

No. 18-801

---

---

IN THE  
**Supreme Court of the United States**

---

LAURA PETER,  
Deputy Director of the United  
States Patent and Trademark Office,  
*Petitioner,*

v.

NANTKWEST, INC.,  
*Respondent.*

---

ON WRIT OF CERTIORARI  
TO THE UNITED STATES COURT OF APPEALS  
FOR THE FEDERAL CIRCUIT

---

**BRIEF OF THE R STREET INSTITUTE  
AS *AMICUS CURIAE* IN SUPPORT OF  
PETITIONER**

---

CHARLES DUAN  
*Counsel of Record*  
R STREET INSTITUTE  
1212 New York Ave NW Ste 900  
Washington DC 20005  
(202) 525-5717  
cduan@rstreet.org  
*Counsel for amicus curiae*

---

---

**TABLE OF CONTENTS**

TABLE OF AUTHORITIES . . . . . ii

INTEREST OF *AMICUS CURIAE* . . . . . 1

SUMMARY OF ARGUMENT . . . . . 2

ARGUMENT . . . . . 4

I. Patent Prosecution Procedure Provides Dissatisfied Patent Applicants with Numerous, Effective Alternatives to Costly § 145 Litigation . . . . . 4

    A. An Applicant May Restart Agency Proceedings at Any Time Through Continuation Practice . . . . . 4

    B. Documentary Evidence and Expert Opinions May Be Presented in Affidavits . . . . . 6

    C. Oral Testimony May Be Given in Interviews Between Examiners and Applicants’ Witnesses . . . . . 8

    D. Cross-Examination Is Usually Unnecessary, and Interviews Are Generally Adequate Alternatives . . . . . 10

    E. Oral Advocacy Is Available Before the Patent Trial and Appeal Board . . . . . 12

    F. Examiner Difficulties Can Be Relieved by the Patents Ombudsman and Agency Supervisory Structures, or by Federal Circuit Appeal . . . . . 13

II. The Actual Benefit of § 145 Accrues to Well-Financed Patent Applicants Who Are Unaffected by USPTO Expense Recovery . . . . . 16

III. There Is No Denial of Justice or Impediment to Small Inventors in Allocating All Expenses of § 145 Litigation to Patent Applicants . . . . . 19

CONCLUSION . . . . . 22

## TABLE OF AUTHORITIES

### CASES AND ADMINISTRATIVE DECISION

<i>Alberts v. Kappos</i> , 917 F. Supp. 2d 94 (D.D.C. 2013) . . . . .	18
<i>AstraZeneca AB v. Kappos</i> , No. 1:10-cv-1676 (D.D.C. remanded Jan. 6, 2015) . . . . .	18
<i>Biota Scientific Management Pty Ltd. v. Kappos</i> , No. 1:11-cv-944 (D.D.C. remanded Aug. 14, 2012) . . . . .	18
<i>BTG International Ltd. v. Kappos</i> , No. 1:12-cv-682 (E.D. Va. Dec. 6, 2012) . . . . .	18
<i>Chaganti v. Rea</i> , No. 2:13-cv-137 (E.D. Va. Mar. 21, 2013) (mem.) . . . . .	17
<i>Crowell v. Benson</i> , 285 U.S. 22 (1932) . . . . .	15
<i>Dickinson v. Zurko</i> , 527 U.S. 150 (1999) . . . . .	4, 7–8
<i>Gould v. Quigg</i> , 822 F.2d 1074 (Fed. Cir. 1987) . . . . .	7
<i>Graham v. John Deere Co.</i> , 383 U.S. 1 (1966) . . . . .	7
<i>Gray, Ex parte</i> , 10 U.S.P.Q.2d 1922 (B.P.A.I. 1989) . . . . .	8
<i>Halozyme, Inc. v. Iancu</i> , 320 F. Supp. 3d 788 (E.D. Va. 2018) . . . . .	18
<i>Helsinn Healthcare S.A. v. Teva Pharmaceuticals USA, Inc.</i> , 139 S. Ct. 628 (2019) . . . . .	17
<i>Hyatt v. United States Patent &amp; Trademark Office</i> , 797 F.3d 1374 (2015) . . . . .	18

