The Long Overdue Benefits of Viewing the PTO as an Administrative Agency

Tom Field

In terms of how many people are potentially affected, how much and how long, the Supreme Court's 1999 decision, Dickinson v. Zurko (Zurko), 527 U.S. 150, registers well over 7 on the Richter scale — and not only for patents or, for that matter, IP.

Fundamentally, the Court held that § 12 of 1946 Administrative Procedure Act (APA), now 5 U.S.C. § 559, requires that the APA govern all federal agencies by default. Congress rarely provides tailor-made procedures or review standards for any given agency, much less all of them, so *Zurko's* potential reach is wide.

As Patent Commissioner Ooms explained in "The U.S. Patent Office and the Administrative Procedure Act," 38 Trademark Reporter 149 (1948), shortly after passage of the APA, the Office was in full compliance. That continues to be true.

With the exception of proceedings to address attorney misconduct under 37 C.F.R. § 10.1 et seq., PTO adjudications are exempt from formal hearing requirements set out in 5 U.S.C. §§ 556-57. Moreover, to the extent that PTO rules are limited to procedural issues, as is generally true except for rules promulgated under 35 U.S.C. § 2(b)(2)(D), its rule making is exempt from procedures set out in 5 U.S.C. § 553.

Mr. Ooms did foresee that the APA's provisions for judicial review that now appear in 5 U.S.C. § 701-06 would, however, govern in some circumstances. More specifically, because only mandamus had previously been available, he expected liberalized review in circumstances where the Patent and Lanham Acts did not govern. But neither he nor anyone else apparently appreciated the applicability of the APA's judicial review provisions to so-called "statutory" review under 15 U.S.C. § 1071 and 35 U.S.C. §§ 141-46 until much later. Only after much pressure from the PTO and foot dragging by the Federal Circuit, did the Supreme Court in *Zurko* make that clear.

Most, if not all, of the explanation is that the CCPA, and lawyers practicing before it, had little need to attend to the APA. As that Court explained in In re

Hengehold, 440 F.2d 1395 (1971), its statutory jurisdiction was limited. It therefore advised, 440 F.2d at 1404, the appellant in that case to seek relief under 5 U.S.C. § 701-06.

Yet, because *Zurko* is a "patent" case, many lawyers, including those challenging refusals to register trademarks and copyrights, are apt to pay as little attention to its teachings as the Federal Circuit, and the CCPA before it, paid to the implications of the PTO's being an agency. Although some foresaw that *Zurko* would add to the backlog of appeals within the PTO, the opposite seems to have happened.

As the Office's Performance and Accountability Report Fiscal Year 2003, online at http://www.uspto.gov/web/offices/com/annual/2003/04020103_boardpat.html states:

> By the end of FY 2003, the BPAI [Board of Patent Appeals and Interferences] has met the goals of the five-year plan that it instituted in FY 1998. At the beginning of FY 1998, BPAI had 9,201 patent appeals and 448 interferences pending. The pending appeals represented an inventory of 39 months, and interferences took on average, over 36 months to complete. To reduce the appeal inventory backlog to six months and the average interference pendency to two years, the USPTO increased the number of Administrative Patent Judges (APJs), instituted an APJ incentive performance award program, re-instituted appeals conferences in the Patent examining corps, and made efficiency improvements at the Board. As of the end of FY 2003, BPAI had reduced the inventory of patent appeals to 1,968, or six months, and the average pendency of interferences to 22 months. The number of interferences pending at the end of the fiscal year was 107, the lowest number in 20 years. These numbers represent a 78 percent reduction in the inventory of patent appeals and a 76 percent reduction in the inventory of pending interferences since the beginning of FY 1998

Various things, including the size of the backlog itself and the length of pendency, may have contributed to its reduction. The Board, with some help from supervisors in the examining corps, has also contributed by requiring Examiners to give fully documented and reasoned explanations for the rejection of claims.

A little over a year ago, this was discussed by several speakers at the American Intellectual Property Law Association's annual meeting. My view, better documented in a paper prepared for that meeting, is that the backlog reduction is the direct result of the Federal Circuit's requiring the BPAI to do what should have long

been required under the APA. See "*Zurko, Gartside and Lee:* How Might They Affect Patent Prosecution?" 44 IDEA 221, 229 (2004). Indeed, as Judge Newman, relying on *Zurko* and earlier cases, put it succinctly in In re Lee, 277 F.3d 1338, 1342 (Fed. Cir. 2002):

> For judicial review to be meaningfully achieved…, the agency tribunal must present a full and reasoned explanation of its decision. The agency tribunal must set forth its findings and the grounds thereof, as supported by the agency record, and explain its application of the law to the found facts.

Instead of quibbling about the exact amount of deference to be accorded fact-finding by the PTO, lawyers and courts should focus on her key point.