

# A VIEW BEHIND THE CURTAIN: The BPAI Decision Making Process

## Speakers:

**Vice Chief Judge James Moore**

**Vice Chief Judge Allen MacDonald**

**Judge Kenneth Hairston**

**Judge Murriel Crawford**



# The Board

- The Board is created by 35 U.S.C. § 6, which mandates the Board's:
  - ◆ (1) Duties;
  - ◆ (2) Composition;
  - ◆ (3) Membership Qualifications; and
  - ◆ (4) Panel form of decision-making.



# (1) The Board's Duties

- The Board's two main responsibilities include:
  - ◆ (1) review of ex parte appeals from adverse decisions of examiners where written appeal is taken by dissatisfied patent applicant, and
  - ◆ (2) conduct interferences to "determine priority" (that is, decide who is the first inventor) whenever applicant claims the same patentable invention which is already claimed by another applicant or patentee.



## **(1) The Board's Duties (continued)**

- The Board does not “allow” claims of an application and cannot direct an examiner to pass an application to issuance.
- Rather, the Board’s primary role is to “on written appeal of an applicant, review adverse decisions of examiners” including the findings and conclusions made by the examiner.  
35 U.S.C. § 6.
- The Board also has discretion to enter a new ground of rejection. 37 CFR § 41.50(b).



## (2) The Board's Composition

- ◆ 35 U.S.C. § 6(a) establishes the Board's membership as the Director, the Deputy Director, the Commissioner for Patents, the Commissioner for Trademarks, and the Administrative Patent Judges (“APJs”)
- ◆ Original “board of disinterested persons” provided for in Patent Act of 1836
- ◆ Patent Act of 1861 formed the permanent Board of Appeals of “persons of competent legal knowledge and scientific ability”
- ◆ President Lincoln appointed George Harding, Esq. of Philadelphia as the first “Examiner-in-Chief”



# **(3) Qualifications for Board Membership**

## **(35 U.S.C. § 6(a))**

- The APJs shall be “persons of competent legal knowledge and scientific ability” who are appointed by the Secretary of Commerce upon consultation with the Director
- Each APJ has a law degree from an accredited law school and has been admitted to at least one state bar
- Each APJ has at least a bachelors degree in science or engineering or equivalent----Many have advanced degrees in science or engineering or equivalent





## **(4) The Board's Panel Form of Decision-Making**

- 35 U.S.C. § 6(b) requires hearings by 3-member Panels:

“Each appeal and interference shall be heard by at least three members of the Board, who shall be designated by the Director.”

- The Director's authority under 35 U.S.C. § 6 to designate panels has been delegated to the Chief Administrative Patent Judge, Michael Fleming.
- Normally, panels are composed of 3 APJs, each involved in the decision-making process.



# The Board's Jurisdiction (35 U.S.C. § 134)

- Final Decisions of an Examiner (“Twice Rejected”)
  - ◆ Ex-Parte Appeals: Examiner’s decision rejecting the claims in a patent application
    - Reissue
  - ◆ Reexamination Appeals
    - Inter Partes – Patent Owner and Third Party Requestor
    - Ex Parte – Patent Owner





# BPAI Structure

- Chief Judge Fleming
  - ◆ Oversees all administrative & merits operations
- Merits is split into two Divisions
  - ◆ Division 1
    - Vice Chief Judge James T. Moore
    - ~ 40 Administrative Patent Judges
  - ◆ Division 2
    - Vice Chief Judge Allen R. MacDonald (Acting)
    - ~ 40 Administrative Patent Judges



# BPAI Structure

- Division 1 - Vice Chief Judge Moore
  - ◆ Biotechnology Section
  - ◆ Computers Section
  - ◆ Contested Cases Section
  - ◆ Interference Section



# BPAI Structure

- Division 2 - Vice Chief Judge MacDonald (Acting)
  - ◆ Chemical Section
  - ◆ Communications/Electrical Section
  - ◆ Mechanical / Business Methods Section



# BPAI Structure

- Each section is divided into plural chambers
  - ◆ Each chamber comprises
    - Two APJs
    - Two Patent Attorneys
    - A Paralegal
- FY2010 - Half of APJs are in a chamber
- FY2011 - All APJs will be in a chamber



