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Enhancing Compact Prosecution

RCEs and BPAI Appeals

The Frequency and Success of Challenging Specific Rejection Types

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Biotechnology/Chemical/Pharmaceutical Customer Partnership

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Outline

- Compact Prosecution: Definition and Advantages
- How RCEs and BPAI Appeals Impede Compact Prosecution
- Types of Rejections Frequently at Issue in RCEs and Appeals
- Trends in Rejection-Type Frequency in RCEs and Appeals
- Success Rates of RCEs and Appeals based on Rejection Types at Issue
- Tips for Enhancing Compact Prosecution

Compact Prosecution is Desirable

- Compact Prosecution = Efficient Prosecution
- Helps both PTO and Applicants
  - Decreases prosecution time and costs
- PTO encourages compact prosecution
  - "Applicants and examiners both must be committed to compact prosecution in order to achieve the efficiency we all seek." (Director's Forum, June 28, 2010)
  - Supplementary Examination Guidelines, 76 FR 7162, 7169 (Feb. 9, 2011) ("Practice Compact Prosecution")
  - MPEP § 2106(II)

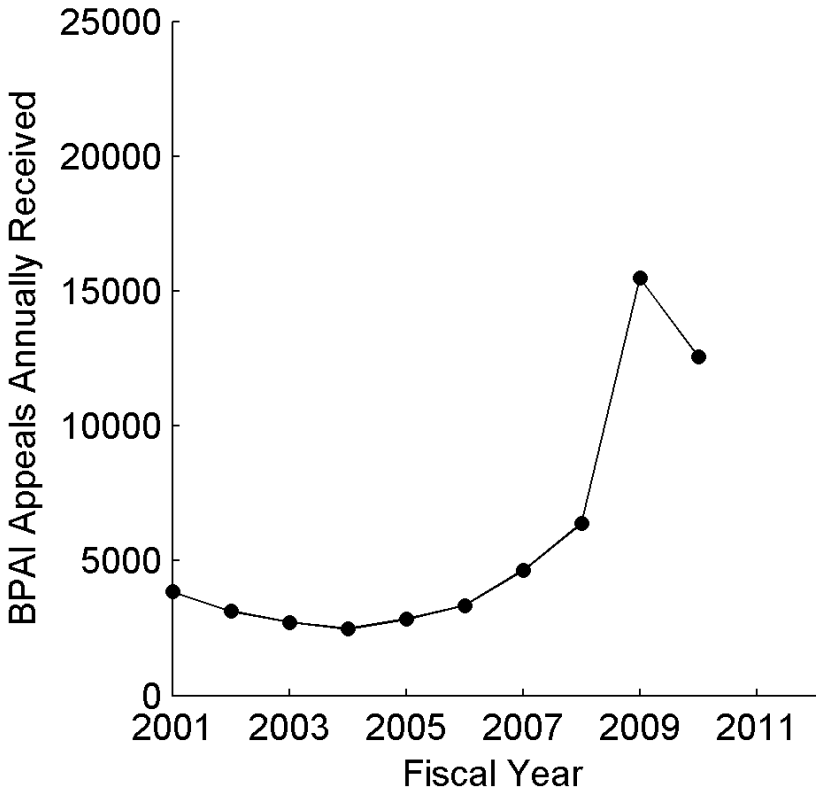
Lengthy Prosecution Counters Compact Prosecution