(iii)

<i>Intellectual Ventures I LLC v. Rea</i> , No. 1:13-cv-534 (E.D. Va. remanded Jan. 13, 2014) . . .	18
<i>Johnston v. Rea</i> , No. 1:12-cv-440 (E.D. Va. Apr. 9, 2013) . . . . .	18
<i>Kappos v. Hyatt</i> , 566 U.S. 431 (2012) . . . . .	4, 8
<i>Mandigo v. Kappos</i> , No. 1:12-cv-1193 (E.D. Va. remanded Dec. 24, 2012) . . .	18
<i>Mazzari v. Rogan</i> , 323 F.3d 100 (Fed. Cir. 2003) . . . . .	4
<i>Mohsenzadeh v. Lee</i> , 790 F. 3d 1377 (Fed. Cir. 2015) . . . . .	17
<i>Murray’s Lessee v. Hoboken Land &amp; Improvement Co.</i> , 59 U.S. (18 How.) 272 (1855) . . . . .	15
<i>NantKwest, Inc. v. Iancu</i> , 989 F.3d 1177 (Fed. Cir. 2018) (en banc) . . . . .	4, 18, 20
<i>Oil States Energy Services, LLC v. Greene’s Energy Group, LLC</i> , 138 S. Ct. 1365 (2018) . . . . .	15
<i>Panchev v. Kappos</i> , No. 1:12-cv-641 (E.D. Va. June 25, 2013) . . . . .	18
<i>Pregis Corp. v. Kappos</i> , 700 F.3d 1348 (Fed. Cir. 2012) . . . . .	4
<i>Realvirt, LLC v. Lee</i> , 195 F. Supp. 3d 847 (E.D. Va. 2016) . . . . .	18
<i>Swartz v. Matal</i> , No. 1:17-cv-482 (E.D. Va. Aug. 22, 2017) . . . . .	17
<i>Tafas v. Doll</i> , 559 F.3d 1345 (Fed. Cir. 2009) . . . . .	6

(iv)

*Taylor v. Matal*,  
Nos. 1:15-cv-1607, -1684 (E.D. Va. Aug. 10, 2017) . . . . . 17

*United States v. Duell*,  
172 U.S. 576 (1899) . . . . . 15

*Zurko, In re*,  
258 F.3d 1379 (Fed. Cir. 2001) . . . . . 10

**CONSTITUTIONAL PROVISION**

U.S. Const. Art. III . . . . . 19

**STATUTES AND REGULATIONS**

35 U.S.C. § 6(c) . . . . . 15

    — § 120 . . . . . 5, 17

    — § 132(b) . . . . . 5, 17

    — § 141 . . . . . 2, 4–5, 15, 18

    — § 145 . . . . . 2–6, 8–10, 12–13, 15–21

    — § 154(b) . . . . . 16

    — § 154(b)(1)(a)(iii) . . . . . 16

    — § 154(b)(1)(B)(i) . . . . . 17

37 C.F.R. § 1.2 . . . . . 9

    — § 1.16 . . . . . 5, 21

    — § 1.17(e) . . . . . 5

    — § 1.102(e) . . . . . 16

    — § 1.104(d)(2) . . . . . 11

    — § 1.114(a) . . . . . 5

(v)

37 C.F.R. § 1.114(a)(3) . . . . .	5
—— § 1.131 . . . . .	7
—— § 1.132 . . . . .	7–8, 13, 16
—— § 1.133(a) . . . . .	8
—— § 1.133(b) . . . . .	9
—— § 41.20(b)(3) . . . . .	12
—— § 41.47(b) . . . . .	12
—— § 41.47(d)–(e)(1) . . . . .	12

**MANUAL OF PATENT EXAMINING PROCEDURE**

U.S. Patent & Trademark Office, <i>Manual of Patent Examining Procedure</i> § 201.07 (9th ed., 08.2017 rev. Jan. 2018) . . . . .	5
—— § 713 . . . . .	9
—— § 713.01(I) . . . . .	9
—— § 713.04 . . . . .	9
—— § 716 . . . . .	8
—— § 716.01(a) . . . . .	7
—— § 716.02 . . . . .	8
—— § 1204.02 . . . . .	15
—— § 1209 . . . . .	12
—— § 2144.03 . . . . .	11
—— § 2144.03(A) . . . . .	10–11
—— § 2144.03(C) . . . . .	11