# Requirements to Enter Appeals Process

- Application must be twice rejected
- Notice of Appeal
- Filing of an Appeal Brief
- Filing of an Examiner's Answer
- Filing of a Reply Brief (optional)
- Docketing - transfers jurisdiction to the Board
  - ◆ Appeal Number assigned
  - ◆ Oral Hearing date assigned, if requested



# Standard Operation Procedures (SOP)

- SOP 1:  
Assignment of APJs to Panels
- SOP 2:  
Publication of Opinions and Binding Precedent





# The Appeal at the Board

- Assigning a Panel by Chief APJ or Vice Chief (SOP 1)
- APJ Conference
  - ◆ Review by the Panel
  - ◆ Duties of the Judges
- Oral Hearing (if requested by Appellant)
  - ◆ Post-Hearing Conference
- Circulating Opinion
- Signed decision (SOP 2)



# Appeals Process: Review by the Panel

- Board is a judicial body reviewing **issues raised by** an Appellant.
- Board's Findings of Fact must be supported by at least a preponderance of the evidence.  
*Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1427 (Fed. Cir. 1988) (explaining the general evidentiary standard for proceedings before the Office).



# Appeals Process: Review by the Panel

- The Board's role in an appeal is to, “*on written appeal of an applicant*, review adverse decisions of examiners upon applications for patents.” 35 U.S.C. § 6(b) (2006) (emphasis added).



# Appeals Process: Review by the Panel

- (§ 103 example) An appellant may attempt to overcome an examiner's obviousness rejection on appeal to the Board by submitting arguments and/or evidence to show that the examiner made an error in either (1) an underlying finding of fact upon which the final conclusion of obviousness was based, or (2) the reasoning used to reach the legal conclusion of obviousness.



# Appeals Process: Review by the Panel

- (Example cont.) Similarly, the applicant may submit evidence of secondary considerations of non-obviousness. *See Kahn*, 441 F.3d at 985-86 (“On appeal to the Board, an applicant can overcome a rejection by showing insufficient evidence of *prima facie* obviousness or by rebutting the *prima facie* case with evidence of secondary indicia of nonobviousness.”) (quoting *In re Rouffet*, 149 F.3d 1350, 1355 (Fed. Cir. 1998), *overruled in part on other grounds*, *KSR*, 550 U.S. at 422).



# Appeals Process: Review by the Panel (continued)

- The panel reviews adverse Examiner decisions for **error** based upon the **issues** identified by Appellant, and in light of the arguments and evidence produced thereon. *See In re Oetiker*, 977 F.2d 1443, 1445 (Fed. Cir. 1992) (“In reviewing the examiner’s decision on appeal, the Board must necessarily weigh all of the evidence and argument.”) (emphasis added). *Ex parte Frye*, \_\_\_ USPQ2d \_\_\_ (BPAI March 1, 2010) (precedential)  
<http://des.uspto.gov/Foia/ReterivePdf?system=BPAI&fINm=fd2009006013-02-26-2010-1>.





# Appeals Process: Review by the Panel (continued)

- Under 37 CFR § 41.37(c)(1)(vii): appeal brief must include “the contentions of appellant with respect to each ground of rejection presented for review in paragraph (c)(1)(vi) of this section, and the basis therefor, with citations of the statutes, regulations, authorities, and parts of the record relied on.”



# Appeals Process: Review by the Panel (continued)

- Specifically, the Board reviews the particular finding(s) contested by Appellant **anew** in light of all the evidence and argument on that **issue**.
- Filing a Board appeal does not, unto itself, entitle an appellant to *de novo* review of all aspects of a rejection.



# Appeals Process: Review by the Panel (continued)

- The Board will not, as a general matter, unilaterally review uncontested issues and aspects of the rejection. *See, e.g., Hyatt v. Dudas*, 551 F.3d 1307, 1313-14 (Fed. Cir. 2008) (the Board may treat arguments appellant failed to make for a given ground of rejection as waived).



# Appeals Process: Review by the Panel (continued)

- Thus, the Board will generally not reach the merits of any **issues** not contested by an appellant. *Cf. In re Baxter Travenol Labs*, 952 F.2d 388, 391 (Fed. Cir. 1991) (“It is not the function of this court to examine the claims in greater detail than argued by an appellant . . . .”).