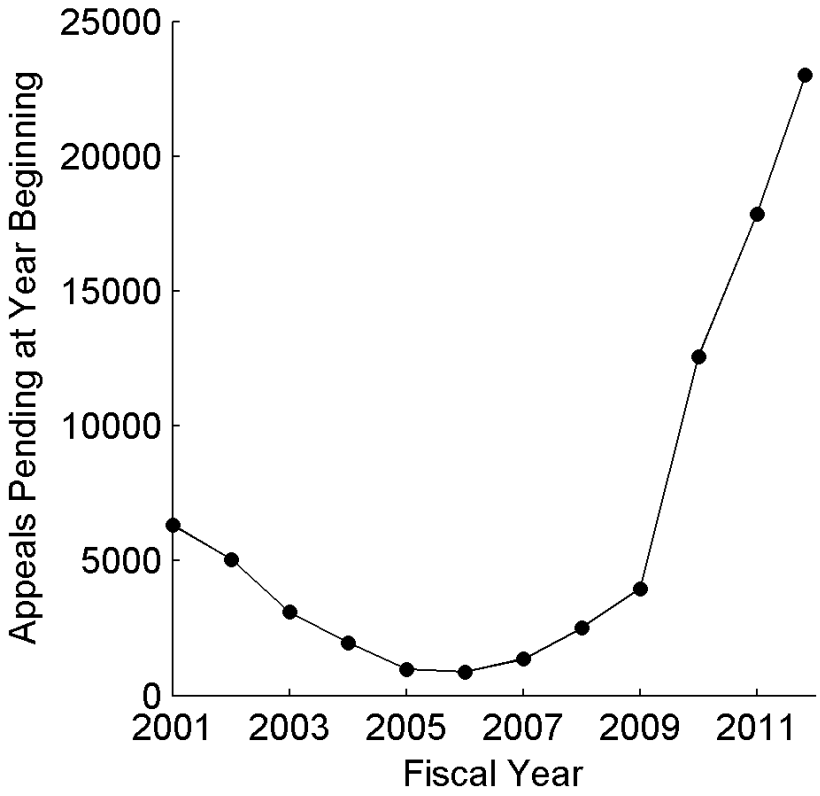
- A Common Prosecution Timeline:
  - PTO: Rejections in first Office Action
  - Applicant: Amendments/arguments
  - PTO: Allowance or Final Office Action
    - Applicant: RCE or appeal
      - RCE allowance or BPAI decision
- Resolving rejection disputes without RCE or appeal would increase prosecution efficiency

Consequences of RCEs and Appeals

- PTO
  - Increased workload per application
  - Contributes to backlog
  - Increased patent term adjustments (PTA)

Board Backlog of Appeals





Source: PTO data at http://www.uspto.gov/ip/boards/bpai/stats/receipts/index.jsp

Consequences of RCEs and Appeals

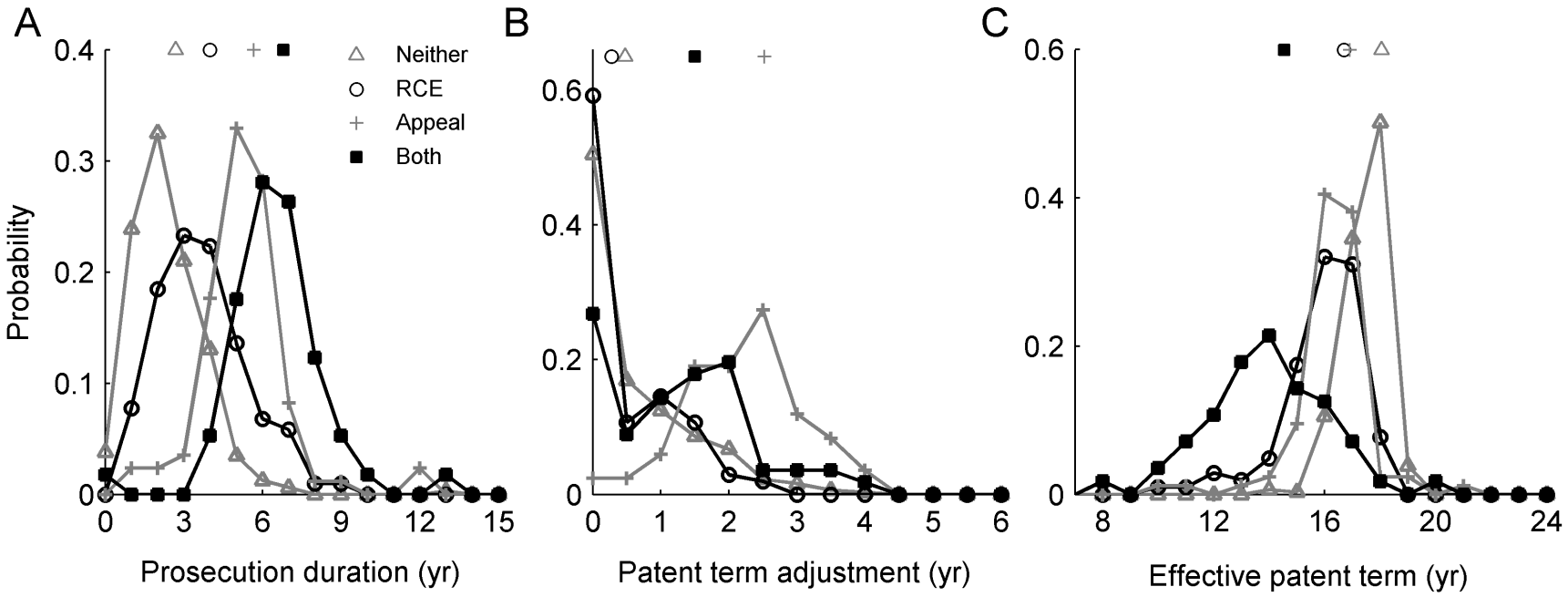
- PTO
  - Increased workload per application
  - Contributes to backlog
- Applicant
  - Fees (PTO and attorney)
  - Shortened enforceable patent term
    - Delayed issuance not fully compensated by PTA

