (1983); *see also Burandt v. Dudas*, 528 F.3d 1329, 1332, 87 USPQ2d 1134, 1137 (Fed. Cir. 2008) (in a review of PTO decision, citing *State Farm* for definition of “arbitrary and capricious”).

the PTO seeks to redesign the Pre-Appeal process to conform to the requirements of the law, 259 F.3d at 736–37 (citations and quotations omitted):¹⁴

A “fundamental” requirement of administrative law is that an agency “set forth its reasons” for decision; an agency’s failure to do so constitutes arbitrary and capricious agency action. That fundamental requirement is codified in section 6(d) of the APA, 5 U.S.C. § 555(e). Section 6(d) mandates that whenever an agency denies “a written application, petition, or other request of an interested person made in connection with any agency proceeding,” the agency must provide “a brief statement of the grounds for denial,” unless the denial is “self-explanatory.” This requirement not only ensures the agency’s careful consideration of such requests, but also gives parties the opportunity to apprise the agency of any errors it may have made and, if the agency persists in its decision, facilitates judicial review. Although nothing more than a “brief statement” is necessary, the core requirement is that the agency explain “why it chose to do what it did.”

The DEA’s letter denying [the] petition ... does not meet the APA standard. The letter says nothing other than that the “Affidavit of Indigency you submitted in lieu of a cost bond is not adequately supported.” ... That is not a statement of reasoning, but of conclusion. It does not “articulate a satisfactory explanation” for the agency’s action, because it does not explain “why” the DEA regarded [the] affidavit as unsupported. Nor are the grounds for denying [the] application ... “self-explanatory,” 5 U.S.C. § 555(e), since the [agency stated no rebuttal to the petition’s showings of fact]. The letter thus provides no basis upon which we could conclude that it was the product of reasoned decisionmaking.

A checkbox is not a “statement of grounds” that satisfies the Administrative Procedure Act. In denying a pre-appeal, the Administrative Procedure Act and Patent Act require the PTO to provide:

- An explanation of any fact in dispute

¹⁴ *Tourus Records Inc. v. Drug Enforcement Admin.*, 259 F.3d 731, 736–37 (D.C. Cir. 2001) (citing *State Farm*, citations, quotations, and footnotes omitted); see also *Dr. Pepper/Seven-Up Companies Inc. v. Federal Trade Comm’n*, 991 F.2d 859, 864–65 (D.C. Cir. 1993) (agency’s “conclusory dismissal” that failed to consider key evidence and a key claim was “wholly inadequate” and “leaves too many questions unanswered to qualify as reasoned decisionmaking”); *Moon v. U.S. Dep’t of Labor*, 727 F.2d 1315, 1318 (D.C. Cir. 1984) (“an agency must provide a reasoned explanation for its actions and articulate with some clarity the standards that governed its decision.”); *Arnold v. Sec’y of Health Educ. & Welfare*, 567 F.2d 258, 259 (4th Cir.1977) (“Unless the [ALJ] has analyzed all evidence and has sufficiently explained the weight he has given to obviously probative exhibits, to say that his decision is supported by substantial evidence approaches an abdication of the court’s duty to scrutinize the record as a whole to determine whether the conclusions reached are rational”); cf. *Dunlop v. Bachowski*, 421 U.S. 560, 571 (1975) (“Moreover, a statement of reasons serves purposes other than judicial review. ... [A] ‘reasons’ requirement promotes thought by the Secretary and compels him to cover the relevant points and eschew irrelevancies, and ... the need to assure careful administrative consideration ‘would be relevant even if the Secretary’s decision were unreviewable.’”).

- A complete statement of a limitation-by-limitation comparison of the claim to the prior art, if none was supplied in the last Action¹⁵ (or else an order to reopen so the examiner can complete these tasks in the first instance)
- A statement of a claim construction, and a showing that that construction is reasonable and consistent with the specification, where there is some dispute¹⁶
- A complete statement of the required showings for inherency, Official notice, non-enablement, obviousness, etc., if the last Action omitted such showings
- etc.

A pre-appeal decision does not qualify for the “self-explanatory” exception of § 555(e) unless the examiner’s written decision “fully informs” the applicant of the appeal conference’s basis for decision, that is, that the appeal conference can adopt the examiner’s paper as a complete statement of its views.¹⁷

Likewise, a pre-appeal decision does not qualify for the “affirming a prior denial” exception to § 555(e) unless the appeal conferences grounds are the same as the examiner’s, and the “mere denial fully informs the party of all he would otherwise be entitled to have stated.”¹⁸

An explanation is not only a requirement of law, it will improve the quality of decision making. A majority of all Pre-Appeal decisions affirming the examiner are subsequently reversed when the examiner is forced to carefully consider the issues in a written Examiner’s Answer—in recent years, a majority of Appeal Briefs receive an allowance or reopen, rather than

¹⁵ *Ex parte Forest*, quoted in footnote 7.

¹⁶ *Gechter v. Davidson*, 116 F.3d 1454, 1460, 43 USPQ2d 1030, 1035 (Fed. Cir. 1997) (“Claim construction must also be explicit, at least as to any construction disputed by parties to the interference (or an applicant or patentee in an *ex parte* proceeding).”). Note an important point: correspondence between a claim and the art must be shown limitation-by-limitation, *see Forest*, footnote 7, and *Gechter*, footnote 7, while claim interpretation need only be stated explicitly where there is some dispute. *In re Jung*, 637 F.3d 1356, 1363, 98 USPQ2d 1174, 1178 (Fed. Cir. 2011) (“There has never been a requirement for an examiner to make an on-the-record claim construction of every term in every rejected claim...”)

¹⁷ *Roelofs v. Secretary of the Air Force*, 628 F.2d 594, 600 n.33 (D.C. Cir. 1980) (“Prior denial would satisfy [the ‘prior denial’] requirement only where the grounds previously stated remain the actual grounds and sufficiently notify the party. A self-explanatory denial must meet the same test; that is, the request must be in such form that its mere denial fully informs the party of all he would otherwise be entitled to have stated.”), *quoting* Senate Committee Report, S.Doc.No. 248, 265–68 (1946); See also S.Doc.No. 248, 206 (1946); Attorney General’s Manual on the Administrative Procedure Act 69–70 (1947).

¹⁸ *Roelofs*, 628 F.2d at 600 n.33.

an Examiner's Answer. A requirement for written decisions would improve agency throughput, by getting bad rejections out of the pipeline sooner.

(c) A statement of reasons is required to satisfy Constitutional Due Process

A single "X" violates constitutional due process, because it reflects no "ascertainable standard" for not granting the request. When a government agency has no published standards, and an agency decision does not reflect consideration of any ascertainable standard that was applied, the agency acts unconstitutionally. *Holmes v. New York City Housing Authority*, 398 F.2d 262, 265 (2d Cir. 1968). When public officials "determine eligibility based upon their own unwritten personal standards, ... [with] virtually unfettered discretion, [the procedures are] clearly violative of due process." *White v. Roughton*, 530 F.2d 750, 753-54 (7th Cir. 1976). If any rationale exists for requiring appellants to bear the full burden of an appeal, when the examiner failed to fully articulate a position on essential elements, that rationale should be carefully explained in the PTO's next round of papers.

(d) A statement of reasons would improve PTO efficiency

The act of writing a decision compels more careful thought. Justice Marshal of the Supreme Court noted as follows:¹⁹

It might also be argued that to require a hearing and a statement of reasons is to require a useless act, because a government bent on denying employment to one or more persons will do so regardless of the procedural hurdles that are placed in its path. Perhaps this is so, but a requirement of procedural regularity at least renders arbitrary action more difficult. Moreover, proper procedures will surely eliminate some of the arbitrariness that results, not from malice, but from innocent error. "Experience teaches . . . that the affording of procedural safeguards, which by their nature serve to illuminate the underlying facts, in itself often operates to prevent erroneous decisions on the merits from occurring." *Silver v. New York Stock Exchange*, 373 U. S. 341, 366 (1963). When the government knows it may have to justify its decisions with sound reasons, its conduct is likely to be more cautious, careful, and correct.

As noted in the opening to this letter, the overwhelming majority of all appeals arise out of examiner error. The PTO should institute the simple procedural checks that will detect these

¹⁹ *Board of Regents of State Colleges v. Roth*, 408 US 564, 591-92 (1972) (Marshall, J. dissenting).

errors sooner, and get them out of the pipeline before they create costs for the PTO and burden for the public.

