

# **PTO Rule Making – Pushing Back**

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## **Continuations and Claims Rules**

Three basic provisions:

- (a) one continuation and one RCE per family (broadened to one continuation and two RCE's in the final rule),
- (b) if you exceed 10 total claims, you have to designate 10 for examination, and to have more examined, you have to submit an Examination Support Document – a mandatory search, and an explanation for why all claims are patentable over all references (in the final rule, the PTO set the limit at 5 independent and 25 total claims, with no option to designate)
- (c) any two applications having effective filing dates within two months of each other, with overlapping inventorship and overlapping disclosure (whatever that means) would be presumed to be double patenting over each other, and burden shifts to applicant to show that all claims are patentably distinct

History:

PTO made initial Paperwork Reduction Act submission to OMB on Dec. 22, 2005  
Split into two Notices of Proposed Rulemaking, January 3, 2006, comment period closed in May 2006

Went to OMB for review under Executive Order 12866 in Apr. 2007, emerged July 10, 2007

PTO never made final rule Paperwork Reduction submission to OMB

Issued as final rule on Aug. 21, 2007, with Nov. 1, 2007 effective date

Tafas and GSK sued in Eastern District of Virginia, preliminary injunction issued on Oct. 31, 2007, permanent injunction on Apr. 1, 2008; currently on appeal to Federal Circuit, oral argument was held Dec. 5, 2008

Current status:

Under permanent injunction by Judge Cacheris, on appeal to Federal Circuit.

If PTO wins at the Federal Circuit, the case returns to E.D. Va. for resolution of many more issues.

Even if the PTO eventually prevails on all issues raised in court, the PTO still has to obtain Paperwork Reduction Act clearance – unlikely to be approved, since the PTO never filed required submission

## **IDS Rule**

Basic provision: if you submit more than 25 references in IDS, you have to write a “Patentability Justification Document,” essentially similar to an ESD

History:

PTO made initial Paperwork Reduction Act submission on Jun. 5, 2006

Notice of Proposed Rulemaking Jul 10, 2006

PTO submitted the rule, apparently with no changes from notice and comment, in July 2007.

PTO has never sought final OMB approval under Paperwork Reduction Act

Current status:

Suspended, pursuant to Josh Bolton end-of-administration rulemaking memo, very likely because of pushback from OMB under Paperwork Reduction Act, and now held under the Rahm Emanuel and Peter Orszag memos. Also likely suspended because the provisions are very similar to provisions of the Claims rule that were the subject of Judge Cacheris’ ruling on the 5/25/ESD rule

PTO cannot implement the IDS Rule until it obtains Paperwork Reduction clearance – unlikely to occur, since PTO has never filed a submission

## ***Markush Rule***

Two basic provisions:

PTO would have change restriction rules (37 C.F.R. § 1.141 *et seq.*) to permit “single species” “one invention per application” restriction

Rejoinder practice would have been sharply curtailed

History:

PTO failed to make initial Paperwork Reduction Act submission

Notice of Proposed Rulemaking Aug. 10, 2007

“Do Over” Notice of Proposed Rulemaking on Mar. 10, 2008 with corrected Regulatory Flexibility Act analysis

PTO submitted the rule, apparently with no changes from notice and comment, to OMB for E.O. 12,866 approval in June 2008.

PTO has never sought final OMB approval under Paperwork Reduction Act

Current status:

Suspended under the Josh Bolton Memo, and now under the Rahm Emanuel and Peter Orszag memos

PTO cannot implement until PTO obtains Paperwork clearance – PTO has never made submission for clearance

John Love is apparently trying to sneak amendments to the MPEP past OMB before he retires – watch for another slap-down by OMB in the next couple weeks

## **Appeal Rule**

### Basic provisions:

Make appeals expensive, by erecting every conceivable cost barrier, with no correlation to PTO efficiency

30-page limit, 14-point font

Shift burden of proof to convince Board of examiner error

### History:

PTO failed to make initial Paperwork Reduction Act submission

Notice of Proposed Rulemaking Jul 30, 2007

PTO submitted the rule, apparently with no changes from notice and comment, to OMB for E.O. 12,866 approval in June 2008.

Published as final rule on June 10, 2008, to go effective Dec. 10, 2008

PTO tried to obtain Paperwork Reduction Act clearance by making all required filings starting the day before the final rule notice!

### Current status:

Highly unlikely that OMB will approve this rule, unless PTO starts over at the beginning with a proper Paperwork Reduction Act submission and Notice of Proposed Rulemaking

### § 24.3.1. Administrative Procedure Act

For “Substantive” rules:

PTO lacks authority to issue substantive rules

Substantive rules must be put up for notice and comment

For “procedural” rules:

Procedural rules must be published in Federal Register 30 days before enforcement

*Tafas v. Dudas* holds that 35 U.S.C. § 2(b) requires PTO to use notice and comment for procedural rule making

### § 24.3.2. Paperwork Reduction Act

The Paperwork Reduction Act, 44 U.S.C. §§ 3501–3520 (PRA), and implementing regulations promulgated by the Office of Information and Regulatory Affairs within the Office of Management and Budget (OIRA) (5 C.F.R. Part 1320, especially §§ 1320.5, .8, .9, and .11),<sup>1</sup> protect the public from burdensome regulations that involve any activity involving “collection of information” by or on behalf of an agency, or submission of information to an agency. In the context of the Patent Office, the Paperwork Reduction Act covers essentially all PTO rule making, and all papers that must be filed. However, the harms cognizable under the PRA are only those involved in “burdens” of information submitted to the PTO, not issues relating to loss of patent property rights.

#### [A] Scope

The scope of the Paperwork Reduction Act is defined largely in terms of “burden” and activities an agency must take to control burden on the public. “*Burden*” is defined as follows, in 44 U.S.C. § 3502(2):

44 U.S.C. § 3502(2) the term “burden” means time, effort, or financial resources expended by persons to generate, maintain, or provide information to or for a Federal agency, including the resources expended for—

- (A) reviewing instructions;
- (B) acquiring, installing, and utilizing technology and systems;
- (C) adjusting the existing ways to comply with any previously applicable instructions and requirements;
- (D) searching data sources;
- (E) completing and reviewing the collection of information; and
- (F) transmitting, or otherwise disclosing the information;

Note that almost every billable hour, and most “cut” nonbillable hours or client-related overhead hours by a patent attorney, count as “*burden*.”

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<sup>1</sup> The text of the PRA is available at <http://www.archives.gov/federal-register/laws/paperwork-reduction/3512.html> and the implementing regulations are at [http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&tpl=/ecfrbrowse/Title05/5cfr1320\\_main\\_02.tpl](http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&tpl=/ecfrbrowse/Title05/5cfr1320_main_02.tpl).

## **[B] Rule Making Timeline**

For a typical modification to any rule that requires submission of information or papers to the PTO (whether in 37 C.F.R. or MPEP), the PTO must follow these steps:

1. Consult with the public<sup>2</sup> to evaluate the following:<sup>3</sup>
  - (i) whether the proposed collection of information is necessary for the proper performance of the functions of the agency;
  - (ii) the accuracy of the agency's estimate of the burden;
  - (iii) how to enhance the quality, utility, and clarity of the information to be collected; and
  - (iv) minimize the burden of the collection of information on those who are to respond.
2. Any rule that imposes any burden on the public must be submitted to the Director of OMB, with "objectively supported" estimates no later than the time of a Notice of Proposed Rule Making.<sup>4</sup> As part of this submission, the PTO must certify or demonstrate, and provide a record in support of the certification,<sup>5</sup> that:
  - the information to be collected "is necessary for the proper performance of the functions of the agency";<sup>6</sup>
  - the agency is not seeking "unnecessarily duplicative" collection of "information otherwise reasonably accessible to the agency";<sup>7</sup>
  - the agency "has taken every reasonable step to ensure that the proposed collection of information . . . is the least burdensome necessary";<sup>8</sup> and

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<sup>2</sup> The requirement to "confer with the public" before a Notice of Proposed Rule Making is not literally in the text of the statute, but arises out of the ordering of required steps and the practical reality of what information the PTO does, and does not have available to it within itself. For information collection requests contained in a proposed rule, 44 U.S.C. § 3507(d)(1)(A) requires that an agency submit an ICR to OMB "as soon as practicable, but no later than the date of publication of a notice of proposed rulemaking in the Federal Register." An agency also is required, by 44 U.S.C. § 3507(a)(1)(D)(ii)(V), to publish a notice in the Federal Register "setting forth . . . an estimate of the burden that shall result from the collection of information." § 3506(c)(1)(A)(iv) requires that any burden estimate submitted to the OMB Director, including those under § 3507(d)(1)(A), be "objectively supported." For the types of burden in this rule making—new requirements for papers—the only practical source of objective support for burden estimates is conferring with attorneys who do similar work. This chain of syllogisms requires consultation with the public sufficiently before the Notice of Proposed Rule Making to permit the results to be included in the NPRM.