# Duties of Administrative Patent Judge 1

- Researches the record

- ◆ Performs legal research to identify law relevant to the potential issues
- ◆ Performs technical review of the record to identify evidence which may be relevant to the potential issues



## Duties of APJ 1 (cont.)

- **Conferences** the case with the APJ(s) on the panel, and in conference presents the potential issues, relevant law and evidence
  - ◆ For an appeal with an oral hearing, its conference is necessarily split-in-two to first cover items needed to prepare for the hearing and then to cover items that cannot occur until after the hearing





# Recommendations by APJ 1

- During the Panel conference, APJ 1 makes **Recommendations** which include:
  - ◆ **Issues** which the panel should address including any discretionary new ground of rejection under 37 C.F.R. § 41.50(b);
  - ◆ **Findings of Fact** believed to be relevant to each issue;
  - ◆ **Principles of Law** believed to be relevant to each issue;
  - ◆ **Analysis** believed to be appropriate for each issue; and
  - ◆ **Result** believed to be appropriate for each issue.



# Conference Result

- At the conference, the Panel makes determinations concerning:
  - ◆ Issues before the panel;
  - ◆ Findings of Fact relevant to each issue;
  - ◆ Principles of Law relevant to each issue;
  - ◆ Appropriate Analysis for each issue; and
  - ◆ Appropriate Result for each issue.



# Decision Made in Conference

- How the panel should rule on each issue:
  - ◆ Whether or not the Examiner reversibly erred with respect to each rejection on appeal raised by Appellant; and
  - ◆ Whether or not a new ground of rejection is appropriate;
    - The Panel is required to unanimously agree on any proposed new ground of rejection.



# APJ 1 Drafts a Proposed Opinion

- The Proposed Opinion documents the decision made during the conference
  
- Proposed Opinion includes:
  - ◆ Findings of Fact
  - ◆ Principles of Law
  - ◆ Analysis applying the Principles of Law to the Findings of Fact
  - ◆ Conclusions of Law



# Duties of APJ 1

## After Proposed Opinion is Drafted

- Upon completion of the Proposed Opinion, APJ 1 finally confirms:
  - ◆ The correct issues are before the panel
  - ◆ There are no gaps or errors in the Findings of Fact, Principles of Law, and Analysis for each issue
  - ◆ The correct decision has been made as to whether the Examiner erred in rejecting the claim(s)
  - ◆ The appropriateness of any new ground of rejection being made



# Duties of APJ 1

## After Proposed Opinion is Drafted

- APJ 1 then:
  - ◆ Approves the Proposed Opinion as APJ 1
  - ◆ Notifies the other APJ(s) assigned to the panel that the Proposed Opinion is ready for their review and approval





## Duties of Other APJs

- Upon receiving notice that the Proposed Opinion is ready for review, the other APJs **read** the Proposed Opinion and **confirm**:
  - ◆ The correct issues are before the panel
  - ◆ There are no gaps or errors in the Findings of Fact, Principles of Law, and Analysis for each issue
  - ◆ The correct decision has been made as to whether the Examiner erred in rejecting the claim(s)
  - ◆ The appropriateness of any new ground of rejection being made



## Duties of the Other APJs (cont.)

- The other APJs then:
  - ◆ Approve the Proposed Opinion, or write a concurring or dissenting opinion
  - ◆ Notify APJ 1 that the Proposed Opinion has been reviewed and is approved for mailing



# Patent Attorney Duties

- Patent Attorney duties include:
  - ◆ Reviewing the record
  - ◆ Researching case law
  - ◆ Presenting recommendations to the Panel



## Patent Attorney Duties (cont.)

- The Panel of APJs makes all substantive decisions and determinations in view of recommendations
- The Patent Attorney then drafts a proposed decision for the APJs
- All other functions are carried out by the APJs



# Oral Hearing Cases

- A **preliminary conference** is held by the Panel before the oral hearing to generally identify the issues
- A more substantive **final conference** is held after the hearing