II. Ways to minimize the burden of the collection of information on applicants

A. The PTO can use automated collection techniques to reduce burden, by permitting a Rule 116 Amendment on the same day as the Pre-Appeal Request

The PTO should permit a Rule 116 Amendment to be filed on the same day as a Pre-Appeal, so long as it is filed in an earlier electronic submission.

The Pre-Appeal memorandum states that “No after-final or proposed amendments may accompany the request.” The PTO’s “frequently asked questions page” (FAQ) adds a further requirement,²⁰ “Any amendment pursuant to 37 CFR 1.116 that is filed on the same day as the Pre-Appeal Brief Conference Request, regardless of whether the amendment is filed together with the notice of appeal and request or in a separate submission, will be considered to accompany the request.” The FAQ modifies the rules to require that any Rule 116 Amendment (even one canceling claims) must be filed at least one day before the Pre-Appeal.

The additional requirement created by the FAQ page but not in the initial memorandum, requiring filing on separate days, may have been reasonable in 2005, when almost all filings were made by mail and there was no practical way to sort which of two envelopes was mailed earlier. However, since then, the PTO has implemented a highly-useable electronic filing system. It is now totally unambiguous whether two papers filed on the same day do or do not “accompany” each other, and if they do not “accompany,” which was first.

Organizing workflow to make two separate submissions separated by a day adds about a half hour of burden: “friction” time, shifting from one task to another, to record and review two billing entries, etc. It is significantly less burdensome to do everything “in one go,” rather than to split the task over two days. The PTO should remove the provision from the FAQ page, and permit filing on the same day.

²⁰ http://www.uspto.gov/faq/pre_appealbrief_conf_pilot.jsp, Q11 and answer.

By using automated collection techniques or other forms of information technology, the PTO can ease a restriction and reduce paperwork burden, by permitting consecutive filing on the same day of a Rule 116 Amendment and a Pre-Appeal.

B. The PTO has not considered how existing laws and regulations have created or contributed to the problem it is trying to solve

Executive Order 12,866 requires every agency, for every rulemaking, to “examine whether existing regulations (or other law) have created, or contributed to, the problem that a new regulation is intended to correct and whether those regulations (or other law) should be modified to achieve the intended goal of regulation more effectively.” § 1(b)(2).

A large fraction, perhaps a majority, of all appeals arise because examiners failed to provide written explanations of their rejections. That, in turn, arises because the PTO refuses to enforce its existing procedural rules applicable to examiners. The PTO’s procedural rules, as they exist in writing, would ensure that examiners give full thought to their rejections, and fully communicate their reasoning to applicants. When those rules go unenforced, it’s impossible to identify the point of disagreement, let alone resolve it.

The PTO should use Pre-Appeal as a procedural gatekeeping point, as discussed in § I.A at page 4 of this letter.

III. Comments on accuracy of the agency’s estimate of burden of the proposed collection of information, including assumptions and methodology, and request for correction under the PTO’s *Information Quality Guidelines*

The total disclosure of data, assumptions, and methodology in the Request for Comment Notice consists of statement that the PTO “estimates” certain numbers. The PTO’s total disclosure is these two tables:

Item	Estimated time for response	Estimated annual responses	Estimated annual burden hours
Notice of Appeal	12 minutes	2,600	520
Electronic Notice of Appeal	12 minutes	34,900	6,980
Request for Oral Hearing Before the Board of Patent Appeals and Interferences	12 minutes	100	20
Electronic Request for Oral Hearing Before the Board of Patent Appeals and Interferences	12 minutes	1,100	220
Pre-Appeal Brief Request for Review	5 hours	1,100	5,500
Electronic Pre-Appeal Brief Request for Review	5 hours	14,700	73,500
Totals .....	.....	54,500	86,740

Item	Responses	Filing fees	Total cost
	(a)	(b)	(a) × (b) (c)
Notice of Appeal	2,100	\$620.00	\$1,302,000.00
Notice of Appeal (small entity)	500	310.00	155,000.00
Electronic Notice of Appeal	27,900	620.00	17,298,000.00
Electronic Notice of Appeal (small entity)	7,000	310.00	2,170,000.00
Request for an Oral Hearing	60	1,240.00	74,400.00
Request for an Oral Hearing (small entity)	40	620.00	24,800.00
Electronic Request for an Oral Hearing	900	1,240.00	1,116,000.00
Electronic Request for an Oral Hearing (small entity)	200	620.00	124,000.00
Pre-Appeal Brief Request for Review	900	None	0.00
Pre-Appeal Brief Request for Review (small entity)	200	None	0.00
Electronic Pre-Appeal Brief Request for Review	11,700	None	0.00
Electronic Pre-Appeal Brief Request for Review (small entity)	3,000	None	0.00
Totals	54,500	.....	22,264,200.00

There is no mention of estimation methodology, assumptions, or underlying data, let alone disclosure.

As explained in § III.A of this letter, the Office is required to disclose not just the estimates, but also the objective basis for the them. The Office has received a number of comment letters (including those listed in footnotes 40, 38, 41, and 42) reminding the Office of its legal obligations. The reason for the law’s requirement for disclosure is simple: when the Office misestimates but shows its work, the public can offer assistance to correct the error. Without disclosure, however, the public cannot detect methodological errors, and substantive errors in the PTO’s estimates persist. Failing to disclose the methodology by which estimates are made simply shifts the breach of law from one place to another.²¹

²¹ Burden estimates submitted to OMB must be “objectively supported,” and submitted with a certification and “a record supporting such certification” 44 U.S.C. § 3506(c)(1)(A)(iv), § 3506(c)(3), 5 C.F.R. § 1320.8(a)(4), § 1320.9.

A. Laws governing disclosure of information at the opening of Paperwork Reduction Act Information Collection comment periods

Cases arising under the Notice and Comment provisions of the Administrative Procedure Act explain the importance of disclosure, of making information during the notice and comment period, so that the information can be vetted by the public:²²

The purpose of the comment period is to allow interested members of the public to communicate information, concerns, and criticisms to the agency during the rule-making process. If the notice of proposed rule-making fails to provide an accurate picture of the reasoning that has led the agency to the proposed rule, interested parties will not be able to comment meaningfully upon the agency's proposals. As a result, the agency may operate with a one-sided or mistaken picture of the issues at stake in a rule-making. In order to allow for useful criticism, it is especially important for the agency to identify and make available technical studies and data that it has employed in reaching the decisions to propose particular rules. To allow an agency to play hunt the peanut with technical information, hiding or disguising the information that it employs, is to condone a practice in which the agency treats what should be a genuine interchange as mere bureaucratic sport. An agency commits serious procedural error when it fails to reveal portions of the technical basis for a proposed rule in time to allow for meaningful commentary.

The information that must be disclosed includes statistics, mathematical or computer models, and assumptions. The agency must "explain the assumptions and methodology used in preparing the model" and "provide a complete analytic defense" if the model is challenged.²³ Release of summary information, such as naked tables with no supporting analysis, is insufficient to meet an agency's duty to disclose its models, data, and assumptions.²⁴

²² *Connecticut Light & Power Co. v. Nuclear Regulatory Comm'n*, 673 F.2d 525, 531-32 (D.C. Cir. 1982).

²³ *Owner-Operator Independent Drivers Ass'n v. Fed Motor Co.*, 494 F.3d 188, 199 (D.C. Cir. 2007) (rule invalid when agency failed to provide opportunity for comment on model's methodology, or to disclose data and assumptions); *Appalachian Power Co. v. EPA*, 251 F.3d 1026, 1035 (D.C. Cir. 2001) ("there is no question that agency determinations based upon highly complex and technical matters are 'entitled to great deference.' ... However, this Court cannot excuse the EPA's reliance upon a methodology that generates apparently arbitrary results particularly where, as here, the agency has failed to justify its choice. ... we have no choice but to remand the [agency decision] so that the agency may fulfill its obligation to engage in *reasoned* decisionmaking," emphasis the court's, citations and quotations omitted).

²⁴ *Washington Trollers Ass'n v. Kreps*, 645 F.2d 684 (9th Cir. 1981) (high-level summary, without underlying model or data to "enable an interested or affected party to comment intelligently," is arbitrary and capricious).

