

From: Gaudry, Kate [email redacted]
Sent: Wednesday, May 06, 2015 12:57 PM
To: WorldClassPatentQuality
Cc: Franklin, Thomas; Lezak, Angel; Gianola, Adam; Almon, Rich; Kitces, Matt
Subject: Patent-Quality Comment: Fast-Track Appeal Program

To Whom It May Concern:

Thank you for accepting comments as part of your Quality Initiative. Please see the attached comment. This particular comment does not specifically correspond to any of the six identified proposals but instead outlines another proposed program to improve examination and patent quality. Please let me know if you have any questions.

Best,
Kate Gaudry



Kate Gaudry
Kilpatrick Townsend & Stockton LLP
Suite 900 | 607 14th Street, NW | Washington, DC 20005-2018
office 202 481 9926 | fax 202 508 5858
[\[email redacted\]](#) | [My Profile](#) | [vCard](#)

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Fast-Track Appeal Program

The following comments are attributable only to the undersigned author and indicated supporters, and do not represent the opinions or beliefs of any other individuals, companies, or organizations.

Examiners hold a tremendous amount of power throughout prosecution. When an examiner and applicant reach an impasse in prosecution and disagree as to whether claims do not comply with the patent statutes, few options remain. One option is for an applicant to file a request for a pre-appeal brief conference. However, a supervisor's interpretation of laws may have itself influenced the examiner's position, in which case an independent review of the contention is unlikely to occur.

General Advantages of PTAB Appeals

An appeal to the Patent Trial and Appeal Board (PTAB) has the potential to offer an objective and independent reassessment of the rejections. Unlike other quality-focused programs at the PTO, PTAB does not give deference to an examiner's findings¹. Given the high qualifications of PTAB judges, an appeal would seemingly provide two key quality-related advantages.

First, appeals can aid in responding to poor-quality rejections. Through appeals, applicants have an avenue to request an independent and unbiased reassessment of a rejection. An applicant may seek such a review when the applicant and examiner disagree about application-specific details. Therefore, appeals can facilitate reducing a number of erroneous rejections.

Second, appeals can provide a fair, normalized mechanism that can be used by applicants to challenge rejections from examiner outliers. It is becoming well-known that examiners' and art units' allowance rates is highly variable across the patent office. When an applicant is matched with an examiner and/or art unit with very low allowance rates (e.g., below 10 or 20 percent), it can be perceived as though it will be nearly impossible to secure an allowance. Appeals can allow applicants to escape a perceived injustice and determine whether other informed decision-makers support the examiner's rejections.

Problems with PTAB Appeals

Extended Delay

Since 2009, the backlog and decision delay has exploded. (See, e.g., FIG. 1A) For example, the average latency between assignment of an appeal number to a decision date more than tripled between 2009 to 2013: In 2013, the average latency between assignment of an appeal number to a decision was 2.2 years, and the average latency between filing a Notice of Appeal and a PTAB decision was 3 years.

As the decision delay lengthened, the number of new appeal filings decreased. (See FIG. 1B.) For example, the number of appeals reaching PTAB in 2014 was less than two-thirds that from 2009.

¹ *Ex parte Nancy C Frye*, Appeal 2009-006013. Feb. 26, 2010.

It does not appear, for example, that the rise in appeals due to this decrease is attributable to a substantive change in PTAB decision results, as the probability that a decision reversed at least one examiner rejection slightly increased during this time period, from 42% to 45%. Thus, it is the signors' belief that this decreased interest in appeals is largely due to the extended appeal pendency.