<sup>3</sup> 44 U.S.C. § 3506(c)(2).

<sup>4</sup> Reading § 3507(d)(1) and § 3506(c)(2)(A) together. Strikingly, many of the PTO's recent Notices of Proposed Rule Making have stated that the PTO refuses to make a Paperwork filing, for reasons that have no grounding in any statute or regulation.

<sup>5</sup> 44 U.S.C. § 3506(c)(3) and 5 C.F.R. § 1320.9.

<sup>6</sup> 44 U.S.C. § 3506(c)(3)(A) and 5 C.F.R. § 1320.5(d)(1)(i) ("To obtain OMB approval of a collection of information, an agency shall demonstrate that it has taken every reasonable step to ensure that the proposed collection of information: (i) Is the least burdensome necessary for the proper performance of the agency's functions...").

<sup>7</sup> 44 U.S.C. § 3506(c)(3)(B) and 5 C.F.R. § 1320.5(d)(1)(ii).

- the regulations are “written using plain, coherent, and unambiguous terminology.”<sup>9</sup>
3. The PTO must present its burden estimates in (or concurrently with) a Notice of Proposed Rule Making, and allow a 60-day comment period for the burden estimates.<sup>10</sup>
  4. The PTO must receive comments from the public and from OMB.
  5. If the information collections of a rule are “substantially modified” at any time between the Notice of Proposed Rule Making and publication as a final rule, the PTO must resubmit the rule to OMB for another pass at step 2, at least 60 days before publication of the final rule.<sup>11</sup>
  6. On or before the date of a final rule, the PTO must submit the rule to OMB for another round of review.<sup>12</sup>
  7. In the Federal Register publication of a final rule, the PTO must explain its response to all comments from OMB or the public, and the reasons any comments were rejected.<sup>13</sup> OMB has 60 days to disapprove the information collections in a rule.
  8. Every three years, the PTO must re-review its rules and burden estimates, and resubmit them to OMB for clearance. The public has a 30-day comment period.<sup>14</sup>

Along the way, a number of other regulations guide an agency. For example, “The agency shall also seek to minimize the cost to itself of collecting, processing, and using the information, but shall not do so by means of shifting disproportionate costs or burdens onto the public.”<sup>15</sup>

**[C] Consequences of Agency Breach of Paperwork Reduction Statute and Regulations**

44 U.S.C. § 3507(a) provides that “An agency shall not conduct or sponsor the collection of information” if it has failed to complete certain of the steps of the timeline of § 24.3.2[B]. If the PTO failed, for example, to request approval from OMB for any information the PTO would like to collect, then the PTO simply can’t require you to file

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<sup>8</sup> 44 U.S.C. § 3506(c)(2)(A)(iv) and 5 C.F.R. § 1320.5(d)(1)(i).

<sup>9</sup> 44 U.S.C. § 3506(c)(3)(D) and 5 C.F.R. § 1320.9(d).

<sup>10</sup> 44 U.S.C. § 3506(c)(2)(B). The PTO has seldom complied with this law.

<sup>11</sup> 44 U.S.C. § 3507(d)(4)(D) and 5 C.F.R. § 1320.11(h)(2).

<sup>12</sup> 5 C.F.R. § 1320.11(h).

<sup>13</sup> 44 U.S.C. § 3507(a)(1)(B) and § 3507(d)(2)(A) and (B); 5 C.F.R. § 1320.5(a)(1)(ii) and § 1320.11(f).

<sup>14</sup> 44 U.S.C. § 3507(g) and 5 C.F.R. § 1320.12.

<sup>15</sup> 5 C.F.R. § 1320.5(d)(1)(iii).

unapproved paperwork—to the extent the rule requests information, the rule is simply unenforceable.<sup>16</sup>

Even more dramatic, if the PTO does not have a valid control number for something it wants you to submit, and the requirement is not statutory, you can refuse to provide the information. If the information is required by statute, you can provide it in the manner most convenient for you, even if a 37 C.F.R. rule appears to provide additional formatting requirements:

**44 U.S.C. § 3512. Public protection**

(a) Notwithstanding any other provision of law, no person shall be subject to any penalty for failing to comply with a collection of information that is subject to this subchapter if—

(1) the collection of information does not display a valid control number assigned by the Director in accordance with this subchapter; or

(2) the agency fails to inform the person who is to respond to the collection of information that such person is not required to respond to the collection of information unless it displays a valid control number.

(b) The protection provided by this section may be raised in the form of a complete defense, bar, or otherwise at any time during the agency administrative process or judicial action applicable thereto.

(See also 5 C.F.R. § 1320.6.) This defense is almost never waived: it may be raised anytime before the conclusion of trial and perhaps as late as an appeal to a Court of Appeals.<sup>17</sup>

**§ 24.3.4. Regulatory Flexibility Act, 5 U.S.C. § 601 *et seq.***

For all rules that require notice and comment under 5 U.S.C. § 553 or any other law, the agency must either:

- Certify “no substantial economic impact on a substantial number of small entities,” and the agency must show its rationale for the certification; or
- Conduct a regulatory flexibility analysis, and put it up for notice and comment with the Notice of Proposed Rulemaking

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<sup>16</sup> *Center for Auto Safety v. National Highway Traffic Safety Admin.*, 244 F.3d 144, 148-49 (D.C. Cir. 2001) (“Under the Paperwork Reduction Act, if NHTSA seeks to collect information from 10 or more persons or entities, NHTSA must obtain prior approval from OMB. 44 U.S.C. § 3502(3)(A)(i). If NHTSA fails to obtain prior approval from OMB, the request for information can be ignored without penalty.”).

<sup>17</sup> *U.S. v. Smith*, 866 F.2d 1092, 1096 (9th Cir. 1989).

### § 24.3.5. Executive Order 12866 and The President’s Bulletin on Agency Good Guidance Practices

Executive Order 12866<sup>18</sup> and OMB’s *Final Bulletin on Agency Good Guidance Practices*<sup>19</sup> provide four general principles:

- All regulations must be cost effective, and must be evaluated to ensure favorable cost-benefit
- Amendments to agency guidance (*e.g.*, MPEP) with >\$100 million in “economic effect” must be vetted through public notice and comment
- Agencies cannot enforce guidance against the public (restating basic Administrative Procedure Act – rulemaking requires 5 U.S.C. § 553 formalities)
- “Agency employees should not depart from significant guidance documents without appropriate justification and supervisory concurrence”

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<sup>18</sup> Executive Office of the President, “Final Bulletin for Agency Good Guidance Practices,” OMB Memorandum M-07-07, <http://www.whitehouse.gov/omb/memoranda/fy2007/m07-07.pdf> (Jan. 18, 2007), 72 Fed. Reg. 3432 (Jan. 25, 2007); and “Implementation of Executive Order 13422 (amending Executive Order 12866) and the OMB Bulletin on Good Guidance Practices,” OMB Memorandum M-07-13, <http://www.whitehouse.gov/omb/memoranda/fy2007/m07-13.pdf> (April 25, 2007).

<sup>19</sup> E.O. 12866 (Sep. 30, 1993), as amended by E.O. 13258 (Feb. 26, 2002) and E.O. 13422 (Jan. 18 2007), [http://www.whitehouse.gov/omb/inforeg/eo12866/eo12866\\_amended\\_01-2007.pdf](http://www.whitehouse.gov/omb/inforeg/eo12866/eo12866_amended_01-2007.pdf).