**OTHER SOURCES**

Mindy Bickel & Cassandra Downs, U.S. Patent & Trademark Office, *How Can the Patents Ombudsman and Pro Se Assistance Programs Work for You?* (Sept. 12, 2017), [https://www.uspto.gov/sites/default/files/documents/Q%20Chat%209\\_%2012%20presentation.pdf](https://www.uspto.gov/sites/default/files/documents/Q%20Chat%209_%2012%20presentation.pdf) . . . . . 14

Mindy Bickel, *The Ombudsman Program Is Here for You*, InventorsEye (U.S. Patent & Trademark Office), July 2010, <https://www.uspto.gov/custom-page/inventorseye-july-2010-1> . . . . . 13

Brief of *Amici Curiae* R Street Institute et al., *Helsinn Healthcare S.A. v. Teva Pharm. USA, Inc.*, 139 S. Ct. 628 (Oct. 15, 2018) (No. 17-1229), [https://www.supremecourt.gov/DocketPDF/17/17-1229/66892/20181015152946347\\_17-1229-bsac-rstreet.pdf](https://www.supremecourt.gov/DocketPDF/17/17-1229/66892/20181015152946347_17-1229-bsac-rstreet.pdf) . . . . . 17

Eric M. Brusca, *Mr. (Patent Attorney) Smith Goes to Washington—Successful Patent Examiner Interviews*, InsideCounsel, Nov. 5, 2013, [https://www.marshallip.com/content/uploads/2014/10/Mr-Smith-Goes-to-Washington-Successful-patent-examiner-interviews\\_EB.pdf](https://www.marshallip.com/content/uploads/2014/10/Mr-Smith-Goes-to-Washington-Successful-patent-examiner-interviews_EB.pdf) . . . . . 9

Eric M. Brusca, *These Claims Are Not Obvious, Just Ask My Expert!*, InsideCounsel, Feb. 14, 2014, [https://www.marshallip.com/content/uploads/2014/10/These-claims-are-not-obvious-just-ask-my-expert\\_EB.pdf](https://www.marshallip.com/content/uploads/2014/10/These-claims-are-not-obvious-just-ask-my-expert_EB.pdf) . . . 7

Bernard Chao, *Opening the Prosecution History's Black Box*, Berkeley Tech. L.J. Commentaries (Mar. 6, 2016), <http://btlj.org/2016/03/opening-the-prosecutions-historys-black-box/> . . . . . 9, 20

Dennis Crouch, *Maintenance Fees 2015*, Patently-O (July 21, 2015), <https://patentlyo.com/patent/2015/07/maintenance-fees-2015.html> . . . . . 17

Tom Ewing & Robin Feldman, *The Giants Among Us*, 2012 Stan. Tech. L. Rev. 1 (2012) . . . . . 18

*Examiner Affidavit of Personal Knowledge*, All Things Pros (Dec. 28, 2009), <http://allthingspros.blogspot.com/2009/12/can-you-demand-examiner-to-provide.html> . . . . . 11

Jeremiah Frueauf et al., *Biopharma Patent Applicants Should Consider a Rarely Used Strategy*, Bloomberg L. (Mar. 18, 2019), <https://biglawbusiness.com/insight-biopharma-patent-applicants-should-consider-a-rarely-used-strategy> . . . . . 17

Jessica Harrison, *Prosecution Insights Gleaned from a Review of Recent Patent Examiner Training*, Landslide (Am. Bar Ass'n, Intellectual Prop. Section), May–June 2018, [https://www.americanbar.org/groups/intellectual\\_property\\_law/publications/landslide/2017-18/may-june/prosecution-insights-gleaned-review-recent-patent-examiner-training/](https://www.americanbar.org/groups/intellectual_property_law/publications/landslide/2017-18/may-june/prosecution-insights-gleaned-review-recent-patent-examiner-training/) . . . 14