The Paperwork Reduction Act and its implementing regulations require agencies to provide objectively supported burden estimates²⁵ that are unbiased.²⁶ The law requires more than mere statement of burden numbers, and more than a statement from the PTO that objective support exists, but that the object support be *disclosed* so that the public can comment on the “*validity of the methodology and assumptions used.*” 5 C.F.R. § 1320.8(a)(4), § 1320.8(d)(1)(ii), PTO’s *Information Quality Guidelines*.²⁷

The operative regulations from 5 C.F.R. Part 1320 read as follows:

§ 1320.8 Agency collection of information responsibilities.

The office established under § 1320.7 shall review each collection of information before submission to OMB for review under this part.

(a) This review shall include:

...

(4) A specific, *objectively supported* estimate of burden, which shall include, in the case of an existing collection of information, an evaluation of the burden that has been imposed by such collection;

(5) An evaluation of whether (and if so, to what extent) the burden on respondents can be reduced by use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses;

...

..

²⁵ 44 U.S.C. § 3506(c)(1)(A)(iv) and 5 C.F.R. § 1320.8(a)(4) (in evaluating requests to be made from the public for information, an agency must develop “a specific, objectively supported estimate of burden” for submission to OMB under 44 U.S.C. § 3506(c)(1)(A)(iv) and 5 C.F.R. § 1320.8(a)(4), and

²⁶ Information Quality Act, 2001 Pub.L. 106-554, § 1(a)(3), § 515 (Dec. 21, 2000); Office of Management and Budget, *Guidelines for Ensuring and Maximizing the Quality, Objectivity, Utility, and Integrity of Information Disseminated by Federal Agencies, Final Guidelines (corrected)*, 67 Fed. Reg. 8452 (Feb. 22, 2002) at <http://www.whitehouse.gov/sites/default/files/omb/fedreg/reproducible2.pdf>; U.S. Patent and Trademark Office, *Information Quality Guidelines* (footnote 27); John D. Graham, Executive Office of the President, Office of Management and Budget, for the President’s Management Council, *Executive Branch Implementation of the Information Quality Law* (October 4, 2002), at http://www.whitehouse.gov/sites/default/files/omb/assets/omb/inforeg/pmc_graham_100402.pdf.

²⁷ Patent and Trademark Office, *Information Quality Guidelines*, <http://www.uspto.gov/products/catalog/infoqualityguide.jsp> (Oct. 1, 2002) (“Effective October 1, 2002, information disseminated by the USPTO will comply with all applicable OMB and (these) USPTO information quality guidelines,” including requirements for “objectivity” (as defined in the Guidelines, including a requirements for transparency and reproducibility), and “utility”)

(d)(1) ..., the agency shall provide 60-day notice in the FEDERAL REGISTER, and otherwise consult with members of the public and affected agencies concerning each proposed collection of information, to solicit comment to:

(i) Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;

(ii) Evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information, *including the validity of the methodology and assumptions used*;

(iii) Enhance the quality, utility, and clarity of the information to be collected; and

(iv) Minimize the burden of the collection of information on those who are to respond, ...

(2) If the agency does not publish a copy of the proposed collection of information, together with the related instructions, as part of the FEDERAL REGISTER notice, the agency should—

(i) Provide more than 60-day notice to permit timely receipt, by interested members of the public, of a copy of the proposed collection of information and related instructions; or

(ii) Explain how and from whom an interested member of the public can request and obtain a copy without charge, including, if applicable, how the public can gain access to the collection of information and related instructions electronically on demand.

§ 1320.9 Agency certifications for proposed collections of information.

As part of the agency submission to OMB of a proposed collection of information, the agency (through the head of the agency, the Senior Official, or their designee) shall certify (and *provide a record supporting such certification*) that the proposed collection of information—

(a) Is necessary for the proper performance of the functions of the agency, including that the information to be collected will have practical utility;

(b) Is not unnecessarily duplicative of information otherwise reasonably accessible to the agency;

(c) Reduces to the extent practicable and appropriate the burden on persons who shall provide information to or for the agency, including with respect to small entities, as defined in the Regulatory Flexibility Act (5 U.S.C. § 601(6)), the use of such techniques as:

...

(2) The clarification, consolidation, or simplification of compliance and reporting requirements; ...

(g) Informs potential respondents of the information called for under § 1320.8(b)(3);

(h) Has been developed by an office that has planned and allocated resources for the efficient and effective management and use of the information to be collected, including the processing of the information in a manner which shall

enhance, where appropriate, the utility of the information to agencies and the public;

...

The PTO, in its Information Quality Guidelines,²⁸ promised that “when asked the USPTO does provide disclosure of the data sources that have been used and the specific quantitative methods and assumptions (if any) that have been employed.” The PTO committed itself to provide Paperwork estimates that are unbiased, objective, transparent, and reproducible.²⁶ The PTO’s commitment to “quality” includes a commitment to “objectivity;” for “influential information” such as information for development of regulations and guidance, the PTO committed itself to “reproducibility:”²⁹

6. “**Quality**” is an encompassing term comprising objectivity, utility, and integrity. These guidelines sometimes refer to these three statutory terms collectively as “quality”.

a. “**Objectivity**” involves two distinct elements, presentation and substance. ... Sources of the disseminated information (to the extent possible, consistent with confidentiality protections) and, in a scientific, or statistical context, *the supporting data and models need to be identified*, so that the public *can assess for itself* whether there may be some reason to question the objectivity of the sources. Where appropriate, supporting data shall have *full, accurate, transparent documentation*, and error sources affecting data quality shall be identified and disclosed to users. The substance element focuses on ensuring accurate, reliable, and unbiased information. In a scientific, or statistical context, the *original or supporting data shall be generated*, and the analytical results shall be developed, using sound statistical and research methods. If the results have been subject to formal, independent, external peer review, the information can generally be considered of acceptable objectivity. In those situations involving influential scientific or statistical information, the results *must be capable of being substantially reproduced*, if the original or supporting data are independently analyzed using the same models. Reproducibility does not mean that the original or supporting data have to be capable of being replicated through new experiments, samples, or tests. Making the data and models publicly available will assist in determining whether analytical results are capable of being substantially reproduced. ...

b. “**Utility**” refers to the usefulness of the information to its intended users, including the public. In assessing the usefulness of information that the agency disseminates to the public, the agency considers the uses of the information not only from its own perspective but also from the perspective of the public.

7. “**Reproducibility**” means that the information is capable of being substantially reproduced, subject to an acceptable degree of imprecision. For information judged to have more (less) important impacts, the degree of imprecision that is tolerated is reduced (increased). With respect to analytical results, “capable of being substantially

²⁸ PTO *Information Quality Guidelines* (footnote 27), § VII(B)

²⁹ PTO *Information Quality Guidelines* (footnote 27) § IV(A)(6) and (7).

reproduced” means that independent analysis of the original or supporting data using identical methods would generate similar analytical results, subject to an acceptable degree of imprecision or error.

The operative provision of the e-Government Act of 2002 reads as follows

§ 206. Regulatory agencies.

(d) Electronic Docketing.--

(1) In general.— To the extent practicable, as determined by the agency in consultation with the Director, agencies shall ensure that a publicly accessible Federal Government website contains electronic dockets for rulemakings under [5 U.S.C. § 553].

(2) Information available.— Agency electronic dockets shall make publicly available online to the extent practicable, as determined by the agency in consultation with the Director—

(A) all submissions under [5 U.S.C. § 553]; and

(B) other materials that by agency rule or practice are included in the rulemaking docket under [5 U.S.C. § 553], whether or not submitted electronically.

B. Disclosure is not an optional legal technicality, it’s crucial to achieving the aims of the law and efficiency for the Office and applicants

According to documents produced by the PTO in 2007 in the *Tafas v. Dudas* litigation, the number of Notices of Appeal was only 16,548 in 2003, and 17,581 in 2004. Why has this number essentially doubled, to about 38,000 in this ICR request? Without some disclosure, the public is unable to comment on the accuracy of the PTO’s numbers or projections.³⁰

The PTO has a uniquely rich database showing its work flow—the PTO produced *thousands* of pages of information in the *Tafas* litigation, including detailed information about

³⁰ *Washington Trollers Ass’n v. Kreps*, 645 F.2d 684 (9th Cir. 1981) (high-level summary, without underlying model or data to “enable an interested or affected party to comment intelligently,” is arbitrary and capricious). *See also Owner-Operator Independent Drivers Ass’n v. Fed Motor Co.*, 494 F.3d 188, 199 (D.C. Cir. 2007) (rule invalid when agency failed to provide opportunity for comment on model’s methodology, or to disclose data and assumptions); *Appalachian Power Co. v. EPA*, 251 F.3d 1026, 1035 (D.C. Cir. 2001) (“there is no question that agency determinations based upon highly complex and technical matters are ‘entitled to great deference.’ ... However, this Court cannot excuse the EPA’s reliance upon a methodology that generates apparently arbitrary results particularly where, as here, the agency has failed to justify its choice. ... we have no choice but to remand the [agency decision] so that the agency may fulfill its obligation to engage in *reasoned* decisionmaking,” emphasis the court’s, citations and quotations omitted).