Date	Which Rule	
1980	all federal gov't	Congress enacts Paperwork Reduction Act, 44 U.S.C. §§ 3501-3518, and OMB promulgates government-wide "Information Collection" regulations, 5 C.F.R. Part 1320
Dec. 22, 2005	Cont/Contin	<p>PTO makes a Paperwork Reduction Act submission<sup>20</sup> to OMB for 0651-0031, for Information Collection 0651-0031, "Patent Processing," the "account" for all papers filed between initial filing and issue (excluding assignments)</p> <ul style="list-style-type: none"> <li>• Adds 33,000 annual papers filed, at 70,000 hours to annual Paperwork budget</li> <li>• After approval: 2,317,539 responses, 2,807,641 hours</li> <li>• ONLY accounts for time spent filling out the pre-printed forms, not substantive analysis or narrative/remarks filings – PTO broke the law by hiding the majority of the burden</li> <li>• OMB approved 60 days later, Feb 22, 2006</li> </ul>
Jan. 3, 2006	Contin's	<p>Notice of Proposed Rulemaking<sup>21</sup></p> <ul style="list-style-type: none"> <li>• Contents of Continuations Rule: <ul style="list-style-type: none"> <li>▪ No more than 1 continuation and 1 RCE in a family without a showing</li> <li>▪ On double patenting, shifts burden of proof to applicant for all applications having effective filing dates within 2 months of each other to show pair-by-pair all claims patentably distinct</li> </ul> </li> <li>• PTO cited no case law and gave no analysis to support any claim to statutory authority, and made no attempt to distinguish past cases that had invalidated similar PTO rules in the 1960's and 1970's</li> <li>• "This rule making has been determined to be significant for purposes of Executive Order 12866 (Sept. 30, 1993)"<sup>22</sup> – however, the PTO represented that the total economic effect was less than \$100 million per year. The PTO got the Continuations Rule below \$100 million by splitting it from the Claims rules – in other filings, the PTO admitted that the total was over \$100 million, and that they were closely related to be considered together for other regulatory review purposes.</li> <li>• Paperwork: the PTO never "consulted with the public" and did not develop "objectively supported" estimates of burden before the NPRM, violating 44 U.S.C. § 3506(c)(1)(A)(iv), § 3506(c)(2)(A), 5 C.F.R. § 1320.8(a)(4), and § 1320.8(d)(1). Nonetheless, the PTO published a Paperwork request for comment<sup>23</sup> estimating: <ul style="list-style-type: none"> <li>▪ Petition for second continuation or second RCE: 2 hours</li> <li>▪ Explanation for how every claim in the current application is patentably distinct from all other claims in all other applications having a filing date within two months, 1 hour</li> </ul> </li> <li>• PTO <u>certified</u> to Small Business Administration that "the changes proposed in this notice will not have a significant economic impact on a substantial number of small entities," even though PTO acknowledged that about 10,000 small entity applications per year would be covered. Using FY 2005:<sup>24</sup> <ul style="list-style-type: none"> <li>▪ "One continuation" rule would cover 11,790 apps, 4,470 small entity</li> <li>▪ "One RCE" rule would cover 9,925 apps, 1,796 small entity</li> <li>▪ "Applications with priority dates within two months of each other" rule would cover 17,600 apps, 3,850 small entity</li> </ul> </li> </ul>

<sup>20</sup> [http://www.reginfo.gov/public/do/PRAViewICR?ref\\_nbr=200512-0651-002](http://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=200512-0651-002)

<sup>21</sup> Changes to Practice for Continuing Applications, Requests for Continued Examination Practice, and Applications Containing Patentably Indistinct Claims, Notice of proposed rule making, [71 Fed. Reg. 48-61](#) (Jan. 3, 2008)

Jan. 3, 2006	Claims	<p>Notice of Proposed Rulemaking<sup>25</sup> would have required</p> <ul style="list-style-type: none"> <li>▪ For any application with more than 10 total claims or more than 3 independent claims, applicant would have to designate 10 claims for examination</li> <li>▪ To have more claims examined, application would have to submit an Examination Support Document – search your own application, and provide written patentability justification of all claims over all art (singly and in all combinations)</li> <li>• PTO designated the rule “significant” under E.O. 12866 (economic effect more than negligible, less than \$100 million)</li> <li>• Paperwork: the PTO never “consulted with the public” and did not develop “objectively supported” estimates of burden before the NPRM, violating 44 U.S.C. § 3506(c)(1)(A)(iv), § 3506(c)(2)(A), 5 C.F.R. § 1320.8(a)(4), and § 1320.8(d)(1). Nonetheless, the PTO published a Paperwork request for comment<sup>26</sup> estimating: <ul style="list-style-type: none"> <li>▪ Examination Support Document: 12 hours</li> </ul> </li> <li>• The PTO <u>certified</u> to Small Business Administration that “changes proposed in this notice will not have a significant economic impact on a substantial number of small entities.” PTO conceded that 866 small entity applications had more than 10 independent claims, 1.3% of small entity applications. But documents produced in the <i>Tafas</i> litigation show that the PTO knew in Jan. 2006 that the “3 total/10 independent” threshold of the rule would cover <b>eighty percent</b> of applications. PTO assigned economic impact of claims not presented at <b>zero</b>.</li> </ul>
Mar. 12, 2006		<p>PTO makes a Paperwork Submission<sup>27</sup> for 0651-0031</p> <ul style="list-style-type: none"> <li>• No substantive change, numbers unchanged</li> <li>• OMB erred by approving same day, without giving required 30 days</li> </ul>
Jun. 5, 2006	IDS?	<p>PTO makes a Paperwork Submission<sup>28</sup> for 0651-0031 (probably relating to the IDS Rule – full documentation not available on OMB web site)</p> <ul style="list-style-type: none"> <li>• Adds 190,000 annual responses, at 720,000 hours, to PTO’s annual Paperwork budget, but estimates Paperwork burdens <u>drop</u> by \$5 million/yr.</li> <li>• After approval: 2,508,239 responses, 3,527,991 hours</li> <li>• Approved Jul 12, 2006, two days after the NPRM – which is apparently an error by OMB: if this was associated with the IDS rule, a minimum of 60 days was required – but approval only extends through 9/30/2006</li> </ul>

<sup>22</sup> Continuations NPRM, [71 Fed. Reg. at 57](#), col. 3.

<sup>23</sup> Patent and Trademark Office, Submission for OMB Review, Comment Request, [70 Fed. Reg. 77146](#) (Fed. Reg. Dec. 29, 2005)

<sup>24</sup> Continuations NPRM, [71 Fed. Reg. at 57](#), col. 1-2.

<sup>25</sup> Changes to Practice for the Examination of Claims in Patent Applications, Notice of proposed rule making, [71 Fed. Reg. 61-69](#) (Jan. 3, 2006)

<sup>26</sup> Patent and Trademark Office, Submission for OMB Review, Comment Request, [70 Fed. Reg. 77146](#) (Fed. Reg. Dec. 29, 2005)

<sup>27</sup> [http://www.reginfo.gov/public/do/PRAViewICR?ref\\_nbr=200603-0651-001](http://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=200603-0651-001)

<sup>28</sup> ICR Ref. No. 200606-0651-001, Jun. 5, 2006, [http://www.reginfo.gov/public/do/PRAViewICR?ref\\_nbr=200606-0651-001](http://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=200606-0651-001)

Jul. 10, 2006	IDS	<p>Notice of Proposed Rulemaking<sup>29</sup></p> <ul style="list-style-type: none"> <li>• PTO proposes that there are circumstances in which it will simply refuse to consider patentability or prior art – this is inconsistent with the PTO’s numerous previous statements that it is obligated to consider patentability issues any time they arise</li> <li>• PTO represents to OMB that the IDS rule is “not significant,” that is, that it has essentially zero economic effect, and OMB need not scrutinize under E.O. 12866</li> <li>• The Notice of Proposed Rulemaking has <u>no</u> estimates of burden, let alone “objectively supported,” violating many provisions of the Paperwork Reduction Act</li> <li>• The NPRM states that it is exempt from RegFlex because notice and comment not required – even though notice and comment was required under Paperwork Reduction Act. Also, under Apr. 1, 2008 <i>Tafas v. Dudas</i> decision, PTO must use notice and comment for all rulemaking.</li> </ul>
Jan. 18-25, 2007	all federal gov’t	President signs Executive Order 13422 (amending E.O. 12866), and Office of Management and Budget issues “Final Bulletin on Agency Good Guidance Practices”
Mar. 13, 2007	Cont/Claims	<p>PTO makes a Paperwork Submission<sup>30</sup> for 0651-0031</p> <ul style="list-style-type: none"> <li>• PTO characterized this as “No material or nonsubstantive change to a currently approved collection” and “Not associated with rulemaking” – thereby ensuring that no one at OMB or the public would look “under the covers”</li> <li>• Adds <u>200,000 hours per year</u> to paperwork burden, as follows <ul style="list-style-type: none"> <li>▪ Petition for Second RCE, changes from earlier estimate of 4,500 per year at 2 hours each to 1,000 per year at 4 hours each<sup>31</sup></li> <li>▪ Petition for Second Continuation, changes from earlier estimate of 5,700 per year at 2 hours each to 1,000 per year at 4 hours each (and implicitly values the</li> <li>▪ Examination Support Document, changes from 2,900 per year at 12 hours each to 10,000 ESD’s per year at 24 hours</li> <li>▪ Supporting documentation states that the basis is a change in rule – contrary to cover memo asserting “not associated with rulemaking”</li> </ul> </li> <li>• OMB approves in two weeks, Mar. 30, 2007, violating obligation to allow at least 30 days for public comment</li> </ul>
Apr. 10-Jul 10, 2007	Cont/Claims	Review of Continuations and Claims Rule by OMB under Executive Order 12866. John Doll announces submission to AIPLA on April 12, and Charley Van Horn circulates this information. Several blogs, and Hal Wegner’s email list, spread the word.