David S. Kim & Glenn M. Kubota, *Behind the Scenes at the USPTO: Accounting for the Supervisory Patent Examiner*, Intell. Prop. Q. Newsl. (Morrison & Foerster), Summer 2011, at 2, <http://media.mofo.com/files/uploads/Images/110714-Intellectual-Property-Quarterly-Newsletter.pdf> . . . . . 14

Mark A. Lemley & Kimberly A. Moore, *Ending Abuse of Patent Continuations*, 84 B.U. L. Rev. 63 (2004) . . . . . 6

Patents Ombudsman Pilot Program, 75 Fed. Reg. 17380 (U.S. Patent & Trademark Office Apr. 6, 2010) . . . . . 13



Press Release, Peter G. Pappas et al., Sutherland Asbill & Brennan LLP, *Supreme Court Affirmance Benefits Patent Applicants: Allows Introduction of New Evidence on Appeal* (Apr. 23, 2012), <https://us.eversheds-sutherland.com/NewsCommentary/Legal-Alerts/83959/Legal-Alert-Supreme-Court-Affirmance-Benefits-Patent-Applicants-Allows-Introduction-of-New-Evidence-on-Appeal> . . . . . 20

Christina Sperry & Lily Zhang, *An Ombudsman in Shining Armor: Spotlight on the USPTO Patents Ombudsman Program*, Nat'l L. Rev. (Nov. 11, 2016), <https://www.natlawreview.com/article/ombudsman-shining-armor-spotlight-uspto-patents-ombudsman-program> . . . . . 13

Eric K. Steffe et al., *Inventor's Case Highlights Appeal Option for Rejected Patent*, Law360 (Oct. 19, 2018), <https://www.sternekessler.com/news-insights/publications/inventors-case-highlights-appeal-option-rejected-patent> . . . . . 10

Sterne, Kessler, Goldstein & Fox P.L.L.C., *Patent Prosecution Tool Kit* (Apr. 2017), [https://www.sternekessler.com/sites/default/files/2018-02/Sterne\\_Kessler\\_Patent\\_Prosecution\\_Tool\\_Kit\\_April\\_2017-Electronic%20\(1\).pdf](https://www.sternekessler.com/sites/default/files/2018-02/Sterne_Kessler_Patent_Prosecution_Tool_Kit_April_2017-Electronic%20(1).pdf) . . . . . 7

Sarah Tran, *Administrative Law, Patents, and Distorted Rules*, 80 Geo. Wash. L. Rev. 831 (2012) . . . . . 6

U.S. Patent & Trademark Office, *Interview Training* (June 2015), <https://www.uspto.gov/sites/default/files/documents/FY15%20Interview%20Training%20-%202015.pdf> . . . . . 14

# In the Supreme Court of the United States

---

No. 18-801

---

LAURA PETER,  
Deputy Director of the United  
States Patent and Trademark Office,  
*Petitioner,*

v.

NANTKWEST, INC.,  
*Respondent.*

---

## **BRIEF OF THE R STREET INSTITUTE AS *AMICUS CURIAE* IN SUPPORT OF PETITIONER**

---

### ***INTEREST OF AMICUS CURIAE***

The R Street Institute<sup>1</sup> is a nonprofit, nonpartisan public-policy research organization. R Street's mission is to engage in policy research and educational outreach that promotes free markets as well as limited yet effective government, including properly calibrated legal and regulatory frameworks that support economic growth and individual liberty.

---

<sup>1</sup>Pursuant to Supreme Court Rule 37.3(a), all parties received appropriate notice of and consented to the filing of this brief. Pursuant to Rule 37.6, no counsel for a party authored this brief in whole or in part, and no counsel or party made a monetary contribution intended to fund the preparation or submission of the brief. No person or entity, other than *amicus*, its members, or its counsel, made a monetary contribution to the preparation or submission of this brief.

## SUMMARY OF ARGUMENT

It is a common but misleading premise of cases such as this one that the disappointed patent applicant has two options for judicial review: a 35 U.S.C. § 145 district court action and an appeal under 35 U.S.C. § 141. The applicant also has a non-judicial option: administrative remedies within the U.S. Patent and Trademark Office.