Notices of Appeal and Pre-Appeals.³¹ Yet the PTO gives the public *no information whatsoever* in this ICR request for comment, except a few naked summary numbers.

Because the PTO withheld the underlying data and analysis from this Notice requesting comment, and failed to meet its information quality obligations for information it *disseminates*, the PTO cannot *collect* quality information in this request for comments. The public cannot meaningfully comment on “ways to minimize the burden of the collection of information on applicants” and “ways to enhance the quality, utility, and clarity of the information to be collected.”

Disclosure of only high-level summary data, without underlying model or data to “enable an interested or affected party to comment intelligently,” deprives the public of a meaningful opportunity to comment, and is arbitrary and capricious.^{30,32}

A number of commenters have observed the legal and practical difficulties that arise when the PTO relies on naked “belief” or “estimate.”³³ The presentation of naked numbers with no support is disconcerting, and should be corrected in an Information Quality correction.

C. The Notice errs by rewriting the required question, and thereby fails to ask the right question or obtain the right information collected from the public

The Notice fails to ask the legally-required questions. The Notice asks:

Comments are invited on: ... (b) the accuracy of the agency’s estimate of the burden (including hours and cost) of the proposed collection of information;

but the law required the PTO to ask *this* question (5 C.F.R. § 1320.8(d)(1)):

(d)(1) Before an agency submits a collection of information to OMB for approval, ... the agency shall provide 60-day notice in the FEDERAL REGISTER, and

³¹ For example, see page A05018 that was produced by the PTO in the *Tafas* case, attached as Exhibit B—the PTO tracks individual applications through the appeal pipeline, and can give very precise statements of flow.

³² See *HLI Lordship Indus. Inc. v. Committee for Purchase from the Blind*, 791 F.2d 1136, 1141 (4th Cir. 1986) (agency’s “cryptic and perfunctory” certification under a predecessor to the Regulatory Flexibility Act, that “[t]he actions will [not] have a serious economic impact,” with no analysis, is “far less than ‘a concise general statement’ of the basis of its decision. It is literally no response.”).

³³ Dr. Richard B. Belzer, comments on 60-day notice for ICR renewal 0651-0032 (Jul. 2, 2010), <http://www.uspto.gov/news/fedreg/comments/100702finalcomments.pdf> at pages 3-6.

otherwise consult with members of the public and affected agencies concerning each proposed collection of information, to solicit comment to:

...

(ii) Evaluate the accuracy of the agency’s estimate of the burden of the proposed collection of information, *including the validity of the methodology and assumptions used*;

The PTO never requests comment on the accuracy or validity of the methodology or assumptions—and this, in turn, appears to have led the PTO into the error of not disclosing its methodology and assumptions at all.

D. The Notice gives no “objective” support for the time or number estimates, violating the Paperwork Reduction Act and Information Quality Act

The estimates in the Notice are invalid, simply because the methodology and assumptions have no disclosed basis. This Notice presents a few derived summary statistics, but none of the underlying data, and no rationale or explanation whatsoever. The tables as presented reflect errors, and failures to comply with the Patent Office’s Information Quality Guidelines.³⁴ For example, the Notice presents this table to present estimates of time burden:

Item	Estimated time for response	Estimated annual responses	Estimated annual burden hours
Notice of Appeal	12 minutes	2,600	520
Electronic Notice of Appeal	12 minutes	34,900	6,980
Request for Oral Hearing Before the Board of Patent Appeals and Interferences	12 minutes	100	20
Electronic Request for Oral Hearing Before the Board of Patent Appeals and Interferences	12 minutes	1,100	220
Pre-Appeal Brief Request for Review	5 hours	1,100	5,500
Electronic Pre-Appeal Brief Request for Review	5 hours	14,700	73,500
Totals .....	.....	54,500	86,740

The only rationale given for these number is “The USPTO estimates” or “The USPTO calculates.” Based on what? This is not an “objectively supported” estimate. Stating summary

³⁴ PTO *Information Quality Guidelines* (footnote 27) § V (“The USPTO is fully committed to ensuring and maximizing the quality of information that it disseminates and fully supports the idea of basic information quality standards established in the Paperwork Reduction Act (44 U.S.C. Chapter 35) (PRA), in OMB Circular A-130, and in the OMB information quality guidelines. The USPTO will establish a basic standard of quality (including objectivity, utility, and integrity) as a performance goal by adopting the OMB information quality guidelines and will take appropriate steps to incorporate information quality criteria into agency information dissemination practices.”)

numbers with no disclosed basis is inconsistent with the promises and commitments the PTO made to the public in its Information Quality Guidelines.³⁴

The Notice estimates filing fee burden as follows:

Item	Responses	Filing fees	Total cost
	(a)	(b)	(a) × (b) (c)
Notice of Appeal	2,100	\$620.00	\$1,302,000.00
Notice of Appeal (small entity)	500	310.00	155,000.00
Electronic Notice of Appeal	27,900	620.00	17,298,000.00
Electronic Notice of Appeal (small entity)	7,000	310.00	2,170,000.00
Request for an Oral Hearing	60	1,240.00	74,400.00
Request for an Oral Hearing (small entity)	40	620.00	24,800.00
Electronic Request for an Oral Hearing	900	1,240.00	1,116,000.00
Electronic Request for an Oral Hearing (small entity)	200	620.00	124,000.00
Pre-Appeal Brief Request for Review	900	None	0.00
Pre-Appeal Brief Request for Review (small entity)	200	None	0.00
Electronic Pre-Appeal Brief Request for Review	11,700	None	0.00
Electronic Pre-Appeal Brief Request for Review (small entity)	3,000	None	0.00
Totals	54,500	.....	22,264,200.00

The Notice discloses no “objective support” for the PTO’s burden estimates for “number of annual responses.”

The PTO has the information to support its estimates and to disclose its methodology and assumptions, as it demonstrated in its document production in the *Tafas* case. That information should be made available at the time the PTO requests comment, on the PTO’s web site.³⁵ Although we appreciate the time and effort that the Office took to prepare these tables, they do not satisfy the requirement of the Paperwork Reduction Act for “objectively *supported*” estimates, or the requirements of the PTO’s Information Quality Guidelines (footnote 27, quoted at page 20 of this letter) for “*supporting data and models*,” “*full, accurate, transparent documentation*,” and “*original or supporting data*” or the policies of fair and accurate agency action that underlie them.

It is impossible for the public to provide statutorily-required comment on “accuracy of the agency’s estimate of burden of the proposed collection of information” because the PTO

³⁵ Cf. E-Government Act of 2002 (Pub.L. 107-347, 116 Stat. 2899, H.R. 2458/S. 803, codified in the notes to 44 U.S.C. §§ 3501), § 206 provides that the agency “shall make publicly available online to the extent practicable” materials included in the rulemaking docket under 5 U.S.C. § 553. Since the Patent Office is required by 35 U.S.C. § 2(b)(2)(B) to use § 553 procedures for all its rulemaking, the e-Government act will necessarily apply before pre-Appeal can mature into a rule.

failed to live up to statutory requirements, reneged on its Information Quality commitments, required for the PTO's next filing with OMB. Likewise, the public cannot meaningfully comment on "ways to minimize the burden of the collection of information on applicants." Because the PTO failed to disclose its information or "consult with members of the public" as required by 44 U.S.C. § 3506(c)(2)(A) and 5 C.F.R. § 1320.8(d)(1), the PTO has failed to lay the groundwork necessary for enforcement of any effort to collect information from the public.. 44 U.S.C. § 3507(a)(1)(A) and (B), 5 C.F.R. § 1320.5(a)(1)(i).

E. The time estimates are unsupported

The PTO offers several time estimates. None are supported, some are wrong.