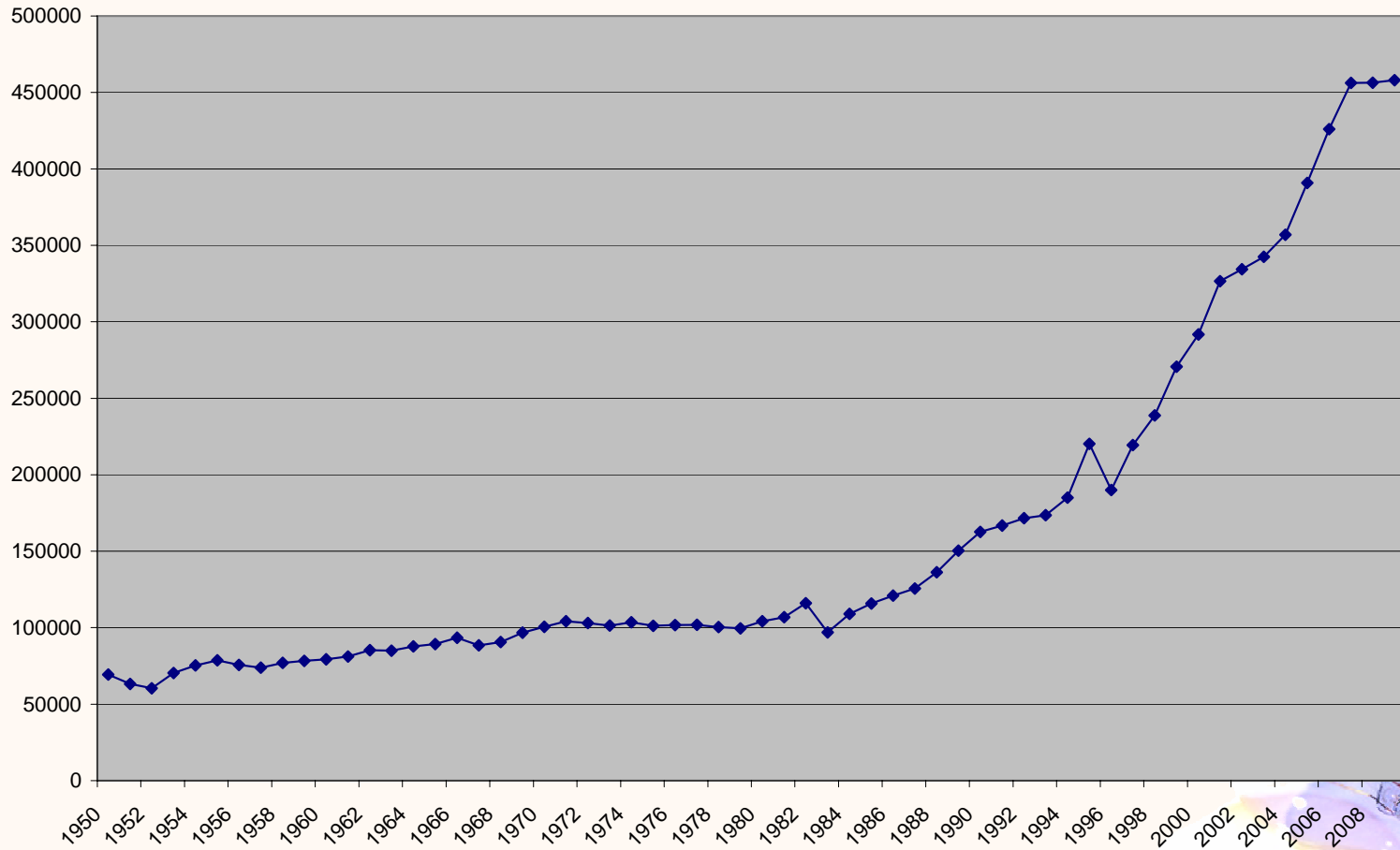
## ... and Interferences

- Study on the raw numbers of interferences from 1950-2009
- Number of Applications filed
- Number of Reexamination Proceedings
  - ◆ Ex-Parte
  - ◆ Inter-Partes
- Change in Case Law
- Costs and Risks



