

# **I'LL HAVE THE APPEAL WITH CONFERENCE, HOLD THE APPEAL BRIEF**

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5           Of the myriad rule changes that the U.S. Patent and Trademark Office (PTO) is making to address quality and timeliness issues, one of the most significant to patentees is the pre-appeal brief conference program announced in July 2005. The program was introduced in pilot form and was subsequently extended indefinitely in February 2006. The pre-appeal brief conference program is likely to remain at the PTO. The 2007-2012 Strategic Plan of the PTO that was released in  
10 August 2006 is predicated on this practice change and other changes that were temporarily put in place for fiscal years 2005-2006 becoming permanent changes. This paper discusses the background of the pre-appeal conference, procedural considerations, practical considerations, how the pre-appeal conference program has worked for applicants as well as the PTO, and an expanded use by the PTO of the conference format.

## 15 **I. PRE-APPEAL CONFERENCE BACKGROUND**

The pre-appeal conference pilot program was created as a mechanism to address delay at the Board of Patent Appeals and Interferences (BPAI) and the expense associated with an appeal. The PTO *defacto* practice prior to 2002 was for a signatory primary examiner to not conference with other examiners to discuss the merits of a final rejection in response to a notice of appeal and  
20 a subsequent appeal brief. The *defacto* practice meant that there was little chance for the applicant to have a clearly erroneous rejection overturned without resorting to a full appeal. In about 2002, the PTO focused on addressing the growing backlog at the BPAI and started requiring examiners to conduct a conference review of applications when an appeal brief was filed. The conferences reduced appeals in which the Examiner would be reversed, but to trigger the conference an  
25 applicant was required to endure the significant expense of drafting and filing an appeal brief. Along these lines, Jon Dudas, Under Secretary of Commerce for Intellectual Property and Director of the PTO, in 2005 estimated a cost to applicants of at least thirty million dollars annually for appeal briefs that were drafted and filed but that were not forwarded to the BPAI (*i.e.*, either prosecution was reopened or the case allowed based on the conference). To address significant  
30 public input that the PTO examination process needed to be streamlined, the pre-appeal brief conference rule was introduced as a pilot program in mid-2005.

## II. PRE-APPEAL BRIEF CONFERENCE

Any patent application which has been twice rejected may be appealed to the BPAI according to 37 CFR §41.31(a) of the Rules of Practice in Patent and Trademark Cases. If an Applicant believes the rejections are clearly improper or lack an essential element needed for a *prima facie* rejection, the provisions of the pre-appeal brief conference program permit an Applicant to institute a pre-appeal brief conference rather than going directly to appeal.

According to the Official Gazette notice that made the pre-appeal brief conference program effective, the pre-appeal brief conference should be used when one or more rejections are “based upon clear legal or factual deficiency in the rejections rather than interpretation of the claims or prior art teachings.” In other words, in situations where “a limitation is not met by a reference or the examiner failed to show proper motivation for making a modification,” the pre-appeal conference is proper. By contrast, situations where the issues are interpretation of the prior art teachings or interpretation of claim scope, the case is better suited for traditional appeal.

The requirements for initiating a pre-appeal brief conference are the simultaneously filing a notice of appeal and a separate paper entitled “Pre-Appeal Brief Request for Review” (hereinafter Request). The Request, which must be five (5) pages or less, should “provide a succinct, concise and focused set of arguments for which the review is being requested,” and the Request may refer to arguments previously made rather than repeating those arguments. Note that the program provisions state that remarks “such as ‘see the arguments of record’ or ‘see paper number X’ are not helpful and will just obfuscate the real issue for review. The program provisions provide a recommended, but not mandatory, timeframe of conducting the pre-appeal brief conference within 45 days of filing the Request. The provisions further state each ground of rejection is to be reviewed in the conference by a panel of examiners, including the examiner of record and a supervisor.

The pre-appeal brief conference has four possible outcomes: 1) the panel finds there is at least one actual issue for appeal, and thus application remains under appeal; 2) prosecution on the merits is reopened; 3) the application is allowed; or 4) the pre-appeal brief conference is dismissed for failing to comply with the requirements. According to statistics from the PTO during the first months of the pilot program, a small percentage of the pre-appeal brief conference requests were dismissed for failing to comply with required formalities. If prosecution is not reopened or the

case not allowed, the Applicant is given one month (extendable) from the mailing date of the decision on Request in which to file an appeal brief.