- The PTO estimates 12 minutes for a Notice of Appeal. It appears that the PTO counted only the time to fill out a form. This estimate ignores the burden of deciding between a Rule 116 request for reconsideration, a Rule 114 Request for Continued Examination, or a Notice of Appeal. One hour is a better estimate.
- The PTO estimates that a Pre-Appeal brief takes five hours, but gives no rationale or supporting data, other than "the USPTO estimates will take approximately 5 hours to complete." This is not an *objective* estimate.

In its most recent filing on Paperwork estimates for appeals, ICR 0651-0063,³⁶ the PTO states that its estimates are "based on agency expertise in patent prosecution practice " The PTO has expertise in *reading* patent prosecution papers. It has essentially none in *writing* them (as noted specifically at page 31 of this letter), and it is the latter that matters.

5 C.F.R. § 1320.8(d) requires the PTO to "consult with members of the public" to develop *objective* estimates, not to propound estimates based on undisclosed, and apparently entirely subjective, estimates. This inquiry must be conducted *before* publishing them for comment, so that the comment period addresses estimates with some underlying validity. The PTO can readily seek this input from AIPLA, ABA, IPO, NAPP, and others.

³⁶ Supporting Statement, OMB Control Number 0651-0063, RIN 0651-AC37
<http://www.reginfo.gov/public/do/DownloadDocument?documentID=212768&version=0> (Nov. 4, 2010).

F. The estimates of annual responses are unsupported

The estimated number of Notices of Appeal, Pre-Appeal briefs, and Requests for Oral Hearing are entirely unsourced. These estimates lack any objective support. Are these estimates from some recent year? Are they projections for the future? Do they reflect year-over-year growth? Were they developed through a computer model, or guesswork by a person?

Appeals are rising rapidly. Unless the PTO discloses the data, the public cannot meaningfully comment on the accuracy of the estimates, let alone the “*validity of the methodology and assumptions used*,” if the data are not disclosed. All that can be said is that the PTO’s estimates for out years cannot be sound if they don’t reflect year-over-year growth.

Though the Notice does not expressly state the period for which clearance is to be sought, the fact that this is a request for a new ICR Control Number suggests that the PTO will seek clearance for three years. The Notice does not state how annual growth in filing rates was estimated.

The PTO has a rich and deep database showing exactly how many of each of these elements of information is submitted. The PTO has extensive computer models for flow rates. The PTO also apparently has detailed statistics indicating the rate at which Pre-Appeals result in complete reversal of all rejections and allowance, vacating the examiner and reopening prosecution, and how many result in “Proceed to the Board”³⁷ (see Exhibit B) None of this underlying information is disclosed. The public needs access to the underlying data and models in order to be able to evaluate the PTO’s estimates. No informed comment is possible.

G. The estimated hourly rate is unsupported, and almost certainly wrong

The Notice bases the hourly cost for several items at “the professional hourly rate of \$340 for attorneys in private firms.” The PTO gives *no support whatever* for this number. The non-disclosure itself is an error. From other recent supporting statements, the numerical flaws behind that nondisclosure become apparent.

³⁷ See the document in Exhibit B (footnote 31).

First, appeals are typically prepared by more senior attorneys, who bill at rates higher than the average for all patent attorneys.³⁸ This cost differential has been brought to the PTO's attention on several occasions, yet in the PTO's most recent document that *does* give an estimation basis, the Supporting Statement for 0651-0063 appeals,³⁹ the PTO disregarded the private sector's estimates that appeals are prepared by higher-rate attorneys, at a rate (in 2008) of \$380.

Second, in its November 2011 Supporting Statement on appeals, the PTO stated that it was using the *median* rate of \$340/hr. from the AIPLA *Economic Survey*.³⁹ But a *median* is biased, too low by about 12%. If an average were appropriate for appeals, the appropriate average would be the *mean*, which is about 12% higher.⁴⁰ Multiplying a *median* times the number of responses is mathematically meaningless. This error has been brought to the PTO's attention repeatedly; the PTO's failure to correct a diagnosed error is troubling.

³⁸ David Boundy, comment in response to Notice of Proposed Rulemaking, Rules of Practice Before the Board of Patent Appeals and Interferences in Ex Parte Appeals (RIN 0651-AC37), 75 Fed. Reg. 69828 (Nov. 15, 2010), http://www.uspto.gov/ip/boards/bpai/procedures/rules/rule_comment_nov2010_boundy.pdf (Jan. 14, 2011) at page 41 (“The PTO also ignores what it surely knows: appeals are typically prepared by more senior attorneys, who bill at rates higher than the average for all patent attorneys.”); Stephen J. Moore, comments on Ex parte Appeal ICR 0651-0063 (Aug. 10, 2008), http://www.uspto.gov/web/offices/dcom/bpai/bpai_comments/moore_lelley_drye_and_warren.pdf (when PTO used \$310 as median rate, experienced senior attorney comments “A more senior associate would be the one who would most likely be assigned the task of preparing an appeal brief. Given current rate structures, this would be an associate with an hourly rate of about \$360/hr. Further more, all associate attorney work is reviewed ... by the partner in charge whose billable hour rate may be 1.5 times that of the associate who prepared the original brief. Therefore, I believe a rate of at least \$380/hr is more in order.”).

³⁹ Supporting Statement for ICR submission 201111-0651-007 (Nov. 30, 2011) <http://www.reginfo.gov/public/do/DownloadDocument?documentID=288759&version=1> (“The USPTO is updating the professional hourly rate (which was previously calculated at \$325) to \$340 per hour This is the *median* rate for attorneys in private firms as shown in the *2011 Report of the Economic Survey*, published by the Committee on Economics of Legal Practice of the American Intellectual Property Law Association (AIPLA). ”)

⁴⁰ Past letters commenting on this repeated defect in the PTO's hourly rate for appeals include:

- David E. Boundy, comments on Ex parte Appeal ICR 0651-0063 (Aug. 18, 2008), http://www.uspto.gov/web/offices/dcom/bpai/bpai_comments/boundy_revised.pdf at page 35
- Stephen J. Moore, comments on Ex parte Appeal ICR 0651-0063 (Aug. 10, 2008), http://www.uspto.gov/web/offices/dcom/bpai/bpai_comments/moore_lelley_drye_and_warren.pdf

Third, the PTO based its hourly rate numbers on the AIPLA's annual economic survey from 2010, but that data is out of date for responses that will be filed in FY 2013, FY 2014, and FY 2015, the three-year term of coverage for this ICR. The Notice contains no disclosure of any basis for estimating hourly rate, let alone some basis for calibrating hourly rate for outyear increases.⁴¹

This is not the first comment letter to criticize these particular analytical errors.⁴²

⁴¹ Dr. Richard B. Belzer, letter to Susan E. Dudley commenting on ICR 200707-0651-005 (Jan. 16, 2008), <http://www.reginfo.gov/public/do/DownloadDocument?documentID=57744&version=1> and (Oct. 18, 2007), <http://www.reginfo.gov/public/do/DownloadDocument?documentID=57760&version=1> ; Dr. Richard Belzer, letter to Susan E. Dudley commenting on ICR 200809-0651-003 (Oct. 14, 2008)

⁴² Among the letters that have raised questions of PTO noncompliance with rule making law, PTO failure of provide objective support for Paperwork Reduction Act estimates, PTO neglect of process steps required by the Administrative Procedure Act (APA), PTO failure to provide the information required for meaningful comment under the APA, PTO failure to comply with Information Quality commitments, pulling facts “out of thin air,” and the like, are the following:

- Intellectual Ventures, Comments on Improving Regulation and Regulatory Review, 76 Fed. Reg. 15891 (Mar. 22, 2011), <http://www.uspto.gov/patents/law/comments/iv02may2011.pdf> , advocating “data-driven” approaches to regulation, and “transparency”
- AIPLA, Comments on Improving Regulation RFC, <http://www.uspto.gov/patents/law/comments/aipla21apr2011.pdf> at page 3
- Dr. Richard B. Belzer, Comments on Improving Regulation, <http://www.uspto.gov/patents/law/comments/belzer14apr2011.pdf>, *passim* (Apr. 14, 2011)
- David Boundy, , Comments on Improving Regulation RFC, <http://www.uspto.gov/patents/law/comments/boundy23may2011.pdf> (May 23, 2011)
- David Boundy, comment in response to Notice of Proposed Rulemaking, Rules of Practice Before the Board of Patent Appeals and Interferences in Ex Parte Appeals (RIN 0651-AC37), 75 Fed. Reg. 69828, http://www.uspto.gov/ip/boards/bpai/procedures/rules/rule_comment_nov2010_boundy.pdf (Jan. 14, 2011) at pages 39-46.
- Dr. Ron D. Katznelson, comments on 60-day notice for ICR renewal 0651-0032 (Jul. 2, 2010), http://www.uspto.gov/news/fedreg/comments/icr_0032_corrected.pdf
- Dr. Ron D. Katznelson, Request For Correction (RFC) under the Information Quality Act of USPTO underestimates of paperwork burdens imposed on applicants filing patent applications, particularly on small business applicants, (Nov. 23, 2010). The RFC, USPTO response and its appeal are linked at http://ocio.os.doc.gov/ITPolicyandPrograms/Information_Quality/PROD01_009472 .
- Dr. Ron D. Katznelson. Comments submitted to OMB and PTO under the Paperwork Reduction Act on USPTO appeal rules, ICR No. 200809-0651-003, (November 17, 2008). <http://www.reginfo.gov/public/do/DownloadDocument?documentID=95757&version=1>
- Dr. Richard B. Belzer, comments on 60-day notice for ICR renewal 0651-0032 (Jul. 2, 2010), <http://www.uspto.gov/news/fedreg/comments/100702finalcomments.pdf>

In contrast to publicly disclosing a *flawed* methodology in the past, the PTO now publishes estimates with *no* disclosed methodology. The prior comment letters (including those noted in footnotes 38, 40, 41, and 42) show that the legal requirements are necessary to implementation of the policy goals of the Paperwork Reduction Act and Information Quality Act. When the Office uses flawed assumptions and methodologies and discloses, the public is able to seek correction of the error. When the PTO discloses nothing, as it does here, methodological flaws persist in silence. That was not Congress's intent.⁴³

A better estimate for the attorney billable rate for legal argument papers relating to appeals for the period covered by this ICR is \$400/hour.

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- Dr. Richard B. Belzer, Comment on Rules of Practice Before the Board of Patent Appeals and Interferences in Ex Parte Appeals; Notice of Proposed Rulemaking (RIN 0651-AC37; Docket ID PTO-P-2009-002, ICR Reference Number 201010-0651-001, 75 FR 69,828), (January 14, 2011), http://www.uspto.gov/ip/boards/bpai/procedures/rules/rule_comment_nov2010_belzer.pdf
 - Summary of Comments Received at the Roundtable on Proposed Potential Modifications to Rules of Practice in Ex Parte Appeals before the Board of Patent Appeals and Interferences (Jan. 25, 2010), http://www.uspto.gov/ip/boards/bpai/procedures/rules/memorandum_roundtable_two_week_follow_up_030510.pdf
 - David E. Boundy, comments on Ex parte Appeal ICR 0651-0063 (Aug. 18 and 21, 2008), http://www.uspto.gov/web/offices/dcom/bpai/bpai_comments/boundy.pdf , http://www.uspto.gov/web/offices/dcom/bpai/bpai_comments/boundy_revised.pdf
 - Stephen J. Moore, comments on Ex parte Appeal ICR 0651-0063 (Aug. 10, 2008), http://www.uspto.gov/web/offices/dcom/bpai/bpai_comments/moore_lelley_drye_and_warren.pdf
 - Dr. Ron D. Katznelson, comments on Ex parte Appeal ICR 0651-0063 (Aug. 9, 2008), http://www.uspto.gov/web/offices/dcom/bpai/bpai_comments/katznelson.pdf
 - Gilbert P. Hyatt, Comments on July 2007 Rules of Practice Before the Board of Patent Appeals and Interferences in Ex Parte Appeals (Oct. 1, 2007), http://www.uspto.gov/web/offices/pac/dapp/opla/comments/bpai/g_hyatt.pdf at pages 4-5, 18-25
 - Gilbert P. Hyatt, supplement (Oct. 11, 2007), http://www.uspto.gov/web/offices/pac/dapp/opla/comments/bpai/g_hyatt_2a.pdf at pages 11-12
 - Dr. Ron. D. Katznelson, Comments on July 2007 Ex parte Appeals (Oct. 15, 2007), <http://www.uspto.gov/web/offices/pac/dapp/opla/comments/bpai/katznelson.pdf> at pages 4-19

⁴³ Burden estimates submitted to OMB must be “objectively supported,” and submitted with a certification and “a record supporting such certification” 44 U.S.C. § 3506(c)(1)(A)(iv), § 3506(c)(3), 5 C.F.R. § 1320.8(a)(4), § 1320.9.

H. This Request for Comment neglects several information collection elements

In its Request for clearance for appeals, ICR 0651-0063, and again in this Request for Comment for additional matters related to appeals, the PTO neglects to estimate burden or seek clearance for several information collection elements, listed in column 3 of the table at page 35 of this letter.

1. The Request for comment neglects oral hearings

In this ICR, the PTO again neglects to inventory oral hearings.

An oral hearing is unquestionably a “collection of information” covered by the Paperwork Reduction Act. 44 U.S.C. § 3502(3) and 5 C.F.R. § 1320.3(c). The definition of burden is broad, encompassing “time, effort, or financial resources expended by persons to generate, maintain, or provide information” including “transmitting, or otherwise disclosing the information,”⁴⁴ which an oral hearing certainly does. Similarly, oral communications are expressly included in OMB’s regulatory definitions of “information”⁴⁵ and “collection of information,”⁴⁶

In its 2009 Supporting Statement,⁴⁷ the PTO explained its basis for declining to seek clearance for oral hearings:

The agency does not consider the time for preparation of the oral hearing to be a burden under the PRA in that there would be no collection of new information at the oral hearing. Since the oral hearing is limited to information already submitted and collected, it is essentially an opportunity for clarification of the information already collected or received.

What the PTO “considers” is irrelevant. The definition of “burden” and “collection of information” are set forth in statute and OMB regulation. Neither definition gives an agency discretion to distinguish between “new” information and “old” information. The text of the Paperwork Reduction Act provides a few bases to exclude specific information collections from

⁴⁴ 44 U.S.C. § 3502(2)(F).

⁴⁵ 5 C.F.R. § 1320.3(h).

⁴⁶ 5 C.F.R. § 1320.3(c)(1).

⁴⁷ <http://www.reginfo.gov/public/do/DownloadDocument?documentID=89627&version=2> at page 9

the clearance requirements of the Paperwork Reduction Act, but the PTO's explanation has nothing to do with any of them. The PTO cannot make up its own *sui generis* exceptions to laws passed by Congress to ensure that agencies operate with due regard for the public..

The PTO's past statement confirmed that "the PTO estimates" is not an adequate basis for a valid estimate, because the PTO rule making staff lacks understanding of how appeals work. At oral hearing, the judges' questions almost always go to issues *outside the briefs*—that's the whole point of a hearing. The PTO's rationale is simply wrong on its facts. This, in turn, undercuts the reliability of estimates the PTO offers based on no more than its own "expertise" or subjective "estimate."

We ask that the PTO follow the law: consult with members of the public to develop burden estimates, seek comment on those burden estimates, with disclosed objective basis, and inventory the burden under the appropriate control number.

2. The Request for Comment neglects Petitions for Extension of Time for filing of a Reply Brief

Neither Control Number 0651-0063 nor this Request for Comment inventories Petitions for Extensions of Time to file a Reply Brief. 0651-0059 inventories six such petitions per year; but his number seems highly suspect, since we know of a single firm that filed four Rule 136(b) petitions for extensions of time to file Appeal Briefs or Reply Briefs in 2010.

In its September 2008 Supporting Statement⁴⁸ for a proposed revision to the appeal rules, the PTO acknowledged that a separate clearance was required for Petitions for Extension of Time to file papers following an Appeal Brief (which includes filing a Reply Brief):

⁴⁸ <http://www.reginfo.gov/public/do/DownloadDocument?documentID=89627&version=1>

Table 1: Information Requirements for Patent Appeals and Interferences (BPAI) Actions

Appeal Brief	35 U.S.C. § 134	37 CFR 41.3
Petition for Extension of Time for Filing Paper After Appeal Brief	35 U.S.C. § 134	37 CFR 41.3 and 41.20

Table 3: Needs and Uses of Information Collected for Patent Appeals and Interferences (BPAI) Actions

	No Form Associated	Needs and Arguments Submitted by the Applicant
Petition for Extension of Time for Filing a Paper After Appeal Brief	No Form Associated	<ul style="list-style-type: none"> Used by the applicant to request an extension of time to file a paper after an appeal brief Used by the BPAI to determine whether to grant or deny a request for an extension of time

For unexplained reasons, this information collection element was removed from the December 2009 Supporting Statement that replaced the September 2008 Supporting Statement.⁴⁹

The omission appears to be an error in the PTO’s estimate.