<sup>29</sup> Patent and Trademark Office, Changes to Information Disclosure Statement Requirements and Other Related Matters, Notice of proposed rulemaking, [71 Fed. Reg. 38808-38823](http://www.fedreg.gov/38808-38823) (Jul. 10, 2006)

<sup>30</sup> ICR Ref. No. 200703-0651-001, Mar. 13, 2007, [http://www.reginfo.gov/public/do/PRAViewICR?ref\\_nbr=200703-0651-001](http://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=200703-0651-001)

<sup>31</sup> [http://www.reginfo.gov/public/do/PRAViewIC?ref\\_nbr=200703-0651-001&icID=178969](http://www.reginfo.gov/public/do/PRAViewIC?ref_nbr=200703-0651-001&icID=178969)

Jun. 22, 2007		<p>PTO makes a Paperwork Submission<sup>32</sup> for 0651-0031, relating to request for Pre-First Action Interview</p> <ul style="list-style-type: none"> <li>• PTO characterized this as “No material or nonsubstantive change to a currently approved collection” and “Not associated with rulemaking” <ul style="list-style-type: none"> <li>▪ Content of request is an IDS with at least 3 references, with discussion</li> <li>▪ Anticipates 1000 per year, at 2.5 hours each</li> </ul> </li> <li>• OMB is starting to catch on – the ICR is disapproved, “The requested change is material and substantive and cannot be in this action” – inviting the PTO to resubmit under proper procedure – which the PTO has never done</li> <li>• There is no current Paperwork clearance for Accelerated Examination – the PTO is conducting illegal information collection</li> </ul>
June 2007	Cont/Claims	<p>Several parties make presentations to OMB under Executive Order 12866:</p> <ul style="list-style-type: none"> <li>• May 16, 2008, BIO<sup>33</sup></li> <li>• June 14, 2007, Innovation Alliance<sup>34</sup></li> <li>• June 15, 2007, David Boundy and Mike Strickland coalition of 25 companies<sup>35</sup></li> <li>• Jun. 25, 2007, PhRMA<sup>36</sup></li> <li>• Jun. 25, 2007, Foley &amp; Lardner for Nano Business Alliance<sup>37</sup></li> </ul>
Jun. 29, 2007	Cont/Claims	<p>PTO obtains a “Regulatory Flexibility Certification Analysis”<sup>38</sup> from contractor:</p> <ul style="list-style-type: none"> <li>• PTO denied the contractor any access to objective information – the contractor contacted no patent attorney, and did not rely on the AIPLA economic survey – the only information source was “USPTO staff”</li> <li>• PTO apparently represented to the rules only kicked in when an application exceeded 15 independent / 75 total claims, not 5/25</li> <li>• Sets threshold for “substantial economic impact” at 3% of total entity revenue</li> <li>• Uses inconsistent assumptions about reducing future cash flows to present value, uses inconsistent ratio of “small entity applicants affected / all applications”</li> <li>• Contractor estimates: <ul style="list-style-type: none"> <li>▪ Of 3,742 total applications, 1,105 small entity applications, 1.0%, would be affected by 5/25 claims limit – but PTO’s own statistics produced in <i>Tafas</i> showed 30% would be affected<sup>39</sup></li> <li>▪ Of 10,320 applications, 3,320 small entity applications, 3% would be affected by 1 continuation / 1 RCE rule</li> <li>▪ Estimates the number of applications affected by the “patentably distinct claims” rule at <b>zero</b></li> <li>▪ Estimates the value of lost patent protection due to all three rules at <b>zero</b></li> </ul> </li> </ul>

<sup>32</sup> ICR Ref. No. 200706-0651-004, Jun. 22, 2007, [http://www.reginfo.gov/public/do/PRAViewICR?ref\\_nbr=200706-0651-004](http://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=200706-0651-004)

<sup>33</sup> <http://www.whitehouse.gov/omb/oir/0651/meetings/606.aspx>

<sup>34</sup> <http://www.whitehouse.gov/omb/oir/0651/meetings/617.aspx>

<sup>35</sup> <http://www.whitehouse.gov/omb/oir/0651/meetings/619.aspx>

<sup>36</sup> <http://www.whitehouse.gov/omb/oir/0651/meetings/626.aspx>

<sup>37</sup> <http://www.whitehouse.gov/omb/oir/0651/meetings/624.aspx>

<sup>38</sup> ICF International, Certification Analysis Under The Regulatory Flexibility Act , Changes to Practice for Continued Examination Filings, Patent Applications Containing Patentably Indistinct Claims, and Examination of Claims in Paten Applications (Jun. 29, 2009), <http://www.uspto.gov/web/offices/pac/dapp/opla/presentation/cfrcertificationanalysis.pdf>

<sup>39</sup> <http://works.bepress.com/rkatznelson/16/>

		<ul style="list-style-type: none"> <li>• PTO estimated that only 5,000 of the 100,000 applications affected by 5/25 rule would use the ESD procedure, but estimated the economic effect on the 95,000 other applications at <b>zero</b></li> <li>• PTO estimated that only 2000 of the 12,000 affected continuation applications would file the “more continuations” petition</li> </ul>
Jul. 2007		Starting July 2007, all Paperwork filings by agencies, comment letters, and OMB decisions are available on the OMB web site. Before this, only summary data on Paperwork submissions is visible on OMB’s web site
Jul. 25, 2007		Effective date of OMB’s Final Bulletin for Agency Good Guidance Practices
Jul. 27, 2007	IDS	PTO submits IDS rule to OMB for review under E.O. 12866, but gives no notice in Federal Register or elsewhere. We caught it, and engaged (see Oct. 18, 2007)
Jul. 30, 2007	Appeal	<p>Notice of Proposed Rulemaking<sup>40</sup></p> <ul style="list-style-type: none"> <li>• Proposes to shift burden of proof on all issues, from PTO bears burden of proof to a preponderance of evidence, to appellant must show examiner error</li> <li>• Remarkable set of new requirements – 30 page limit, at 14-point font,</li> <li>• PTO represents to OMB that the appeal rule is “not significant,” that is, that the total economic effect (Paperwork and regulatory) is essentially zero, and the rule will generate no controversy.</li> <li>• Paperwork Reduction Act requires disclosure of burden estimates and submission to OMB (44 U.S.C. § 3507(d); 5 C.F.R. § 1320.11(h)). Final Rule notice sets out 1 ½ columns of “new” requirements. Yet PTO states that it refuses to make a Paperwork submission,<sup>41</sup> because incremental burden is identically zero (no such exemption in law, <i>e.g.</i>, 44 U.S.C. § 3507(a)(1)(B), 5 C.F.R. § 1320.5(g)). PTO gives no “objective support” for this estimate, violating 44 U.S.C. § 3506(c)(1)(A)(iv), § 3506(c)(2)(A), 5 C.F.R. § 1320.8(a)(4)</li> <li>• PTO’s estimates zero increase in number of appeals, even though the PTO knew on Jul. 30, 2007 that it would publish the Claims/Continuations rule three weeks later, which would multiply the number of appeals several-fold.</li> <li>• PTO represents to OMB and the public that “The collection of information involved in this proposed rule has been reviewed and previously approved by OMB.” This statement is simply false – the PTO has never submitted, let alone obtained approval for, the paperwork burdens involved in appeals.</li> <li>• PTO certifies to Small Business Administration that the rules “do not have significant economic impact on a substantial number of small entities,” even though PTO admits the rules would have affected 4,000 small entity appeals in FY 2006.</li> </ul>

<sup>40</sup> Patent and Trademark Office, Rules of Practice Before the Board of Patent Appeals and Interferences in Ex Parte Appeals, Notice of Proposed Rule Making, [72 Fed. Reg. 41472-41490](#) (Jul. 30, 2007).