Effect of RCEs and Appeals on Enforceable Term

- RCE data
  - Analyzed file histories of 417 TC 1600 patents issued in 2007-2008
  - If no appeal was filed, assigned to:
    - "Neither" group if no RCE was filed
    - "RCE" group if 1+ RCE was filed
- Appeal data
  - Analyzed all TC 1600 BPAI appeals published between 2007-2008
  - If a resulting patent issued, assigned to:
    - "Appeal" group if no RCE was filed
    - "Both" group if RCE was also filed
- Identified:
  - Prosecution duration
  - Any patent term adjustment (PTA)

Neither	RCE	Appeal	Both
N=314	N=103	N=85	N=57

Effect of RCEs and Appeals on Enforceable Term



	Neither	RCE	Appeal	Both
Prosecution duration (years)	2.7	4.0	5.7	6.8
PTA (years)	.48	.28	2.5	1.5
Enforceable patent term (years)	18.1	16.7	16.9	14.5

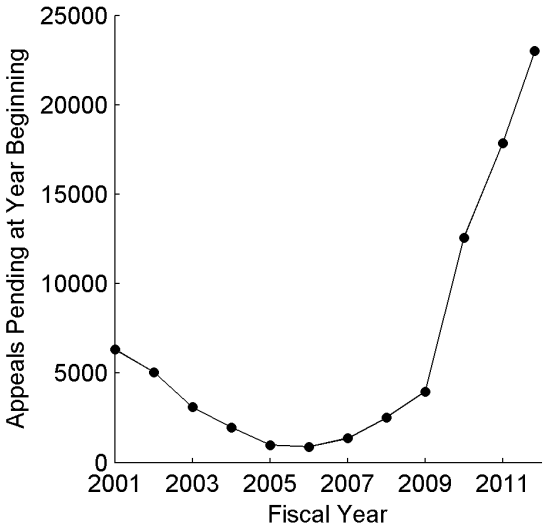
Consequences of RCEs and Appeals

- PTO
  - Increased workload per application
  - Contributes to backlog
- Applicant
  - Fees (PTO and attorney)
  - Both RCEs and Appeals results in shortening of enforceable patent term by average of over one year
    - Delayed issuance not fully compensated by PTA

Consequences of RCEs and Appeals

- Disadvantages for both the PTO and the Applicant
- BUT frequently used
  - RCEs are filed in approximately 1/3 of applications
    - Commissioner Stoll (USPTO Director's Forum)
  - Appeal backlog rising at BPAI