3. The Request for Comment neglects Petitions for a Corrected Examiner’s Answer

The November 2011 appeal rules, Rules of Practice Before the Board of Patent Appeals and Interferences in *Ex Parte* Appeals, RIN 0651-AC37, 76 Fed. Reg. 72270 (Nov. 22, 2011) added a new regulation (37 C.F.R. § 41.40(a)) and new procedural element, a petition to “seek review of the primary examiner’s failure to designate a rejection as a new ground of rejection.” The PTO never sought Paperwork Reduction Act clearance for this petition.

I. The PTO’s pattern of non-compliance with the law is troubling

This list of errors and omissions is essentially identical to past lists of errors raised in comment letters replying to previous requests for comment on the PTO’s Paperwork Reduction

⁴⁹ <http://www.reginfo.gov/public/do/DownloadDocument?documentID=89627&version=2>

Act estimates.⁵⁰ The need to raise the same issues repeatedly is disconcerting. To date, the PTO has neither refuted these comments nor made corrections.

Twice in the last three years, the PTO has requested comments on its rule making procedure.⁵¹ A number of comment letters were submitted, providing a rather comprehensive primer in agency rulemaking law, and identifying particular patterns of breach.⁵² Yet, in this Notice, the PTO repeats many of the particular breaches complained of in the past, most particularly those related to disclosure of data, assumption, and methodology, and those related to Information Quality.

The PTO should understand the risks of its approach: when an agency avoids its responsibilities under the Paperwork Reduction Act, the agency loses the ability to enforce its regulations against the public. 44 U.S.C. § 3507(a), § 3512. By not taking its legal obligations seriously, the PTO has exposed most decisions of the Board of Patent Appeals and Interferences to legal challenge. The errors in this Request for Comment increase this exposure.

The PTO may wish to reconsider its practice of short-cutting on rule making procedure, both here and in all its other rule making.

⁵⁰ 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, 2008, <http://www.uspto.gov/web/offices/pac/dapp/opla/comments/bpailmicrosoft.doc>, and <http://www.reginfo.gov/public/do/DownloadDocument?documentID=95771&version=1> starting at PDF page 43

⁵¹ In February 2010, the PTO requested comment on its Paperwork Reduction Act practices at http://www.uspto.gov/patents/announce/practice_study.jsp and at U.S. Patent and Trademark Office, *Request for Comments on Methodology for Conducting an Independent Study of the Burden of Patent-Related Paperwork* 75 Fed. Reg. 8649, <http://www.uspto.gov/patents/law/notices/75fr8649.pdf> (Feb. 25, 2010). The Report itself is located at http://www.uspto.gov/patents/announce/practice_methodology_study.pdf.

Second, pursuant to an Executive Order, the PTO requested comment on its rulemaking and regulatory review practices. *Improving Regulation and Regulatory Review*, 76 Fed. Reg. 15891 (Mar. 22, 2011). Comment letters at http://www.uspto.gov/patents/law/comments/improving_regulation.jsp

⁵² The comment letters are at http://www.uspto.gov/patents/announce/practice_study.jsp

IV. Other procedural comments on this ICR

A. These “Matters Related to Patent Appeals” are intimately related to ICR Control Number 0651-0063 and should not be separated

The information collection elements in this proposed ICR are intimately tied up with appeals, which, since December 2009, have been lodged under ICR Control Number 0651-0063. Splitting the information collection elements listed in this notice into a separate ICR makes no sense. The information collection elements in this Notice should be added to 0651-0063, not spun off into an independent ICR. Better yet, both this ICR and 0651-0063 should be folded back in to 0651-0031.

The table below presents the typical step-by-step progress of an appeal, each step being one row in the table. Steps that are required by regulation to be taken at the same time are listed in the same horizontal row, and the rows are presented in the chronological and logical progress of an appeal. The columns show the steps that are in the 2009 ICR 0651-0063,⁵³ the steps that are in this new ICR 0651-00xx, and the steps that are in neither (and thus are not covered at all).

The proposed split of the appeals process across two ICR Control Numbers has no rhyme or reason. Information that *must* be submitted together (filing of the Reply Brief and filing of a Request for Oral Hearing) are split. The steps of an appeal jump back and forth between the two ICR Control Numbers in no intelligible way.

⁵³ Supporting Statement, OMB Control Number 0651-0063, RIN 0651-AC37
<http://www.reginfo.gov/public/do/DownloadDocument?documentID=212768&version=0> (Nov. 15, 2010)

ICR 0651-0063	This new ICR 0651-00xx	not inventoried
	Notice of Appeal, Form PTO/SB/31 Pre-Appeal Brief Request for Review, Form PTO/SB/33 The Pre-Appeal Brief itself	
Amendment under 37 C.F.R. § 41.33		
		Petitions to extend time to file Appeal Brief (37 C.F.R. § 1.136(a) and (b)).
Appeal Brief under § 41.37		
		Petition for Corrected Examiner's Answer ⁵⁴
		Petitions to extend time to file Reply Brief (§ 1.136 (b)) ⁵⁵
Reply Brief under § 41.41	Request for Oral Hearing, Form PTO/SB/32	
		Oral hearing ⁵⁶
		Petitions to Chief APJ (§ 41.3)
Request for Rehearing under § 41.41		

Splitting appeals among two ICR Control Numbers with no apparent rhyme or reason will reduce transparency of the Paperwork public comment process, and reduce its effectiveness, and increase bookkeeping workload for both the PTO and the public.

Further, because the information collected in this new 0651-00xx ICR has a major influence on the information collected and burden under 0651-0063 (see one example discussed in § I.B.3(a) at page 9 of this letter), splitting two control numbers would permit the PTO to play a “shell game” of shifting burden from one to the other, without proper accounting.

Likewise, the information collected under this proposed 0651-00xx information collection is highly interdependent on information collected under 0651-0031 (patent processing), as discussed in § I.A at page 4 of this letter. Changing the requirements for information collection under one has a large effect on burden under the other. Because of this

⁵⁴ See § III.H.3 of this letter, starting at page 32.

⁵⁵ See § III.H.2 of this letter, starting at page 31.

⁵⁶ See § III.H.1. of this letter, starting at page 30.

interdependency, both 0651-0063 (appeals) and this 0651-00xx ICR should be folded back into 0651-0031 from which -0063 was split in 2009.

B. Uncertainty in the Pre-Appeal program should be reduced by codifying Pre-Appeal procedure in a CFR regulation, with appropriate guidance in the MPEP

There is no current documentation for Pre-Appeal procedure. Pre-Appeal procedure was created by an informal memorandum circulated in the PTO Official Gazette.⁵⁷ An Official Gazette notice of February 2006 extended the pilot program.⁵⁸ The PTO gives answers to “Frequently asked questions” in a web page.⁵⁹ A PowerPoint slide presentation of November 2007 gives further information.⁶⁰

All of these expired years ago.⁶¹

The Pre-Appeal program should be incorporated into *some* document that is not obsolete, probably a 37 C.F.R. rule, with further guidance in the MPEP.

C. The step-by-step timeline for rulemaking

The various statutes, rule making regulations, Executive Orders, guidance from OMB and SBA, and the like, are collected into a step-by-step list, provided to the PTO in a comment letter for the April 2011 Request for Comment on Regulatory Process⁶².

⁵⁷ New Pre-Appeal Brief Conference Pilot Program, 1296 Off. Gaz. Pat. Office 67 (July 12, 2005), <http://www.uspto.gov/web/offices/com/sol/og/2005/week28/patbref.htm>

⁵⁸ Extension of the Pilot Pre-Appeal Brief Conference Program, 1303 Off. Gaz. 21 (February 7, 2006), <http://www.uspto.gov/web/offices/com/sol/og/2006/week06/patexcf.htm>

⁵⁹ http://www.uspto.gov/faq/pre_appealbrief_conf_pilot.jsp

⁶⁰ Kery Fries & Mark Polutta, Pre-Appeal Brief Conference Practice, Global Intellectual Property Academy Advanced Patents Program (Nov. 29, 2007), at http://www.uspto.gov/patents/law/exam/presentation/preappeal_29nov2007.ppt

⁶¹ The Foreword to the MPEP states “Orders and Notices still in force which relate to the subject matter included in this Manual are incorporated in the text. Orders and Notices, or portions thereof, relating to the examiners' duties and functions which have been omitted or not incorporated in the text may be considered obsolete.” The MPEP has been republished four times since February 2006.