<sup>41</sup> [72 Fed. Reg. 41484, col.1-2.](#)

Aug. 10, 2007	Markush	<p>Notice of Proposed Rulemaking<sup>42</sup></p> <ul style="list-style-type: none"> <li>• Contents of Markush Rule: <ul style="list-style-type: none"> <li>▪ PTO repeals current “reasonable number of species” rule, and proposes “one invention per application” – without defining the word “invention”</li> <li>▪ PTO proposes to essentially repeal “rejoinder” practice</li> </ul> </li> <li>• PTO states that limiting claim scope in a way that (by PTO’s later admission) results in irrecoverable loss of claim scope is nonetheless “procedural,” not substantive, citing only cases stating that <u>past</u> rules have been procedural, but providing no analysis that <u>this</u> rule meets any test for “procedural” or analogy to any past adjudication</li> <li>• PTO represents to OMB that the IDS rule is “not significant,”<sup>43</sup> that is, that it has essentially zero economic effect.</li> <li>• Paperwork: the PTO never “consulted with the public” and did not develop “objectively supported” estimates of burden before the NPRM, violating 44 U.S.C. § 3506(c)(1)(A)(iv), § 3506(c)(2)(A), 5 C.F.R. § 1320.8(a)(4), and § 1320.8(d)(1).</li> <li>• The PTO states that it refuses to make any submission to OMB under Paperwork Reduction Act.<sup>44</sup> The PTO makes up a reason for its refusal that conflicts with statute and rule.</li> <li>• The PTO published <b>no</b> Paperwork estimates, violating PRA</li> <li>• PTO states that the rule is exempt from Regulatory Flexibility Act, without analysis, and without considering Paperwork Reduction effects on RegFlex</li> </ul>
Aug. 21, 2007	Cont/Claims	<p>Final Rule notice:<sup>45</sup></p> <ul style="list-style-type: none"> <li>• Encourages applicants to file appeals instead of RCE’s, 72 Fed. Reg. 46720</li> <li>• Justified statutory authority by citing a treatise’s statement that PTO had historically issued only “procedural” rules, without analyzing the current rules against any legal standard</li> </ul>
Aug. 22, 2007	Cont/Claims	<p>Kelley, Drye &amp; Warren, on behalf of inventor Triantafyllos Tafas, files suit</p>

<sup>42</sup> Patent and Trademark Office, Examination of Patent Applications That Include Claims Containing Alternative Language, Notice of proposed rule making, [72 Fed. Reg. 44992-45001](#) (Aug. 10, 2007)

<sup>43</sup> Markush NPRM, [72 Fed.Reg. at 44999 col. 2.](#)

<sup>44</sup> Markush NPRM, [72 Fed.Reg. at 44999 col. 2.](#)

<sup>45</sup> Changes To Practice for Continued Examination Filings, Patent Applications Containing Patentably Indistinct Claims, and Examination of Claims in Patent Applications, [72 Fed. Reg. 46835](#) (August 21, 2007)

Sep. 26, 2007	all PTO	<p>PTO files triennial renewal<sup>46</sup> for Paperwork Reduction Act clearance<sup>47</sup> of all PTO rules applicable between initial filing and issue fee</p> <ul style="list-style-type: none"> <li>• PTO estimates total burden of appeals (end to end) at 12 minutes</li> <li>• PTO omits burdens of all replies to Office Action</li> <li>• PTO omits all effects of Continuations rule</li> <li>• Supporting documentation concedes that some of the estimate changes are due to rule changes, yet in the cover memo assures OMB that the submission is “Not associated with rulemaking”</li> <li>• PTO is now fully engaged in fudging the numbers – there’s apparently some “target” number, and PTO is doing what it has to meet that target: <ul style="list-style-type: none"> <li>▪ Changes ESD’s from 10,000 per year at 24 hours each to 5,000 at 22 hours each, for a total of <b>\$2,900</b> per year<sup>48</sup></li> <li>▪ Petition for Second RCE – estimates 1000 per year at 4 hours each, \$100/hr</li> <li>▪ Petition for Second Continuation – estimates a drop from 2000 per year to 1000 per year, at 4 hours each, \$100 per hour</li> <li>▪ IDS’ during “second time period” (after first Office Action on the merits, before Notice of Allowance)</li> </ul> </li> </ul>
Oct. 9, 2007	Cont/Claims	GSK files suit, joining Tafas
Oct. 10, 2007		John Love issues new “Examination Guidelines for Determining Obviousness Under 35 U.S.C. 103 in View of the Supreme Court Decision in <i>KSR International Co. v. Teleflex Inc.</i> ” <a href="#">72 Fed. Reg. 57526</a> in violation of procedural requirements of Bulletin on Agency Good Guidance Practices
Oct. 18, 2007	IDS	<p>Rick Belzer files a letter<sup>49</sup> and has a meeting at OMB – an affidavit of a patent attorney estimates total economic impact of IDS rule at <b>\$7 billion</b> per year</p> <ul style="list-style-type: none"> <li>• This meeting was attended by Robert Bahr of Office of Patent Legal Admin. <ul style="list-style-type: none"> <li>▪ Belzer asked Bahr, “How is it that you estimated total economic effect of the IDS rule at zero?”</li> <li>▪ Bahr: “Oh, that was a typo.”</li> <li>▪ Belzer: “A nine-figure typo. That was over a year ago – why haven’t you published a correction note in the Federal Register?”</li> <li>▪ And, 2 ½ years after the PTO made billion-dollar error, the PTO has <b>still</b> not published a correction.</li> </ul> </li> </ul>
Oct. 27, 2007	IDS	OMB approves IDS Rule “Consistent without change” under E.O. 12866
Oct. 31, 2007	Cont/Claims	<i>Tafas v. Dudas</i> preliminary injunction against Continuations and Claims rules

<sup>46</sup> Submission for OMB Review; Comment Request (“Patent Processing” triennial re-review), [72 Fed. Reg. 53232](#) (September 18, 2007). The ICR was entered into OMB’s computer system as [http://www.reginfo.gov/public/do/PRAViewICR?ref\\_nbr=200707-0651-005](http://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=200707-0651-005)

<sup>47</sup> 44 U.S.C. § 3507(g), 5 C.F.R. § 1320.10(b), § 1320.11(j) (OMB “may not approve a collection of information for a period in excess of 3 years”).

<sup>48</sup> [http://www.reginfo.gov/public/do/PRAViewIC?ref\\_nbr=200707-0651-005&icID=178966](http://www.reginfo.gov/public/do/PRAViewIC?ref_nbr=200707-0651-005&icID=178966)

<sup>49</sup> Richard B. Belzer, “Cost of Complying with the Proposed IDS Rule; Meeting at OMB, October 18, 2007.” Online at <http://www.reginfo.gov/public/do/DownloadDocument?documentID=57760&version=1>

Oct 2007	Cont/Claims	PTO produces about 4000 pages of documents – many of which the PTO had denied the existence of in replies to FOIA requests, data that the PTO was required to make available during notice and comment but withheld, data that POPA has requested for years and PTO has refused to share, etc. <ul style="list-style-type: none"> <li>• Ron Katznelson, an inventor in San Diego, begins making a string of truly astounding discoveries</li> <li>• PTO reveals that it measures only things chosen because they are easy to measure, and almost nothing of any relevance to sound management</li> <li>• A catalog of the PTO’s practice of withholding documents is cataloged in amicus briefs filed in <i>Tafas v. Dudas</i><sup>50</sup></li> </ul>
Oct. 31, 2007	Cont/Claims	<i>Tafas v. Dudas</i> issues preliminary injunction against Continuations and Claims Rules
Dec. 27, 2007	Cont/Claims	Amicus briefs filed in <i>Tafas v. Dudas</i> <ul style="list-style-type: none"> <li>• Amici Polestar Capital<sup>51</sup> and Ron Katznelson<sup>52</sup> show a number of procedural violations</li> </ul>
Jan. 16, 2008	Cont, Claims, IDS, Appeal	Rick Belzer files a letter <sup>53</sup> re the triennial Paperwork process reporting a survey of several patent attorneys, estimating Paperwork burden alone (excluding regulatory burden) at: <ul style="list-style-type: none"> <li>• Continuations rule = \$2.5 billion</li> <li>• Claims/ESD rule = \$10-22 billion per year</li> <li>• Rebutting presumption of patentably indistinct = \$4.4 billion per year</li> <li>• IDS rule = \$3.6 billion per year</li> <li>• Appeal rule = \$820-860 million per year</li> <li>• Markush rule (not included because no project support from chem./life sciences)</li> </ul> The PTO was required to reply to public comments (the agency bears the burden of proof in all Paperwork proceedings). After a year, the PTO continues to ignore its obligations to engage on Paperwork issues (except to subvert, see Jun. 9, 2008 and Oct. 10, 2008).
Spring 2008	Appeal	PTO was required to submit Appeal Rule to OMB for review under Executive Order 12866. PTO refused to do so.