### III. PRACTICAL CONSIDERATIONS

65 The threshold issue when considering whether to institute the pre-appeal brief conference is whether the rejections at issue are proper for review in the pre-appeal brief conference. The guidelines are murky in most cases as to the dichotomy between “clear legal or factual deficiencies” as proper for the pre-appeal brief conference, and interpretation of the claim scope or interpretations of prior art teachings as improper for the pre-appeal brief conference. For example, 70 if an applicant believes that “a limitation is not met by a reference,” and the examiner’s interpretation of the prior art reference is that the limitation is present, whether the rejection is proper for a pre-appeal brief conference is dependent upon how the issue is phrased. Thus, in the five pages which are available to an applicant, it is important to consistently present the issues for appeal on the basis that the Examiner has not met the statutory requirements of the stated rejection. 75 When, however, a rejection is based solely on a matter of claim scope, such as the meaning of a claim term that cannot be resolved from the intrinsic record, the conference program guidelines state that a traditional appeal is more appropriate. Similarly, when there are two plausible interpretations of the teaching of the prior art, expect the conference panel to forward the application to the BPAI.

80 Even if an applicant has a perception of a high chance of success to have the examiner’s rejections reversed by way of the pre-appeal brief conference, other considerations (*e.g.*, the probable panelists) may cause some practitioners to question use the pre-appeal brief conference. According to the PTO pre-appeal brief conference program provisions, the pre-appeal brief conference panel consists of “at least one supervisor and the examiner of record.” In situations 85 where the examiner does not have signatory authority, the panel may consist of the examiner and the examiner’s supervisor, both of whom approved the rejections of the final Office action. Even if a third, ostensibly unbiased person joins the panel (which is not required), the panel appears to be stacked in favor of the examiner, and the Applicant is not given the opportunity to participate.

In the first three months of the pilot program only about twenty percent of the notices of 90 appeal filed requested a pre-appeal brief conference according to PTO released information. An informal survey of patent prosecution practitioners with whom the Authors are acquainted reveals that, based on perceived inequity in panel membership, many practitioners are shying away from

the use of the pre-appeal brief conference program. An article by Mr. Joseph M. Butscher entitled *Suggestions for the Pre-Appeal Brief Conference Pilot Program*, Intellectual Property Today, 95 December 2005, highlights at pages 24-26 these potential shortcomings in panel membership. Mr. Butscher advocates for the use of a panel that does not include the examiner of record. However, as discussed below, shying away from use of the pre-appeal brief conference program because of perceived bias in the panel may be unjustified. It is important not to lose sight of the fact that examiners have incentive to gain disposals of applications by allowing enforceable patent 100 claims. In addition to potential examiner embarrassment associated with repeated reversals at the BPAI, a primary quality indicator is the examiner error rate. According to a U.S. Department of Commerce report entitled "USPTO Should Reassess How Examiner Goals, Performance Appraisal Plans, and The Award System Stimulate and Reward Examiner Production," as provided by the Office of Inspector General, Final Inspection Report No IPE-15722/September 2004, the examiner 105 error rate is one of six key metrics the U.S. Department of Commerce uses to measure PTO quality. This report may be found at [www.oig.doc.gov/oig/reports/2004/USPTO-IPE-15722-09-04.pdf](http://www.oig.doc.gov/oig/reports/2004/USPTO-IPE-15722-09-04.pdf). Therefore, examiners are highly motivated to correct reversible error prior to the BPAI.

#### IV. PERFORMANCE OF THE PRE-APPEAL BRIEF CONFERENCE

After more than a year of having the pre-appeal conference available for use, one question 110 that arises is how conferencing on appealed rejections is affecting PTO performance. From the perspective of the PTO, the conference on appealed rejections (whether as part of the pre-appeal brief conference program or conference review after an appeal brief is filed) is assisting significantly with the number of appeals to the BPAI. To more fully appreciate the significance, a review of the PTO's public fiscal year statistics related to the BPAI for *ex parte* appeals provides 115 insight.

Fiscal Year	No. of Received Appeals	No. of Appeals Disposed Of	Pending Appeals to be Heard
1998	3779	4091	8889
1999	4040	4585	8344
2000	2981	5004	6321
2001	3855	5126	5050
2002	3125	5085	3090
2003	2721	3843	1968

2004	2469	3452	985
2005	2834	2937	882

120 These statistics may be found in the PTO fiscal year production reports at [www.uspto.gov/web/offices/dcom/bpai/docs/process/index.htm](http://www.uspto.gov/web/offices/dcom/bpai/docs/process/index.htm). Starting with fiscal year 2002, there is a noticeable decline in the number of appeals forwarded to the BPAI, which correlates with revival of the informal examiner conferencing on the merits of a rejection. What is even more striking about the reduction in pending cases is the fact that PTO filings have risen in each year in the past decade, so one would expect the number of appeals forwarded to the Board each year to trend likewise. Although there is an increase in appeals in fiscal year 2005 over fiscal year 2004, the numbers clearly demonstrate that when the PTO began consistently using an examiner 125 conferencing system in 2002 the number of appeals forwarded to the BPAI was significantly reduced.

