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November 17, 2008

By Email Nicholas\_A.\_Fraser@omb.eop.gov

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

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

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

Dear Mr. Fraser:

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

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

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

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 The conventional understanding is that precedential court decisions are binding and non-precedential decisions are not – what does it mean when the PTO states vice-versa?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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“an appellant runs a risk that it will be confronted for the first time in the Examiner’s Answer with new rationale in support of the rejection or new evidence or both”<sup>5</sup>

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

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

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<sup>5</sup> 73 Fed. Reg. at 32945, col. 2-3.

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

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

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

basis for disagreeing with the very case it relies on. The other cases the PTO relies on either do not support or undermine its argument.<sup>6,7</sup>

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

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

The PTO long operated under an incorrect definition of the term "appealable subject matter," and stated in August 2007 that it would not implement the Final Bulletin for Agency Good Guidance Practices with respect to supervision of procedural aspects of examination of claims.<sup>8</sup> Because of these two errors, the PTO refuses to enforce the procedures for examination of claims set out in MPEP Chapter 2100.<sup>9</sup> Now the PTO adds a new and illegal incorrect definition of "new ground of rejection," and takes away

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

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

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

<sup>9</sup> The PTO gives examiners almost 250 pages of guidance on examination of claims of patent applications. [http://www.uspto.gov/web/offices/pac/mpep/mpep\\_e8r6\\_2100.pdf](http://www.uspto.gov/web/offices/pac/mpep/mpep_e8r6_2100.pdf) However, the PTO refuses to enforce this guidance during examination. I have asked this question several times of appropriate supervisory officials, "So an examiner can write 'All claims rejected because we're having a job action over bad coffee.' You're telling me that your supervisory authority is so completely absent that you can't even intervene in a case like that?" The answer is consistently "Yes. I would not be able to intervene." Not all, but a solid majority of supervisors insist that they have no obligation to supervise.



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

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

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

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

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

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

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

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

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

## **V. Conclusion and Recommendations**

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

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

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

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

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

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

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

The PTO desperately needs adult supervision, and when it comes to the key provisions of the Paperwork Reduction Act, OMB is the only entity with the authority to provide it. Before the PTO will even consider changing its ways, OMB must first get its attention. The right way to do that it is to disapprove ICR 0651-00xx and direct the PTO to start over. Other specific suggestions within OMB's authority are contained in my presentation to OMB of June 15, 2007.<sup>10</sup> We will all get a better idea of the true benefits, costs, practical utility and burdens of the PTO's intended changes when the PTO prepares for OMB review and public comment a comprehensive Regulatory Impact Analysis – something it should have done more than ten years ago.

Sincerely,

/s/ David E. Boundy

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

## **EXHIBIT 1**



UNITED STATES PATENT AND TRADEMARK OFFICE

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United States Patent and Trademark Office  
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**MAILED**

NOV - 8 2005

Technology Center 2100

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

DECISION ON PETITION FOR  
SUPERVISORY REVIEW  
UNDER 37 CFR §1.181

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

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

**RECENT PROSECUTION HISTORY**

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

(6) On January 25, 2005, a response was filed including: an amendment after Final rejection under 37 CFR 1.116; I.D.S.; as well as a request for reconsideration and request to withdraw the Finality of the October 25, 2004 Office action.

(7) On February 14, 2005, an Advisory Action was mailed, indicating that the proposed amendment(s) would not be entered as they raised new issues that would require further consideration and/or search. The action also indicated that all references cited had been considered on attached (or previously provided) form(s) PTO-1449, with the exception of the reference to Kelly (WO 99/08188).

(8) On April 8, 2005, a Petition under 37 CFR 1.181 requesting the Commissioner to invoke his supervisory authority and withdraw the finality of the Final Office action mailed October 25, 2004, to enter the amendment under 37 C.F.R. 1.116 and to consider the reference(s) cited on form 1449 was filed.

(9) On April 14, 2005, a response, exhibit, an amendment, a three month extension of time, and copy of IDS (previously filed) was filed.

(10) On April 18, 2005, a request to withdraw the Finality, duplicate copy of response and amendment, and IDS was filed.

(11) On April 28, 2005, a Notice of Appeal, response and (apparently different) amendment under 37 CFR 1.116 was filed.

(12) On June 7, 2005, an Advisory Action treating proposed amendments filed April 14, 18 & 28, 2005 was mailed, indicating that the proposed amendment(s) would not be entered as they raise new issues that would require further consideration and/or search. The action also included a copy of non-considered PTO-1449. The Advisory Action also recognized that the submission of April 8, 2005 was in fact a petition to withdraw the finality of the action mailed October 25, 2004, and forwarded such submission to the appropriate deciding officials.

(13) On June 14, 2005, in response to the Advisory Action, a supplemental petition (to the original petition filed April 8, 2005) was filed.

(14) On June 17, 2005, an additional supplemental petition was filed. Petitioner acknowledges that all references cited have been considered by the Examiner with the exception of Kelly (WO 99/08188) noted above.

### **RELIEF REQUESTED**

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

## REQUIREMENTS

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

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

## OPINION

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

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

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

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

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

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

## ANALYSIS

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**ENTRY NOT A MATTER OF RIGHT**

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

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

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

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

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

**37 CFR 1.97. Filing of information disclosure statement.**

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

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

**37 CFR 1.98. Content of information disclosure statement.**

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

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

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

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

### CONCLUSION

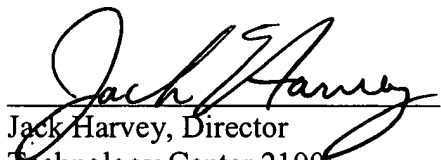
For the above stated reasons, the petition to withdraw the finality of the final Office action of October 25, 2004 is **DISMISSED**.

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

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

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

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

  
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