# Applications Filed

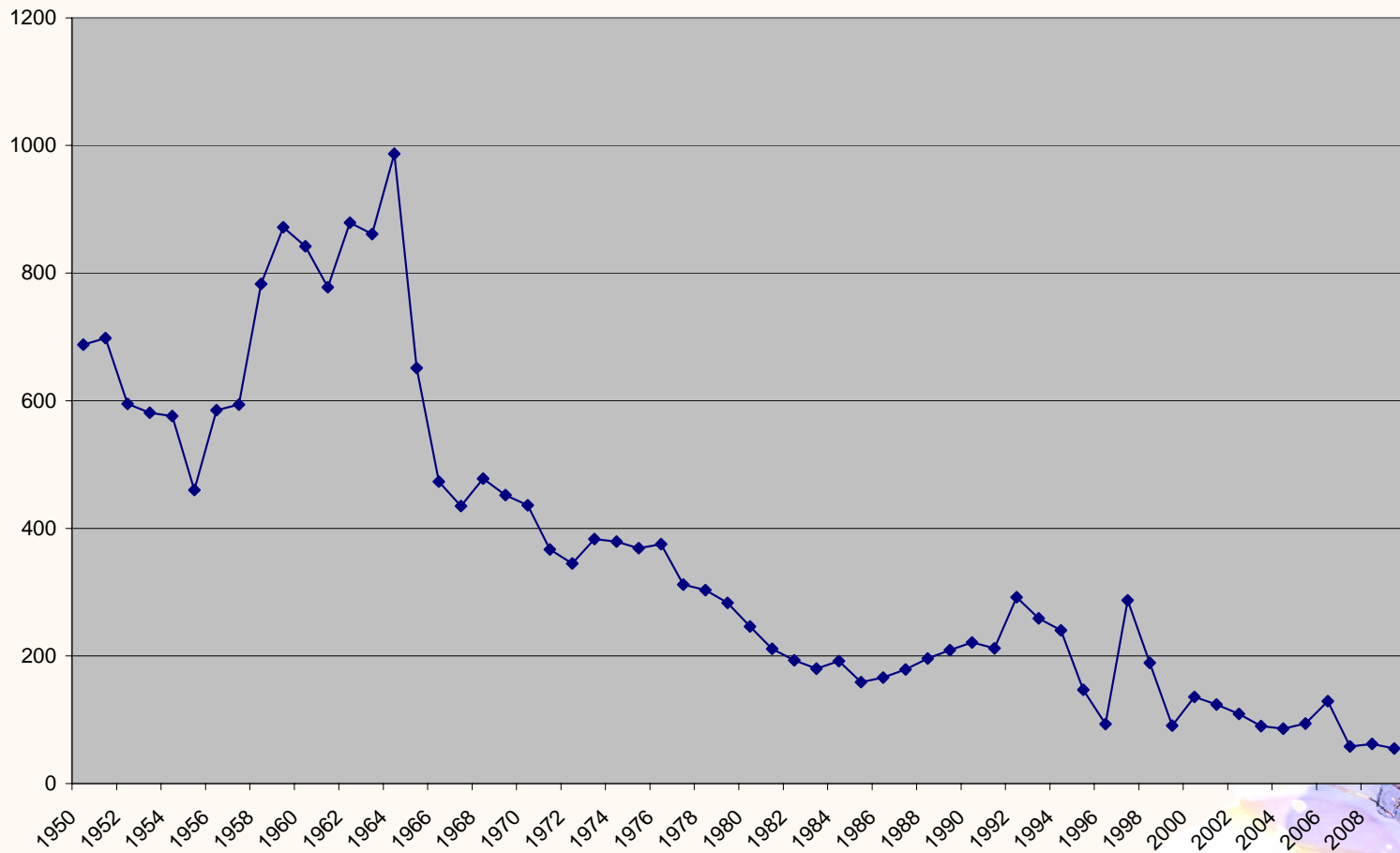
Utility Applications 1950-2009