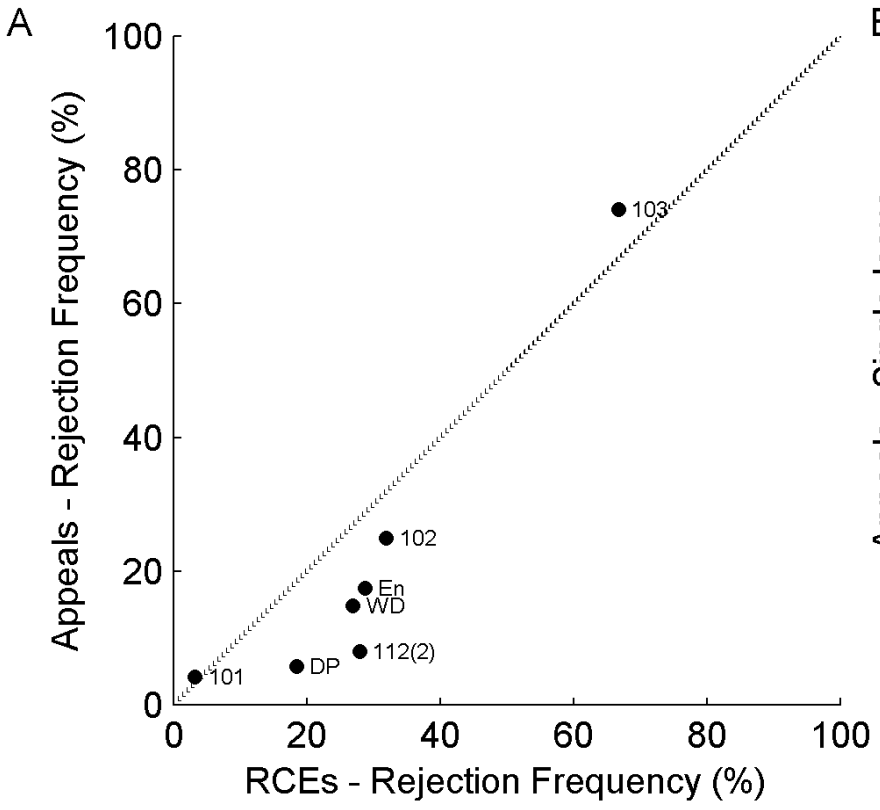
What kinds of rejections are at issue in RCEs and Appeals?