<sup>50</sup> Brief of Amicus Polestar Capital, *Tafas v. Dudas*, docket no. 173 (Dec. 27, 2007), <http://docs.justia.com/cases/federal/district-courts/virginia/vaedce/1:2007cv00846/221151/173>; Opposition to PTO’s Motion to Strike, docket no, 268 (Feb. 5, 2008), <http://docs.justia.com/cases/federal/district-courts/virginia/vaedce/1:2007cv00846/221151/268>.

<sup>51</sup> Brief of Amicus Polestar Capital, *Tafas v. Dudas*, docket no. 173 (Dec. 27, 2007), <http://docs.justia.com/cases/federal/district-courts/virginia/vaedce/1:2007cv00846/221151/173>, and Opposition to PTO’s Motion to Strike, <http://docs.justia.com/cases/federal/district-courts/virginia/vaedce/1:2007cv00846/221151/268>

<sup>52</sup> Brief of Amicus Ron D. Katznelson, *Tafas v. Dudas*, docket no. 198 (Dec. 27, 2007), <http://docs.justia.com/cases/federal/district-courts/virginia/vaedce/1:2007cv00846/221151/198/>

<sup>53</sup> Richard B. Belzer, “Letter to Susan E. Dudley, Administrator, Office of Information and Regulatory Affairs.” Online at <http://www.reginfo.gov/public/do/DownloadDocument?documentID=57744&version=1>

Mar. 10, 2008	Markush	<p>Federal Register Notice<sup>54</sup> re Regulatory Flexibility Act for Markush Rule:</p> <ul style="list-style-type: none"> <li>• Reading between the lines, SBA objected to PTO’s RegFlex certification, and required a “do over” on small entity impacts</li> <li>• PTO gives unit estimates – \$16,000 per divided species. When multiplied together, the numbers come out to about <b>\$1.6 billion/yr</b> in Paperwork burdens alone</li> <li>• PTO estimates non-Paperwork regulatory burdens (e.g., value of patent protection lost by scaling down from a Markush claim to seven single species claims) at <b>zero</b></li> <li>• PTO asserts “the Office believes that there are no other duplicative or overlapping rules,” ignoring the interactions with Claims and Continuations</li> <li>• PTO reaffirms its certifications from Aug. 2007, that: <ul style="list-style-type: none"> <li>▪ Markush rule is “not significant,” and has essentially zero economic effect</li> <li>▪ Markush rule imposes no Paperwork burden, and is exempt from Paperwork Reduction Act for no reason based in statutory or regulatory text</li> </ul> </li> </ul>
Mar. 25, 2008		PTO issues new “Written Description Training Materials” violating the procedural requirements of the Bulletin on Agency Good Guidance Practices
Apr. 1, 2008	Cont/Claims	<p><i>Tafas v. Dudas</i>, 541 F.Supp.2d 805 (E.D. Va. Apr. 1, 2008). Judge Cacheris holds:</p> <ul style="list-style-type: none"> <li>• The PTO has no general substantive rulemaking authority</li> <li>• PTO rules may not shift burdens of proof, because that is substantive – relying on clear Supreme Court authority for proposition that “burden of proof” in agency proceedings is “substantive”</li> <li>• PTO must use notice and comment rule making for all rules, including procedural</li> </ul>
Apr. 10, 2008	Appeal	<ul style="list-style-type: none"> <li>• Because PTO “substantially modified” the Appeal Rule, PTO was required to make a Paperwork submission to OMB 60 days before publication of the final rule. 44 U.S.C. § 3507(d)(4)(D), 5 C.F.R. § 1320.5(g), § 1320.11(h))</li> <li>• PTO never filed this submission, let alone timely.</li> </ul>
May 9, 2008	all federal gov’t	<p>OMB Director Josh Bolton issues memo to all agencies:</p> <ul style="list-style-type: none"> <li>• Jun. 1, 2008 cutoff for proposal of new rules</li> <li>• Nov. 1, 2008 cutoff for final rules</li> </ul>

<sup>54</sup> Patent and Trademark Office, Examination of Patent Applications That Include Claims Containing Alternative Language, Proposed rule; request for comment on initial regulatory flexibility analysis, [73 Fed. Reg. 12679-84](#) (Mar. 10, 2008)

May 15, 2008		John Love issues “Clarification of ‘Process’ under 35 U.S.C. § 101” memorandum <a href="http://www.uspto.gov/web/offices/pac/dapp/opla/preognotice/section_101_05_15_2008.pdf">http://www.uspto.gov/web/offices/pac/dapp/opla/preognotice/section_101_05_15_2008.pdf</a> in violation of procedural requirements of Bulletin on Agency Good Guidance Practices
Jun. 9, 2008	Appeal	<p>PTO publishes Federal Register notice<sup>55</sup> disclosing the PTO’s estimates (numbers only, no objective support) of Paperwork burden, and opening a 60-day comment period</p> <ul style="list-style-type: none"> <li>• Paperwork estimates were required at NPRM, July 2007, not contemporaneous with final rule – PTO broke the law</li> <li>• PTO was required to make a contemporaneous submission to OMB – PTO did not do so</li> <li>• PTO attempts to sidestep the blockage of the Sept. 2007 omnibus “Patent Processing” Paperwork ICR by splitting off appeals into a separate ICR</li> <li>• PTO attempts to evade its responsibilities for Paperwork burdens in final rules (44 U.S.C. § 3507(d); 5 C.F.R. § 1320.11(h)) by dressing up as either not related to rulemaking (44 U.S.C. § 3507(c); 5 C.F.R. § 1320.10) or as a proposed rules (§ 1320.11(a))</li> <li>• PTO errs by not separating out new burdens of Appeal Rule from pre-existing burdens of 2004 appeal rules, and misrepresents to OMB that the burdens are “new” when much is pre-existing</li> <li>• The “60 day” comment period was cut short one day later on Jun. 10, 2008, by publication of the Final Rule notice</li> <li>• PTO estimates incremental Paperwork burden on appeal briefs at zero.<sup>56</sup></li> <li>• PTO estimates that Reply Briefs take, on average, 5 hours, with no disclosed basis<sup>57</sup></li> <li>• The PTO estimates that only 3% of Appeal Briefs will exceed 30 pages under the new rule (that is, at 14-point font) – but without disclosing to OMB that the PTO looked at appeal briefs submitted under 2004 rules at 12-point font</li> <li>• PTO estimates partner time on appeal briefs and reply briefs at <u>zero</u>, and uses only associate billing rates</li> <li>• PTO estimates the cost of shoehorning a brief into a page limit at <b>zero</b></li> <li>• PTO estimates patent protection lost by having to drop arguments to fit the page limit at <b>zero</b></li> <li>• PTO estimates year-on-year growth of number of appeals at zero through FY 2011, in spite of rapid growth in recent years.</li> <li>• PTO violates 44 U.S.C. 44 U.S.C. § 3506(c)(1)(A)(iv), § 3506(c)(2)(A), 5 C.F.R. § 1320.8(a)(4), and § 1320.8(d)(1) by failing to “consult with the public” or provide “objective support” for its estimates.</li> <li>• PTO violates 44 U.S.C. § 3506(c)(1)(A)(iv) and 5 C.F.R. § 1320.8(a)(4) by estimating “minima,” not averages as required by law</li> <li>• PTO was required to incorporate the “objective” estimates of burden received from the public; the PTO totally ignored all external data.</li> </ul>

<sup>55</sup> New collection; comment request (Appeal Rule Information Collection Request), [73 Fed. Reg. 32559](http://www.fedreg.gov/2008/06/09/32559) (June 9, 2008).

<sup>56</sup> Appeal ICR, [73 Fed.Reg. 32560](http://www.fedreg.gov/2008/06/09/32560), estimating appeal brief at 30 hours, and citing sources that estimated 30 hours under the 2004 rules.