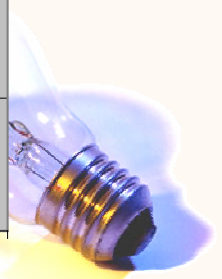
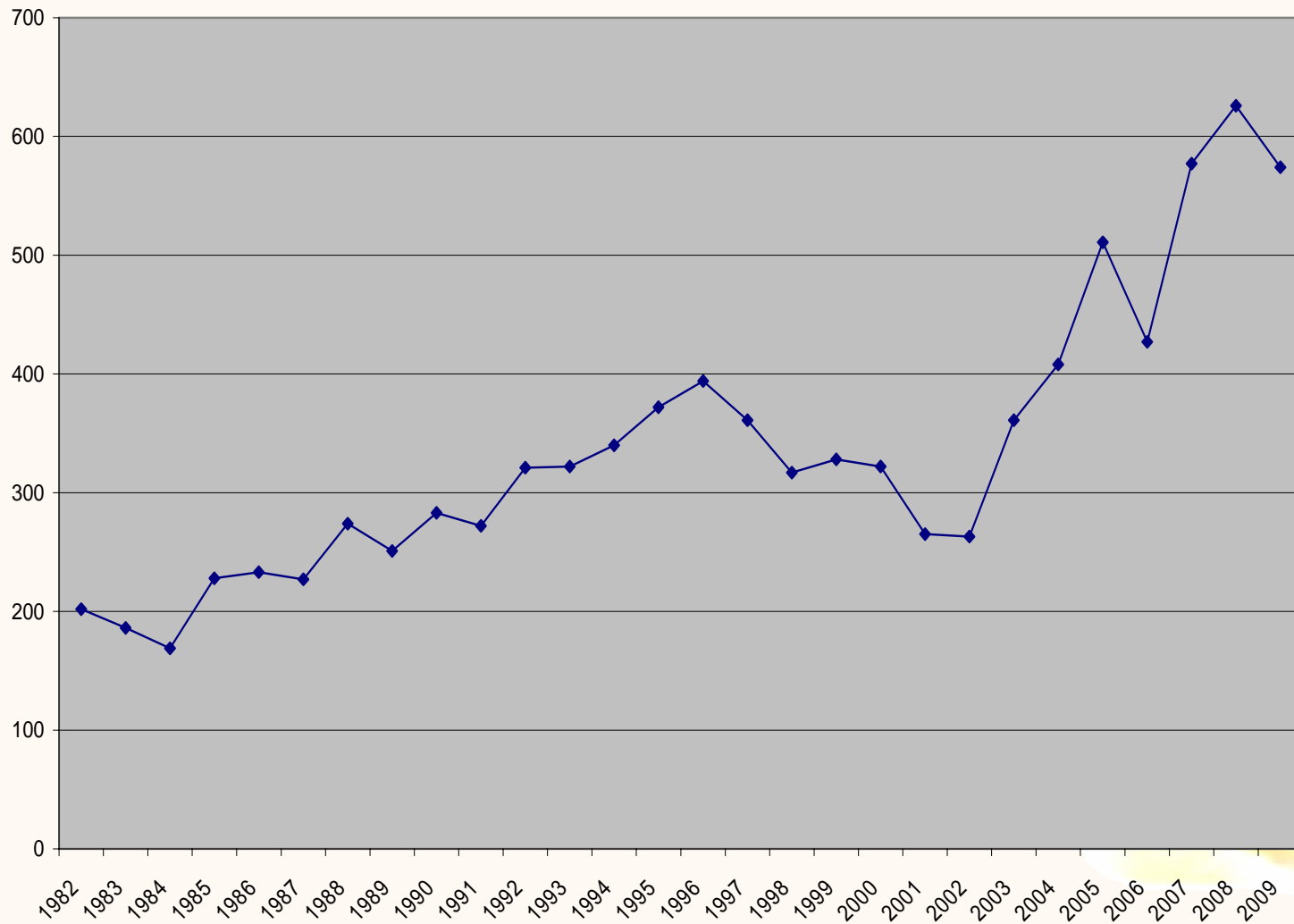
# Interferences Declared