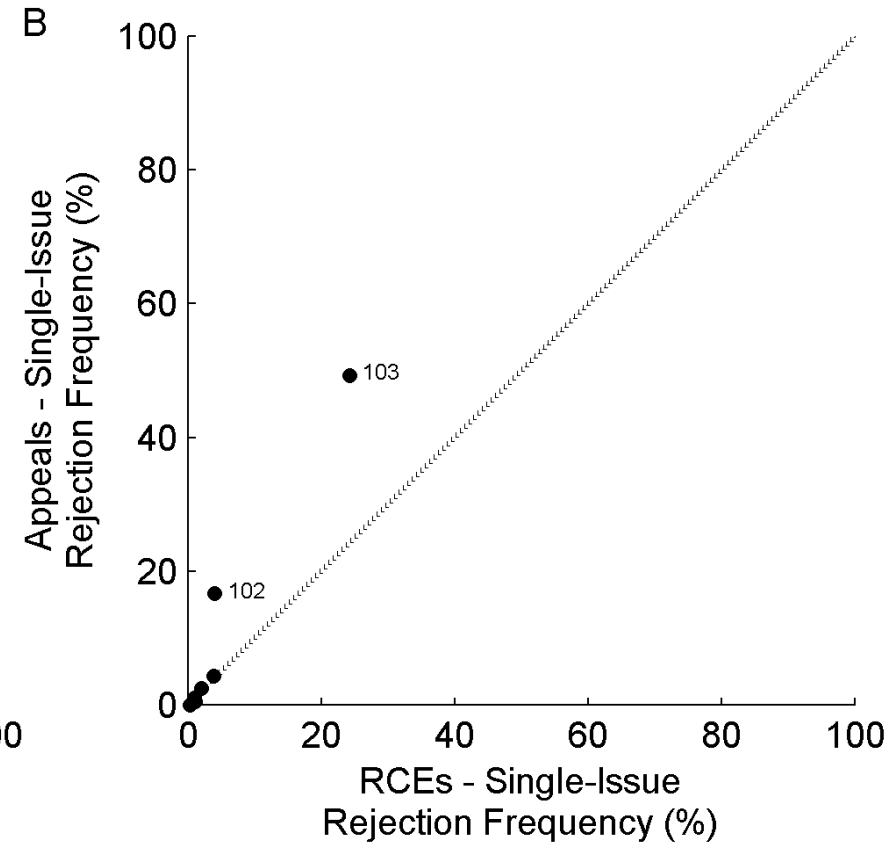


RCE/Appeal: Issue-by-Issue Analysis

- RCE data
  - FOIA request for TC 1600 applications with at least one RCE having been filed between 2007-2009
  - N=988 applications
- Appeal data
  - Analyzed all TC 1600 appeals published between 2007-2009
  - N=934 applications
- For each application, we identified:
  - The pending rejections
  - Whether each type of rejection was fully maintained/affirmed
    - RCE: Reviewed first Office Action following RCE
    - Appeals: Reviewed Board decision