<sup>57</sup> Appeal ICR, [73 Fed.Reg. 32560](http://www.fedreg.gov/2008/06/09/32560), estimating Reply Briefs at 5 hours.

Jun. 10, 2008	Appeal	<p>Final Rule notice for Appeal Rule:<sup>58</sup></p> <ul style="list-style-type: none"> <li>• PTO defies Judge Cacheris ruling of Apr. 1, 2008, and insists that it is <u>not</u> required to use notice and comment rulemaking,<sup>59</sup> with no mention of the final judgment against the PTO on the identical issue, let alone attempt to distinguish or explain inapplicability of that ruling</li> <li>• PTO represents (___ Certifies? ___)<sup>60</sup> to OMB that the total economic effect (Paperwork and regulatory) of the Appeal Rule is “not significant,” that is, negligibly different from zero</li> <li>• PTO never submitted the Appeal Rule to OMB for EO 12866 review</li> <li>• PTO <u>certifies</u> to Small Business Administration that “this ... rulemaking... will not have a significant economic impact on a substantial number of small entities,” while acknowledging that it would have affected 5000 small entities in FY 2007,<sup>61</sup> and without explaining disparity from Jun 9, 2008 acknowledgement of significant costs to several hundred small entities</li> <li>• Certification to SBA at this procedural point was impermissible, in view of PTO’s failure to disclose numbers or basis for July 2007 certification</li> <li>• Final Rule notice simply ignores a number of comments raised in notice and comment letters, some by stating “beyond the scope of the notice of proposed rule making,” some by complete silence – violating APA and PRA</li> </ul>
Jun. 12, 2008	Markush	<p>PTO submits Markush rule to OMB for review under E.O. 12866, but gives no notice in Federal Register or elsewhere</p> <ul style="list-style-type: none"> <li>• With no public input, Markush rule approved “Consistent without change” in Sept 2008</li> </ul>
Aug. 6, 2008	Claims	<p>PTO publishes Federal Register notice withdrawing retroactive effect for Rule 78(f)</p> <ul style="list-style-type: none"> <li>• PTO apparently acknowledges that retroactivity issue is a loser – but –</li> <li>• PTO reiterates its intent to implement a rule that shifts burden of proof to applicants on double patenting, requiring them to prospectively read examiners’ minds (before the application is finally assigned to the examiner who will examine the application) and show no double patenting, with no attempt to distinguish <i>Tafas v. Dudas</i></li> </ul>
Aug. 14, 2008	Represent’tn of Others	<p>PTO issues final rule for “Changes to Representation of Others”<sup>62</sup> During 5-year rulemaking, PTO published Federal Register notices and made OMB filings to correct earlier errors and comply with various laws</p>
early fall 2008		<p>OMB removes the Desk Officer who had [not] been overseeing PTO rulemaking, and installs a new Desk Officer</p>

<sup>58</sup> United States Patent and Trademark Office, Rules of Practice Before the Board of Patent Appeals and Interferences in Ex Parte Appeals, Final rule, [73 Fed. Reg. 32937-32977](#) (Jun. 10, 2008)

<sup>59</sup> Appeal Final Rule, [73 Fed. Reg. 32969](#), col. 1.

<sup>60</sup> Appeal Final Rule, [73 Fed. Reg. 32972](#), col. 2

<sup>61</sup> Appeal Final Rule, [73 Fed. Reg. 32969](#), col. 1 to 32972 col. 2.

<sup>62</sup> Patent and Trademark Office, Changes to Representation of Others Before the United States Patent and Trademark Office, Final rule, [73 Fed. Reg. 47650](#) (Aug. 14, 2008), corrected [73 Fed. Reg. 59513](#) (Oct. 9, 2008),

Oct. 8, 2008	Appeal	PTO publishes Federal Register notice that its final Paperwork Reduction Act submission will be filed at OMB <sup>63</sup>
Oct. 9, 2008	Appeal	PTO files its Paperwork Reduction Act submission with OMB <sup>64</sup> <ul style="list-style-type: none"> <li>• This submission was required at time of final rule (June 2008), not four months later</li> <li>• Repeats nearly all of the procedural and estimation errors of the June 2008 Paperwork notice</li> <li>• Simply ignores a number of the public comments received in July 2008, and repeats a number of analytical errors</li> </ul>
Oct 27, 2008	IDS and Markush	Peggy Focarino states at AIPLA meeting that IDS and Markush rules will not go final before end of Bush administration because PTO cannot take final action before Nov. 1 cutoff date <ul style="list-style-type: none"> <li>• PTO has never made a Paperwork Reduction Act submission for Markush rule</li> </ul>
Nov. 1, 2008	all gov't	Cutoff date for all new regulations under Bolton memo
Nov. 10, 2008	Appeal	End of “comments guaranteed to be considered” period for Appeal Rule letters to OMB – letters available at <a href="http://www.patentbaristas.com/archives/2008/12/08/omb-review-of-appeal-rules-times-out/">http://www.patentbaristas.com/archives/2008/12/08/omb-review-of-appeal-rules-times-out/</a>
Nov. 20, 2008	Appeal	PTO publishes Federal Register notice that it will stop bouncing appeal briefs submitted in conformance with the new rules <sup>65</sup>
Dec. 5, 2008	Appeal	Jon Dudas signs order suspending effective date for Appeal Rule
Dec. 9, 2008	Appeal	PTO sends suspension notice to Office of Federal Register
Dec. 10, 2008	Appeal	Effective date for Appeal Rule
Dec. 10, 2008	Appeal	Federal Register publishes notice of suspension of Appeal Rule, no notice on PTO web site
Jan. 20, 21 2009	all gov't	Chief of Staff Rahm Emanuel and OMB Peter Orszag circulate memoranda <sup>66</sup> to all agencies requesting moratorium on all rulemaking activities for 60 days, until an Obama appointee can review.
	Markush	Hal Wegner informs his email list that John Love is working on revisions to the MPEP that would implement major portions of the Markush rule: <ul style="list-style-type: none"> <li>• The rumored schedule includes no time for the PTO to comply with its obligations under the Paperwork Reduction Act or Bulletin for Agency Good Guidance Practices</li> <li>• The rumored content of the proposed amendments to the MPEP is unquestionably within the Emanuel and Orszag memoranda – yet the PTO proposes to go ahead anyway</li> </ul>

<sup>63</sup> Patent and Trademark Office, Submission for OMB Review, Comment Request, [73 Fed. Reg. 58944](http://www.federalregister.gov) (Oct. 8, 2008).

<sup>64</sup> ICR Reference No: 200809-0651-003, [http://www.reginfo.gov/public/do/PRAViewICR?ref\\_nbr=200809-0651-003](http://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=200809-0651-003) (Oct. 9, 2008)

<sup>65</sup> Patent and Trademark Office, Clarification of the Effective Date Provision in the Final Rule for Ex Parte Appeals, Interpretation and effective date clarification., [73 Fed. Reg. 70282](http://www.federalregister.gov) (Nov. 20, 2008).

<sup>66</sup> Rahm Emanuel, Memorandum for the Heads of Executive Departments and Agencies, Jan. 20, 2009, [74 Fed. Reg. 4435](http://www.federalregister.gov) (Jan. 26, 2009), Peter Orszag, OMB Memorandum M-09-08, Implementation of Memorandum Concerning Regulatory Review (Jan. 21, 2009), [http://www.whitehouse.gov/omb/assets/agencyinformation\\_memoranda\\_2009\\_pdf/m09-08.pdf](http://www.whitehouse.gov/omb/assets/agencyinformation_memoranda_2009_pdf/m09-08.pdf)

## REMARKS/ARGUMENTS

By this paper, Applicant replies to the Office Action of August 5, 2008 and respectfully requests reconsideration of the application.

Claims 1-112 are now pending. The Office Action of August 5, 2008 (a) is too procedurally flawed and incomplete to raise any requirement, and (b) because of those flaws and incompleteness, Applicant is unable to make an informed or binding election

### I. Restriction Requirement

#### A. The Action Improperly Improvises a New Ground for Requiring Restriction

The August 2008 Action asserts that restriction is proper because “different non-prior art issues under 35 U.S.C. 101 and/or 35 U.S.C. 112, first paragraph” may arise. To Applicant’s knowledge, this rationale is nowhere authorized as a basis for restriction, or as an alternative to “undue burden of search.”