Interferences Declared 1950-2009



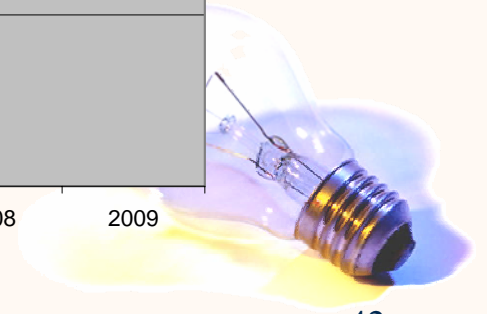
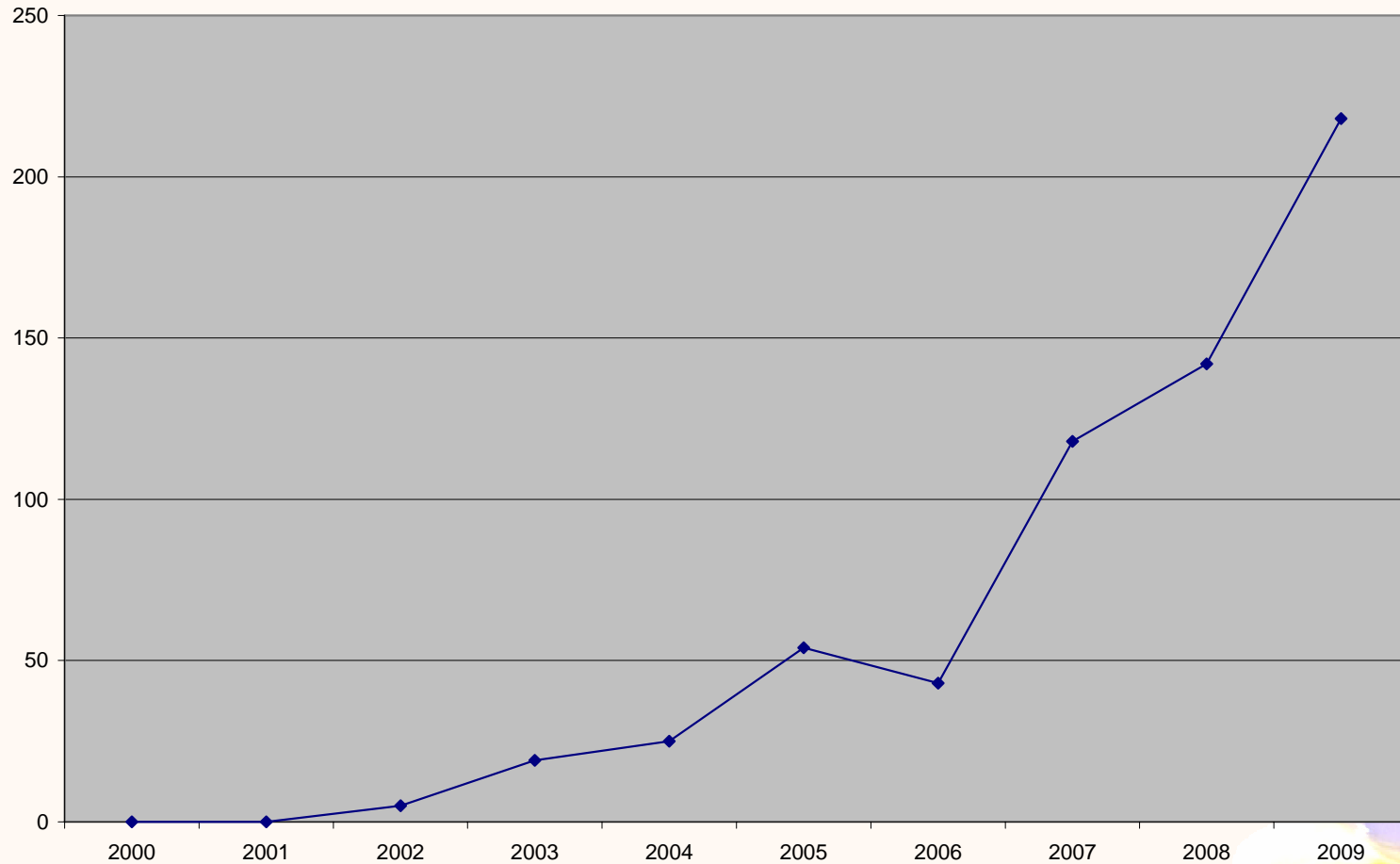
# Ex-Parte Reexaminations