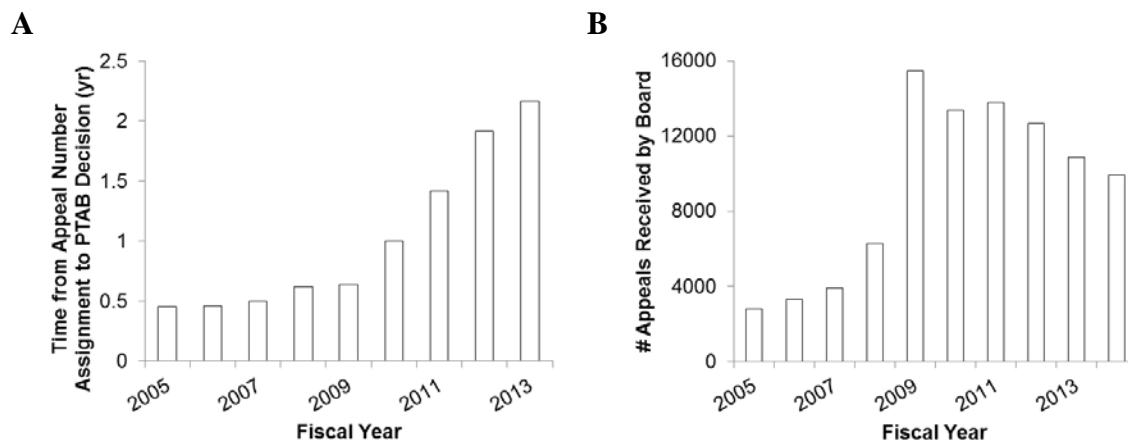


FIG 1. A. Time period (in years) between assignment of an appeal number and issuance of a PTAB decision for each fiscal year between 2005 and 2013. Data from BPAI Performance Measures² and Office of Inspector General report³. **B.** Number of new appeals received at the BPAI/PTAB per fiscal year.²

Frequent Examiner Reopening of Prosecution

Most frequently, an applicant will initiate the appeal process due to frustrations with interacting with an examiner. The office-action count and pendency are likely higher than desired by the applicant, and the applicant may wish to conclude prosecution by putting the matter before PTAB.

However, not infrequently, applicants are unable to obtain a review by the Board, as the examiner has the opportunity to change his or her positions during the appeal process. The examiner may cause an appeal to exit the appeal process by issuing a notice of allowance or an office action. Issuance of another office action can be very frustrating for applicants who believe that an examiners' overall interpretations of patent statutes, cited art or the pending claims are unreasonable.

Yet examiners frequently take such actions. For example, we analyzed several thousand appeal cycles of applications assigned to a business-method art unit (3621-29 and 3681-96) where an applicant or PTO action was filed between January 1, 2012 and April 25, 2015 was performed. Within this data set, examiners reopened prosecution by issuing a new office action in 37% of

² United States Patent and Trademark Office. *PTAB/BPAI Statistics Archive Page*. 2004-2014, available at: <http://www.uspto.gov/patents-application-process/appealing-patent-decisions/statistics/ptabbpai-statistics-archive-page.html>.

³ Delay data from 2005-2008 estimated from values in Figure 2 at: U.S. Department of Commerce, Office of Inspector General, "USPTO's other backlog: past problems and risks ahead for the Board of Patent Appeals and Interference," Aug. 2012, available at: <http://www.oig.doc.gov/oigpublications/oig-12-032-a.pdf>.

the appeals, and prosecution was re-opened via a new office action prior to issuance of a PTAB decision in 30% of the appeals.

To reiterate this point: 30% of the time, after applicants have prepared for an appeal and invested the time and expense to prepare an appeal brief, the applicant's appeal cycle was terminated by a new action from an examiner with whom the applicant was already finding to be unreasonable. While PTO fees could be applied to a subsequent appeal (if one was later filed), attorney fees for preparing the brief, and the time invested in initiating the appeal cycle, are lost. To add to the egregiousness, examiners have the ability to endlessly thwart the appeal processes no matter how many times an applicant attempts to appeal one of a series of office actions.⁴