The Action’s rationale would appear to be forbidden by MPEP § 808.02. MPEP § 808.02 reads as follows, clarifying that one of three showings must be made:

[T]he examiner, in order to establish reasons for insisting upon restriction, must explain why there would be a serious burden on the examiner if restriction is not required. Thus the examiner must show by appropriate explanation one of the following:

(A) **Separate classification thereof:** ....

(B) **A separate status in the art when they are classifiable together:** ...

(C) **A different field of search:** ...

The statements in the Office Action do not relate to the grounds stated in MPEP § 808.02. If the “35 U.S.C. 101 and/or 35 U.S.C. 112” reasoning used in the Office Action is authorized anywhere in the MPEP, Applicant requests identification. If no such authorization can be identified, Applicant notes that the entire August 2008 paper was issued without authorization, and requires no reply.

MPEP § 803(I)(B), § 803(II) ¶ 4, and § 806.01 requires “Examiners must provide reasons and/or examples to support conclusions” of “unduly extensive and burdensome search.” The Office Action merely engages in handwaving. Applicant is unable to elect, and is not required to

elect, until the Office Action states “reasons and/or examples to support conclusions” that relate to relevant criteria.

If the reasoning used in the Office Action is authorized anywhere in the MPEP, Applicant requests identification. If no such authorization can be identified, Applicant requests that examination be conducted according to the PTO’s written regulations and guidance.

## **II. The Office Action Concedes Facts That Prevent Restriction**

MPEP § 808.02 reads as follows:

Where, however, the classification is the same and the field of search is the same and there is no clear indication of separate future classification and field of search, no reasons exist for dividing among independent or related inventions.

The Office Action concedes that all groups are “related” (page 3), and that all are classified together for search in the same search class, 705/37 (page 2). The MPEP instructs “No reasons exist for dividing” among these inventions.

## **III. The PTO Has Not Obtained Required White House Clearance for the Changes to Restriction Procedure Used in the Office Action**

Any PTO request for a submission from an applicant, whether arising under 37 C.F.R. or an informal document like the MPEP, requires advance approval from the White House Office of Management and Budget under the Paperwork Reduction Act. 44 U.S.C. § 3507 (“An agency shall not conduct or sponsor the collection of information unless in advance of the adoption or revision ... the agency has...” followed the steps for obtaining White House approval); § 3512 (“Notwithstanding any other provision of law, no person shall be subject to any penalty...” under any agency rule that does not have White House approval).

The PTO has neither sought nor obtained White House approval for the revisions to restriction practice reflected in the Office Action, or for any other modifications to restriction practice, since at least June 2006. The PTO’s most-recent request under the Paperwork Reduction Act, covering all “patent processing” activities between initial filing and issue,<sup>1</sup> was filed with the Office of Management and Budget on September 26, 2007.<sup>2</sup> The PTO’s filing of

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<sup>1</sup> <http://www.reginfo.gov/public/do/PRAOMBHistory?ombControlNumber=0651-0031>

<sup>2</sup> [http://www.reginfo.gov/public/do/PRAViewICR?ref\\_nbr=200707-0651-005](http://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=200707-0651-005)

September 26, 2007<sup>3,4</sup> is “not associated with rulemaking,” and the PTO’s other filings for “patent processing” since June 2006 have all been designated “no material change.” The PTO’s most recent Federal Register Notice on restriction practice, 72 Fed.Reg. 44992, 44999 (Aug. 10, 2007) stated that the PTO was not seeking OMB approval under the Paperwork Reduction Act for any amendment to restriction practice.

Because the Office Action applies modifications to restriction practice that have never been cleared by OMB, the requirement set forth in the Office Action is unenforceable.

Further, no OMB control number is “displayed” on the Office’s papers in the manner required by the Paperwork Reduction Act. For a second reason, the PTO may not enforce the restriction requirement set forth in the August 5, 2008 paper.

In such situations, the Paperwork Reduction Act provides as follows:

**44 U.S.C. § 3512 Public protection**

(a) Notwithstanding any other provision of law, no person shall be subject to any penalty for failing to comply with a collection of information that is subject to this subchapter if –

(1) the collection of information does not display a valid control number assigned by the Director in accordance with this subchapter; or

(2) the agency fails to inform the person who is to respond to the collection of information that such person is not required to respond to the collection of information unless it displays a valid control number.

(b) The protection provided by this section may be raised in the form of a complete defense, bar, or otherwise at any time during the agency administrative process or judicial action applicable thereto.

If any restriction is raised in the future, applicant requests

- The OMB “valid control number” applicable to restriction requirements;
- The OMB ICR submission number in which that control number was applied for, and the line item number covering replies to restriction requirements;
- An indication where that control number is “displayed” in the manner required by statute; and
- Where the PTO informed the public that it is not required to respond to restriction requirements unless the PTO “displays” a valid control number.

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<sup>3</sup> <http://www.reginfo.gov/public/do/PRAOMBHistory?ombControlNumber=0651-0031>

<sup>4</sup> [http://www.reginfo.gov/public/do/PRAViewICR?ref\\_nbr=200707-0651-005](http://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=200707-0651-005)

The statute provides that if any one of these four questions cannot be answered, the PTO cannot enforce the requirement raised in the Office Action. Applicant's attorney has diligently sought for any indication that the PTO ever even attempted to take the steps it was required to take if it wishes to enforce a modification to restriction practice. No indication has been found. Unless the PTO can provide answers to all four of the above questions, all restriction requirements must be withdrawn.

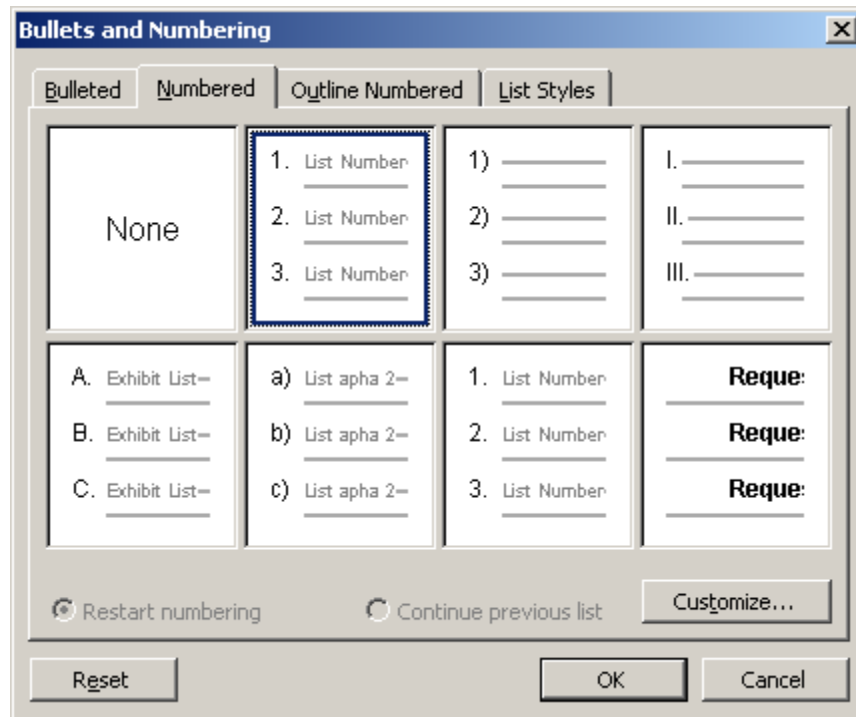
#### IV. Designation of Paragraphs in the Office Action

The Examiner's attention is drawn to MPEP § 707.07(k):

##### **707.07(k) Numbering Paragraphs**

It is good practice to number the paragraphs of the Office action consecutively. This facilitates their identification in the future prosecution of the application.

The Examiner's attention is also drawn to the menu in Microsoft Word, Format > Bullets and Numbering, which gets to this dialog box:



**V. Conclusion**

If any extension of time is required, a Petition for Extension of Time extends the shortened statutory period through February 5, 2009. Accordingly, this reply is timely. No fee is required for this extension, because the PTO has no authority to impose any “penalty.” 44 U.S.C. § 3512.

Applicant requests that the application be examined and passed to issue in due course. The Examiner is urged to telephone Applicant's undersigned counsel at the number noted below if it will advance the prosecution of this application, or with any suggestion to resolve any condition that would impede allowance. Kindly charge any additional fee, or credit any surplus, to Deposit Account No. 50-3938, Order No. 03-1089.

Respectfully submitted,  
BGC PARTNERS, INC.

Dated: February 5, 2008

By: /David E. Boundy/  
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