Ex Parte Reexamination Requests Granted



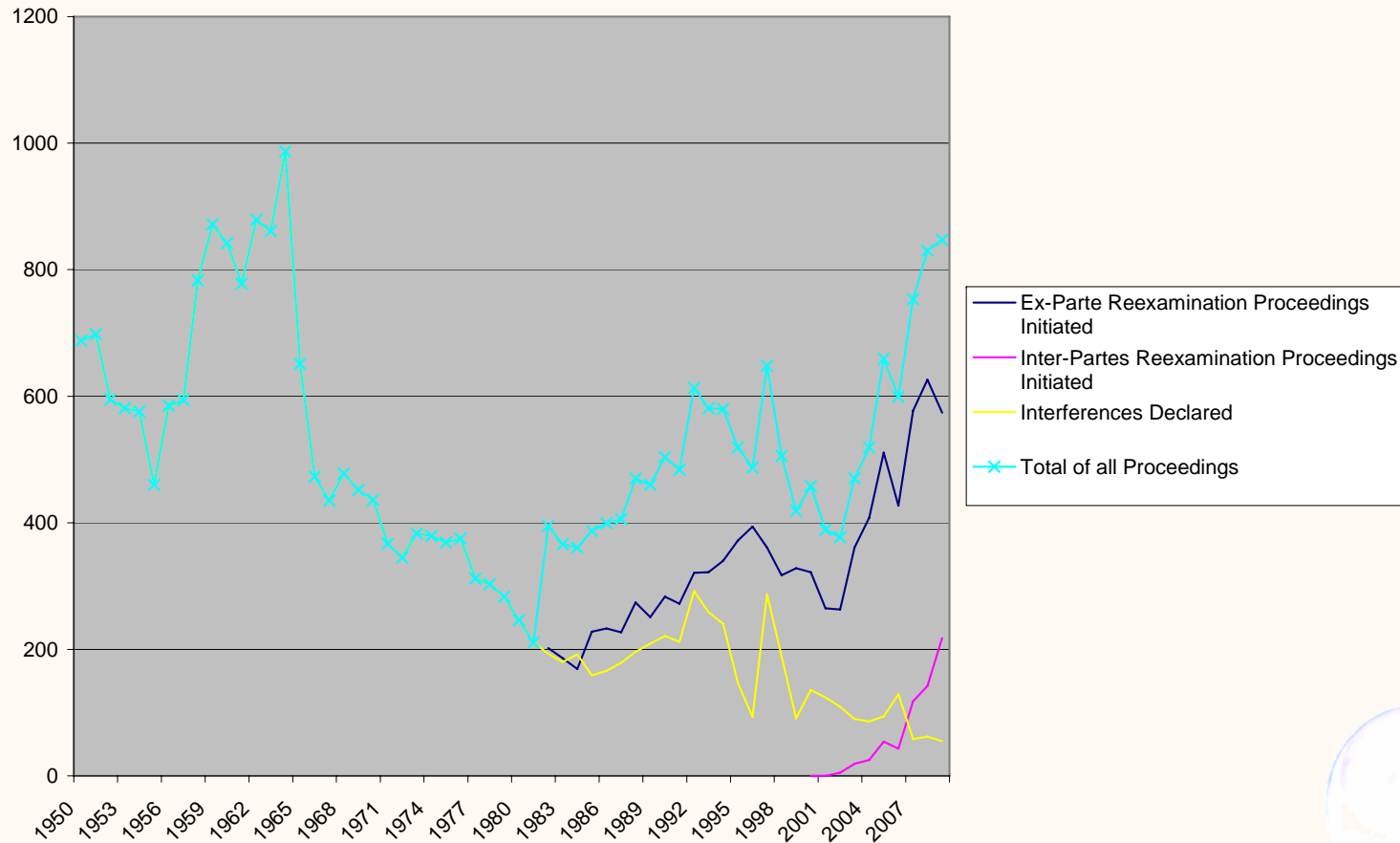
# Inter-Partes Reexaminations

Inter Partes Reexamination Requests Granted



# Total of All Proceedings

Patentability Challenges at USPTO



# Change in the Case Law

- *Noelle v. Lederman*, 355 F.3d 1343 (Fed. Cir. 2004)

In order for an interference-in-fact to exist, invention A must anticipate or make obvious invention B, and invention B must anticipate or make obvious invention A, thereby meeting both prongs of the 'two-way' test.



# Costs and Risks

- Two-Party Interference through Priority
  - ◆ Mean Average Costs - \$732,000
- Ex-Parte Reexamination Proceeding
  - ◆ Mean Average Costs - \$14,395
- Inter-Partes Reexamination Proceeding
  - ◆ Mean Average Costs (through Appeal)  
- \$173,000
- Risks of Claim Loss or Worse in Interference



# Conclusion

- **Visit Our Web Site for statistics, argument dates, opinions, the interference web portal, standard operating procedures, rules and other information:**

**[www.uspto.gov/web/offices/dcom/bpai/index.html](http://www.uspto.gov/web/offices/dcom/bpai/index.html)**

- **Questions?**