Frequency of Rejections

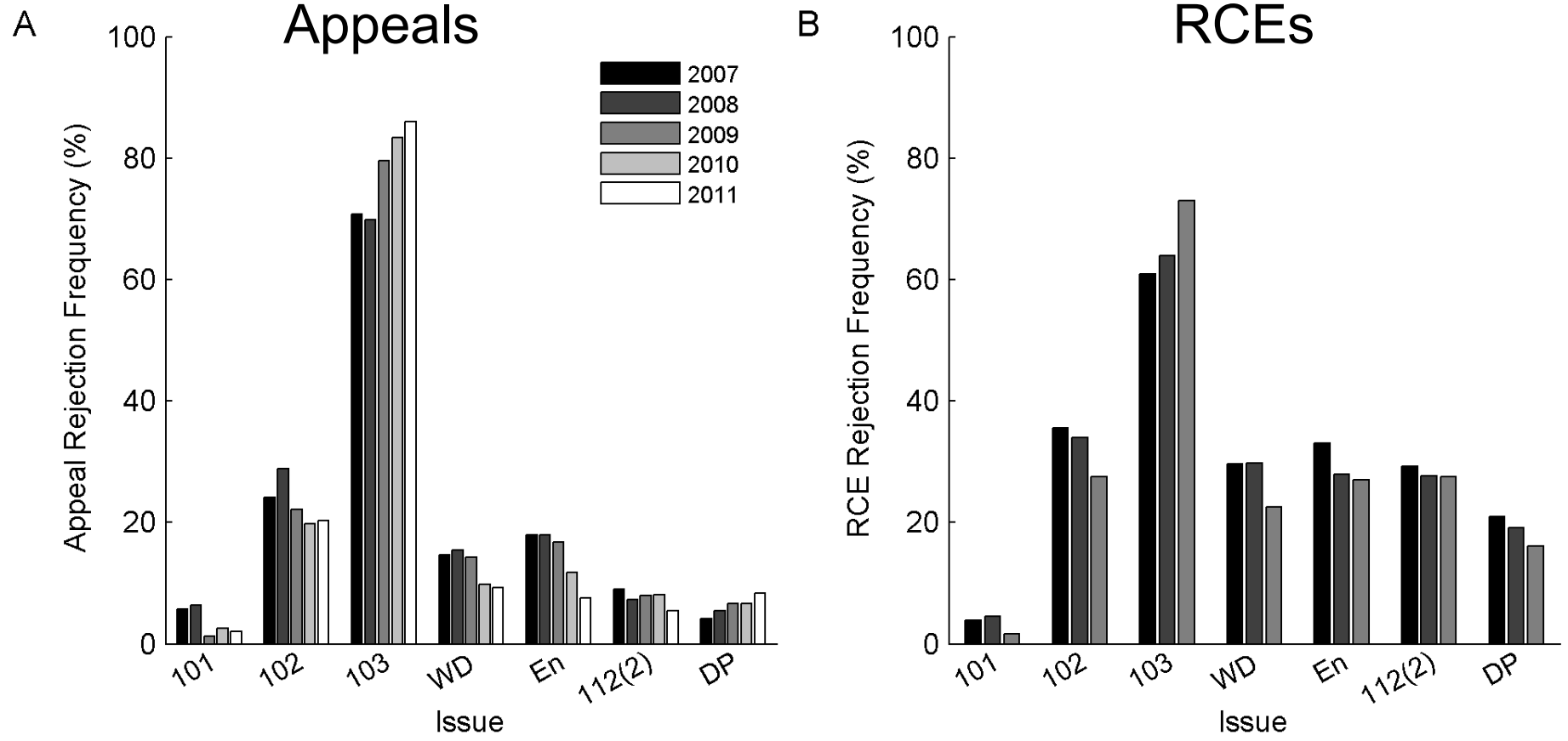




§ 103 - Most Frequently Contested

- 67% of RCE applications
- 74% of Appeal applications
- More than double the frequency of any other rejection type
- *KSR* was decided on April 30, 2007 - how did that affect applicants' decisions to file an RCE or appeal following a §103 rejection?

Trends in Rejection Frequencies*

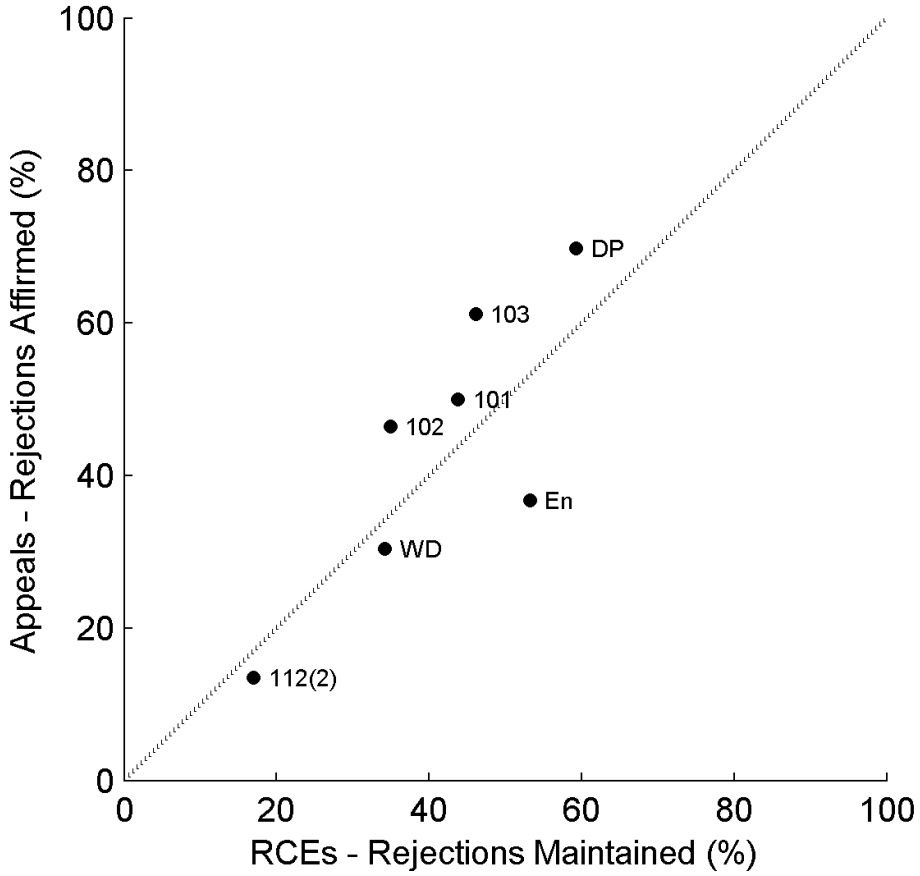


*Calendar year basis (through July for 2011)

Why So Much Disagreement on § 103 Rejections?

- Fact-intensive
  - Reasonable (and unreasonable) minds can differ
  - Subject matter in TC 1600 often highly complex
- §103 rejection often outcome dispositive
  - Applicant: Narrowed claims not worth having
- Expected value greater than RCE/appeal costs
  - Expected value = (Future value) x (likelihood of eventual grant)
  - What is likelihood of success for RCE vs. appeal?