Turning now specifically to the pre-appeal brief conference program, after more than a year of the existence, the question is whether the pre-appeal brief conference program is achieving the stated purpose of saving applicant time and expense. Information released by the PTO from its 130 October 25, 2005 Patent Public Advisory Committee Meeting transcripts regarding the pre-appeal brief conference program showed that between 40 and 50% of the conferences resulted in a decision that the appeal should proceed to the BPAI. Stated conversely, between 50 and 60% of the requests for pre-appeal brief conferences resulted in the case being allowed or prosecution reopened without the expense of having to draft and file an appeal brief. Conversations with PTO 135 legal staff in preparing this article lead the Authors to believe that the statistics remain relatively unchanged in the continued use of the program, with less than one-half of the pre-appeal brief conference decisions recommending that the case be forwarded to the BPAI. Because the pre-appeal brief conference program has resulted in the redirection of over one-half the applications using the program, a substantial number of applications have been directed away from the BPAI in 140 addition to saving countless hours and attorney fees. Without these savings, the PTO backlog at the BPAI would be noticeably greater. Thus, the pre-appeal brief conference program appears to be meeting its stated objective of saving applicant time and expense. Moreover, having only 40 to 50% of appeals proceed to the appeal brief stage under the pre-appeal brief conference program

145 may be surprising to practitioners who believe that a panel including the examiner of record and/or the examiner's supervisor would be biased.

150 Thus, while the use of the pre-appeal brief conference is elective, there is little downside to utilizing this process and the statistics indicate that using the process has great merit. A further benefit to avoidance of the submission of an appeal brief involves the potential inclusion of information required to be in an appeal brief that may create file wrapper estoppel. For example, the rule of practice found at 37 C.F.R. 41.37(c)(1)(v) regarding the content of an appellant's brief requires a summary of the claimed subject matter that references the specification page, line numbers and drawing reference characters regarding at least the independent claims. Such specificity may create, impliedly or directly, unintended estoppel.

155 It is no surprise why the PTO considers the pre-appeal brief conference program a win-win opportunity for the PTO and for applicants. Relatedly, an integral planning assumption made by the PTO in its Strategic Plan for 2007-2012 is that changes to practice that were temporarily put in place for fiscal years 2005-2006, including the pre-appeal conference, will be made permanent.

#### **V. EXPANDED USE OF THE CONFERENCE PANEL**

160 While there may be reluctance by applicants to use the pre-appeal brief conference, the PTO is expanding the use of such conferencing. In particular, the PTO recently instituted changes to the practice for petitions to make special, and similarly instituted an accelerated examination program, as detailed June 26, 2006 at 71 Fed. Reg. 36323-36327. The changes to the practice for petitions to make special and the new accelerated examination procedure are beyond the scope of this article; however, each of the petition to make special practice and the accelerated examination practice  
165 utilize a conference panel similar to that of the pre-appeal brief conference. In particular, in cases for which a petition to make special or petition for accelerated examination is granted, before the issuance of a non-final Office action, the PTO will conduct a conference to review the rejections. Likewise, before the issuance of a final Office action, the PTO will conduct a conference to review the rejections, which conference is expressly likened to the pre-appeal brief conference. Thus, use  
170 of the conference panel is increasing, rather than decreasing.

#### **VI. CONCLUSION**

After more than one year of practical experience with using the pre-appeal brief conference program, applicants are finding it to their financial advantage to utilize the program. In a significant portion of the applications being appealed, the need to prepare an appeal brief is being

175 avoided while obtaining an allowed application. Additionally the amount of time associated with  
an appeal is often avoided. If effective and relevant arguments are utilized in response to a first  
Office action rejection, these arguments can form the content of the required written reasons for the  
conference. Thus, no additional file wrapper estoppel need be generated as may occur with further  
procedural requirements of an appeal brief. The statistics associated with the pre-appeal brief  
180 conference program indicates that PTO office applicants are obtaining substantial benefits from  
this process.

The above article expresses the view of the authors, and not necessarily those of the State Bar of  
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