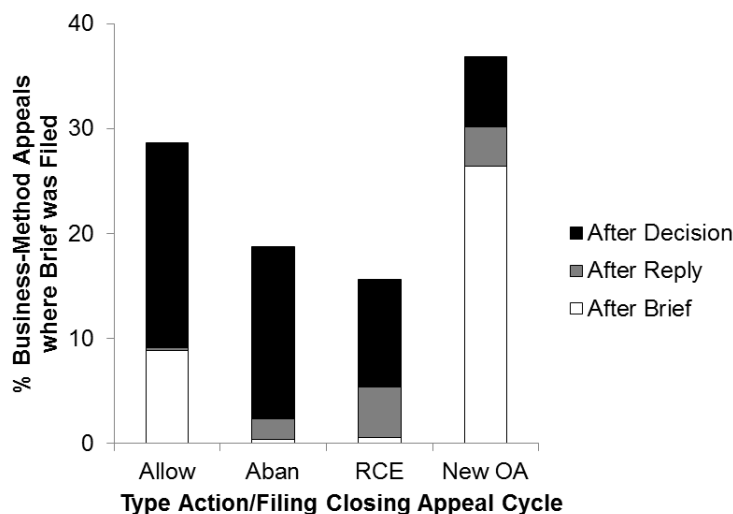


FIG. 2. A set of patent applications assigned to any business-method art unit (3621-29 or 3681-96) was initially identified and analyzed using Reed Tech Patent Advisor. A subset of those applications was selected ($n=4531$), each application in the subset being one for which: (1) an applicant or examiner action occurred during a time period of January 1, 2012 through April 25, 2015; and (2) an appeal brief was filed. For each of these applications, we identified at which stage in the appeal process the appeal concluded (as identified in the legend) and what action was the cause of the appeal process closing (or followed a PTAB decision), as reflected in the x-axis. The type of action closing the appeal process was not determinable by Patent Advisor's data for 1472 of the applications, and these applications' data was therefore excluded from the analysis.

In sum, appeals present an opportunity to secure an independent review of an issue contested between two parties. However, the review is likely to cause a multi-year delay, and examiner action can thwart the ability to secure this review, even while the case remains unallowed.

Proposal: Initiate a Fast-Track Appeal Process

The USPTO began offering a Fast-Track program in Fiscal Year 2011. Initially, the program was available for only new filings, though it was expanded several months after the program's beginning to also allow RCEs to be filed with Track-1 requests. A goal of the program was to reach a final disposition within one year from filing of the request. The program's popularity has

⁴ See, for example, the prosecution history of U.S. Application Number 10/419,934, where the examiner reopened prosecution during each of *three* appeal processes with a new office action.

been strong and is growing: The number of granted positions nearly doubled between fiscal years 2012 and 2014 and will likely reach the cap of 10,000 prior to the end of fiscal year 2015.

As was initially proposed by the author and Joseph Mallon in 2011⁵, our proposal is to initiate a similar program that would allow applicants to pay an additional fee so as to expedite the appeal process. The 2014 fourth-quarter average pendency between filing a Notice of Appeal and receiving a PTAB decision was 3 years. We propose structuring a Fast-Track Appeal process so as to provide decisions within 6 months.

We recognize that prioritizing some appeals requires use of resources (e.g., judges' time) that could result in de-prioritizing other appeals. However, we submit that the receipt of the additional fees could support increasing the quantity of resources (e.g., number of judges) for appeal processing.

We propose abiding by a timeline, such as the one outlined in the Table below. Specifically, the Appeal Brief would need to accompany a Notice of Accelerated Appeal. The Examiner's Answer and Applicant's Reply would be eliminated from the process, and the target date for issuance of a PTAB decision would be 6 months from filing of the Notice of Accelerated Appeal. We propose that, with respect to the Fast-Track Appeal Program, the examiner would be prevented from reopening prosecution with a new office action. The only way that the examiner could terminate the process would be via an allowance.

	Deadline Relative to Preceding Action/Filing	
	Current Appeal Process	Proposed Track-1 Appeal Process
Notice of Appeal	-	-
Appeal Brief	2 mo	0 mo
Examiner's Answer	2 mo	n/a - Answer eliminated
Applicant's Reply	2 mo	n/a - Reply eliminated
PTAB Decision	26 mo	6 mo
TOTAL TIME	~3 years	~6 months

It is our stance that parties should stand by actions in an application's prosecution history. Thus, if an office action is of high quality, the examiner should not need to file an Answer. Similarly, he or she should not need to reopen prosecution via issuance of another Action.

⁵ Gaudry, K.S., Mallon, J. J., "The RCE Cliff," *Patently-O*, Nov. 19, 2012, available at: <http://patentlyo.com/patent/2012/11/guest-post-the-rce-cliff.html>

Finally, if the PTAB reversed at least some of the rejections, an applicant should be able to appeal any subsequent office action issued against the same application through the Fast-Track Appeal Program, free of additional charge. Through this proposed program, applicants could feel as though they had some reasonable recourse for assignment to an examiner perceived to be issuing unreasonable rejections.

Thank you for your consideration.

Author: Kate S. Gaudry
Proposal also supported by: Matthew Kitces
Richard Almon
Angel Lezak
Adam J. Gianola
Thomas Franklin