Success Rates of RCEs and Appeals



Why are § 103 Rejections So Often Contested?

- Lack of common ground between Examiner and Applicant during prosecution
  - Disagree on Facts
    - Especially when complex
  - Disagree on Law
  - Consequences of outcome
  - Likelihood of success for RCE/appeal

Why are § 112 Rejections Less Often Contested?

- Easier to find common ground
- Less likely to be outcome dispositive
- Applicant: Amended claims still worth having

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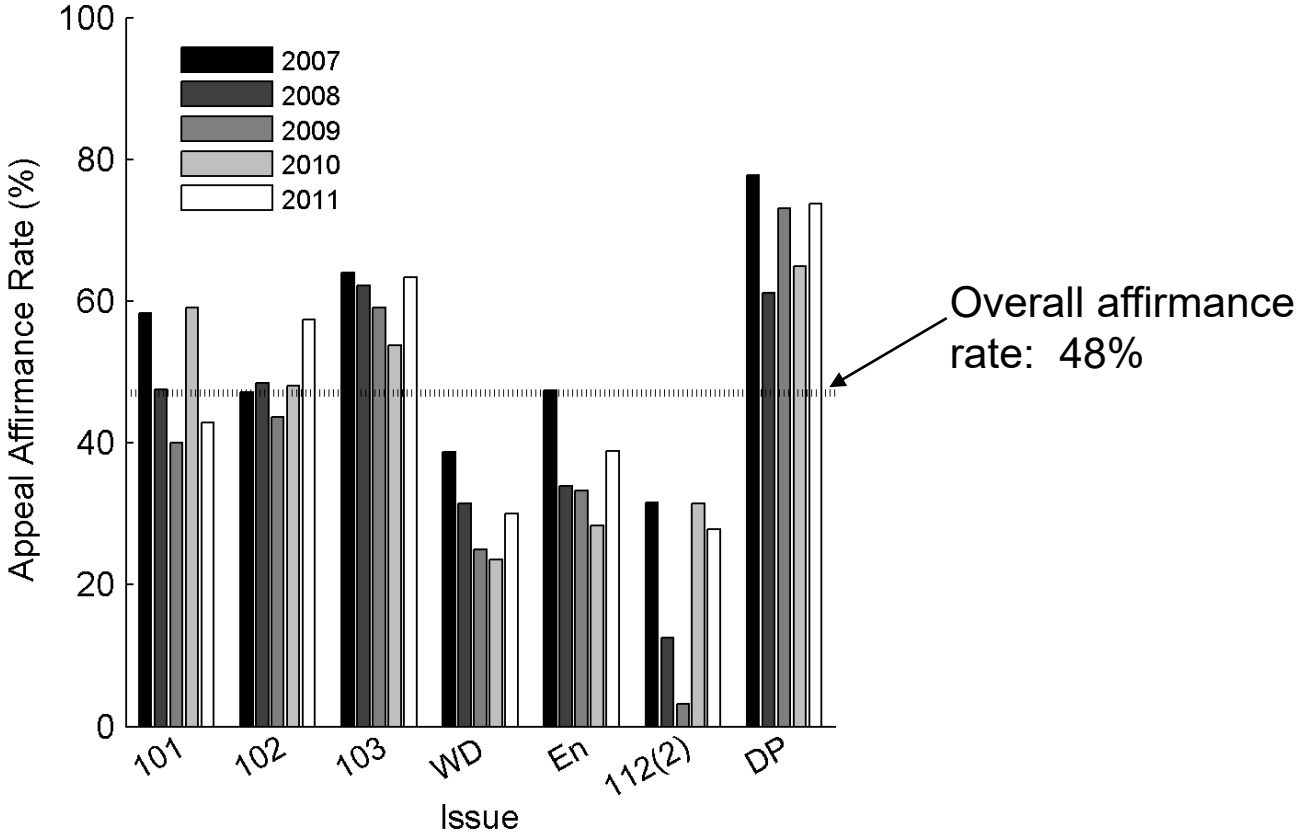
- Suggestion to PTO: Publish issue-by-issue appeal statistics



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- Suggestions to Applicants and Examiners: Greater awareness of factors that affect appeal outcomes
- **#1, #2, #3 Evidence, evidence, evidence!**
  - Applicants: Attorney argument is not evidence
  - Examiners: Conjecture is not evidence. *In re Kao* ___ F.3d. ___ (Fed Cir 2011): "The Board's own conjecture does not supply the requisite substantial *evidence* to support the rejections[]."