⁶² David Boundy, Comments on Improving Regulation RFC, <http://www.uspto.gov/patents/law/comments/boundy23may2011.pdf> at pages 6-13 (May 23, 2011)

This timeline would be very helpful to the PTO in the future

V. Conclusion

While the PTO is certainly to be commended for beginning the process of seeking approval for these information collections, the implementation continues to be problematic. The public deserves better. The PTO should show that it intends to comply with the law, and should engage a rule making procedure that conforms to the law. The step-by-step timeline noted at footnote 62 would be a big help.

Sincerely,

/s/ David E. Boundy

Exhibit A

Proposed modifications to MPEP § 706.07

706.07 Final Rejection

[37 CFR 1.113. Final rejection or action unchanged]

Before final rejection is in order a clear issue should be developed between the examiner and applicant. To bring the prosecution to as speedy conclusion as possible and at the same time to deal justly by both the applicant and the public, the invention as disclosed and claimed should be thoroughly searched in the first action and the references fully applied in a written action; and in reply to this action the applicant should amend with a view to avoiding all the grounds of rejection and objection. Switching from one subject matter to another in the claims presented by applicant in successive amendments, or from one set of references to another by the examiner in rejecting in successive actions on claims of substantially the same subject matter, or an action's omission of written findings on essential *prima facie* legal elements, will alike tend to defeat attaining the goal of reaching a clearly defined issue for an early termination, i.e., either an allowance of the application or a final rejection.

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 incomplete written actions or 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 written statement of grounds on all material issues hearing, and that a clear issue between applicant and examiner must should be developed, unless new grounds are necessitated by applicant's amendment or new art cited in an applicant's IDS if possible, before final rejection and 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.

[this paragraph can be cut in interest of space] 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), but statute and regulation alike guarantee an applicant a right to two thorough actions before final rejection.

STATEMENT OF GROUNDS

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, and identify the point of

disagreement for 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.

The following checklist includes (but is not an exhaustive list of) issues that must be addressed in a final action. An applicant's traverse noting a procedural omission of any of the following issues *must* result in withdrawal of finality.

- 37 C.F.R. § 1.104(c)(2) has two separate requirements for rejections over prior art: particular parts relied on must be designated "as nearly as practicable," and (for any § 102 reference that shows anything more than the claim, and for all § 103 rejections) "clearly explain" the pertinence of that prior art:
 - All rejections over prior art must include a limitation-by-limitation mapping between the claim and the prior art, designating parts of references "as nearly as practicable." Paragraph-by-paragraph treatment of either claims or references is sufficient only when correspondence between individual claim terms and specific elements of the designated reference is unmistakably clear.⁶³
 - Unless the mapping is facially "apparent" from the designation alone, the action must identify a specific item in the reference by name or reference numeral. A designation of a large range of text is insufficient. It is never appropriate to shift the burden to the applicant to reconstruct the examiner's thinking.
- If claim interpretation is an issue, the examiner must state the claim interpretation applied, and supply a reason to show that that interpretation is "reasonable" in light of the factors specified at MPEP § 2112 *et seq.* If there is any dispute as to claim interpretation, the interpretation and comparison steps must be separate and stated expressly; the mere statement of correspondence is not sufficient.⁶⁴

All anticipation rejections must satisfy these procedural elements:

- All elements must be shown explicitly or inherently. Official notice is never applicable to anticipation.
 - The burden of proof is on the examiner. If a reference is equally amenable to two readings, the reading favoring the applicant is the applicable reading.

⁶³ Incidentally, the Office would do well to publish Pre-Grant Publications in column and line number format – the paragraph number format has led to a noticeable decline in care and precision in examiners' consideration of references.

⁶⁴ See *In re Baker Hughes, Inc.*, 215 F.3d 1297, 1301, 55 USPQ2d 1149, 1152 (Fed. Cir. 2000) ("claim construction by the PTO is a question of law that we review *de novo*"); *Ex parte Ogawa*, Appeal No. 95-1628, <http://des.uspto.gov/Foia/ReterivePdf?system=BPAI&flNm=fd951628>, 1997 WL 1897874 at *1 (BPAI Oct. 24, 1997).

- All reliance on inherency must include “a basis in fact and/or technical reasoning to reasonably support the determination that the allegedly inherent characteristic *necessarily* flows from the teachings of the applied prior art” in compliance with MPEP § 2112.

All obviousness rejections must satisfy these procedural elements:

- Every obviousness rejection must either use one of the seven rationales of MPEP § 2143, or bear the personal signature of a T.C. Director. Individual examiners do not have authority to rely on new rationales for obviousness in a final action.
- The action must show that all elements are known or suggested in the art. “Suggested” requires some affirmative statement in a reference pointing specifically in the direction of the claim element. Examiner explanation is insufficient to meet a claim limitation (except for “species within disclosed genus” of MPEP § 2144.08).
- The action must make some showing corresponding to “motivation to combine,” whether that showing is designated “use of known technique to improve similar devices,” “improve similar devices,” “ready for improvement to yield predictable results,” “design need or market pressure,” design incentives or other market forces, or the like, and that showing must be supported by substantial evidence.⁶⁵
- The reason or rationale to combine or modify references must be specific to the references and the claim, not boilerplate like “reduces cost and improves functionality.”
- The action must make some showing corresponding to “reasonable expectation of success,” whether that showing is designated “predictable results,” “predictable solutions,” “anticipated success”, “variations [that] are predictable to one of ordinary skill in the art,” or the like.⁶⁶
- When an applicant makes a request for a reference or affidavit under 37 C.F.R. § 1.104(d)(2) for an issue of fact, the examiner must come forward with one or the other. Further explanation without citation to substantial evidence is insufficient.⁶⁷
- All assertions of Official notice must make a showing of “such instant and unquestionable demonstration as to defy dispute,” and include “specific factual findings predicated on sound technical and scientific reasoning to support his or her conclusion of common knowledge. ... The applicant should be presented with the explicit basis on which the examiner regards the matter as subject to official notice so as to adequately traverse the rejection.” See MPEP § 2144.03(B).
- A call for evidence under § 1.104(d)(2) is a sufficient traverse of Official notice; the examiner must meet such a call with substantial evidence.
- It is never allowable to use the phrase “because it would have been obvious” within an obviousness rejection. The law nowhere authorizes circular reasoning. Obviousness is established by showing all *prima facie* elements: all elements, motivation, success.

⁶⁵ All of the *KSR* tests include some corresponding showing. The PTO does not have authority to grant examiners the discretion to reject on lesser grounds.

⁶⁶ All of the *KSR* rationales include some corresponding showing.

⁶⁷ Commonly, examiners either totally ignore such requests, or give a more emphatic and longer explanation based solely on examiner opinion. Neither of these constitutes “substantial evidence” or compliance with 37 C.F.R. § 1.104(d)(2).

Any rejection for indefiniteness under § 112(b) must include one of two showings:

- The claim is capable of two significantly different constructions (this is not a sufficient condition for a rejection, but is a necessary condition)
- The claim has no reasonable construction

The obligation to “answer all material traversed” is absolute, and no rejection may be made final, or survive Pre-Appeal, if any material traversed is left unanswered.⁶⁸

The final rejection letter should conclude with Form Paragraph 7.39: ... [rest of MPEP § 706.07 continues]

⁶⁸ 5 U.S.C. § 555(e) (agency decision must include a “brief statement of grounds”); *Mulloy v United States*, 398 US 410, 418 (1970) (“Since the petitioner presented a nonfrivolous, *prima facie* claim for a change in the [agency decision] based on new factual allegations which were not conclusively refuted by other information in his file, it was an abuse of discretion for the board not to reopen [the decision], thus depriving him of his right to an administrative appeal.”)..

Exhibit B

**Page A05018 from PTO's production in
Tafas v. Dudas, "Pre-Appeal Brief
Conference effects – second half of FY 2006"**

Pre-Appeal Brief Conference effects - second half of FY2006

Notices of Appeal filed 4/1/2006 through 9/30/2006, as of 3/5/07