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- **#4 Claim construction**
  - PTO permitted to give claims broadest reasonable interpretation
    - Applicants: *In re Morris,* 127 F.3d 1048 (Fed. Cir. 1997) (PTO not required to construe claims in the same manner as a court)
    - Examiners: Interpretation can't be unreasonable, *e.g.,* contrary to evidence. *In re Cortright*, 165 F.3d 1353 (Fed. Cir. 1999)
      - "Preventing" disease enabled even when less than 100% effective. *See Ex parte Evans*, (Bd. Pat. App. & Int. Jan. 5, 2009) (non-precedential)

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- **#5 Interpretation of prior art**
  - Examiners: "Broadest reasonable interpretation" does not apply to prior art
  - Applicants: Look for Examiner reasoning or interpretation that is contrary to disclosure of reference
    - Consider submitting expert declaration
  - Teaching away
    - Applicants: Can be powerful argument but don't overstate, *e.g.,* recognize disclosure of alternatives

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- **#6 KSR**
  - Applicant: Board often affirms on basis of that claims are *prima facie* obvious because results of combining familiar elements in known ways to produce predictable results
    - "The combination of familiar elements according to known methods is likely to be obvious when it does not more than yield predictable results." *KSR Int'l Co. v. Teleflex Inc.,* 550 U.S. 398, 416 (2007)

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- **#7 KSR**
  - Examiners: Must provide "articulated reasoning with some rational underpinning to support the legal conclusion of obviousness." *KSR*, 550 U.S. at 418 (2007)
    - Typical fact patterns when examiners are reversed:
      - Lack of reasoning or conclusory reasoning
        - » Reasoning does not account for all claim limitations
      - Reasoning is too general (e.g., "in order to make a better mousetrap")
      - Reasoning is not sufficiently supported by facts or logic, or contrary to evidence of record

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- **#8 Unexpected Results**
  - Applicants: Establish that invention is unexpectedly different from closest prior art
    - Evidence of what is expected
    - Evidence difference is unexpected
    - Compare to closest prior art
      - » Need not be art identified by examiner
    - Unexpected results commensurate in scope with claims

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- **# 9 PTO standard for definiteness under 112(2)**
  - Claims of granted patent: Indefinite if "insolubly ambiguous". *Exxon Research and Eng'g Co. v. United States*, 265 F.3d 1371, 1375 (Fed. Cir. 2001)
  - Claims of pending application: Indefinite if two reasonable interpretations. *See Ex parte Miyazaki*, 89 U.S.P.Q. 2d 1207 (Bd. Pat. App. & Int. 2008)
    - Examiners: Second interpretation must be reasonable. *See, e.g.*, *Ex Parte Srinivas* (Bd. Pat. App. & Int. Sept 2, 2011) (non-precedential) ("substantially" not *per se* indefinite)

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- **#10 No picking and choosing to support § 102 rejection**
  - § 102 rejection should be based on prior invention, not prior disclosure of elements in a single reference.
  - [U]nless a [prior art] reference discloses within the four corners of the document not only all of the limitations claimed but also all of the limitations arranged or combined in the same way as recited in the claim . . . it. . . cannot anticipate under 35 U.S.C. § 102." *Net MoneyIN, Inc. v. VeriSign, Inc*. 545 F.3d 1359, 1371 (Fed. Cir. 2008).
  - Applicant: Disclosure of reference must be considered "as a whole", not limited to examples. *Id* at. 1369 n. 5.

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Dr. Mallon has a B.S. in Chemistry and a Ph.D. in Polymer Science and Engineering. After graduate school he worked for seven years as a research scientist in the aerospace and chemical industries, resulting in numerous publications and patents. After becoming a patent agent in 1995, he joined the legal department of a

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