These administrative remedies add an important dimension to this case. The Court of Appeals adopted what it conceded was an atextual construction of § 145 expense-recovery provision in order to ensure that § 145 actions were not cost-prohibitive to “small businesses and individual inventors.” But in light of the robust, lower-cost administrative remedies that offer largely the same benefits as § 145, the Federal Circuit’s rationale falls away, leaving no reason to construe § 145 contrary to its plain language.

I. Administrative procedure within the USPTO offers a disappointed patent applicant largely the same remedies and opportunities that may be had in a § 145 action. Rather than (or even concurrent with) seeking judicial review of a USPTO decision, the applicant may file a so-called “continuation application” and/or a “request for continued examination” to restart proceedings in the USPTO.

Those do-over agency proceedings enable the patent applicant to obtain many of the benefits sometimes described as unique to § 145. For example, § 145 actions allow the applicant to introduce new evidence, expert opinions, and oral testimony. But patent prosecution before the USPTO also allows the applicant to introduce new evidence, expert opinions, and oral testimony. Clever applicants will even find ways to forum-shop for more favor-

able decision-makers within the agency. Indeed, a review of the many opportunities available during patent prosecution reveals that a patent applicant could achieve generally the same results through administrative practice as through § 145 litigation.

II–III. Two rationales have generally been proffered to justify excluding staff-related expenses from “[a]ll the expenses of the proceeding” under § 145: that forcing patent applicants to pay the expenses of USPTO staff time imposes a barrier to access to justice, and that high expenses prevent small inventors from enjoying the benefits of § 145. Neither rationale stands up in view of the existence of administrative remedies. Those administrative remedies guarantee that disappointed patent applicants always have access to justice, and they ensure that small inventors have economical options that are orders of magnitude lower in cost than § 145 actions.

In fact, § 145 actions have generally been the domain of well-financed patent applicants, most commonly biopharmaceutical companies. This is both because § 145 actions are expensive and because the actual benefit of those actions—augmented patent term duration—is useful only to high-value patent applications. To the extent that § 145 is correctly interpreted to permit recovery of USPTO staff expenses, any burden will tend to fall on patent applicants able to afford it without difficulty.

Without a policy rationale for doing so, this Court need not interpret § 145 as the Federal Circuit did in reading “[a]ll the expenses of the proceedings” to exclude some of the expenses of the proceedings. The decision of the Court of Appeals should be reversed.

## ARGUMENT

### I. PATENT PROSECUTION PROCEDURE PROVIDES DISSATISFIED PATENT APPLICANTS WITH NUMEROUS, EFFECTIVE ALTERNATIVES TO COSTLY § 145 LITIGATION

Courts have often said that a disappointed patent applicant has two routes for judicial redress: an appeal to the Federal Circuit under 35 U.S.C. § 141, and a civil action under 35 U.S.C. § 145 that offers certain additional benefits beyond a direct appeal. *See NantKwest, Inc. v. Iancu*, 989 F.3d 1177, 1180 (Fed. Cir. 2018) (en banc) (Pet. App. 2a); *Kappos v. Hyatt*, 566 U.S. 431, 434 (2012); *Dickinson v. Zurko*, 527 U.S. 150, 164 (1999); *Pregis Corp. v. Kappos*, 700 F.3d 1348, 145 (Fed. Cir. 2012); *Mazzari v. Rogan*, 323 F.3d 100, 1003 (Fed. Cir. 2003). In fact, though, the “benefits” of § 145 are also largely obtainable through administrative practice before the U.S. Patent and Trademark Office.

#### A. AN APPLICANT MAY RESTART AGENCY PROCEEDINGS AT ANY TIME THROUGH CONTINUATION PRACTICE

As an initial matter, a disappointed patent applicant has at least two procedural routes to restart proceedings before the USPTO: The applicant may either file a so-called “continuation” patent application or make a request for continued examination. In either case, examination begins anew and the applicant has a fully renewed opportunity to argue for issuance of a patent.

A continuation application is one filed after an original patent application (sometimes called the “parent”) where both the original and the continuation describe the same

invention. Assuming that the continuation application is filed in conformance with the statutory requirements, the continuation application “shall have the same effect, as to such invention, as though filed on the date of the prior application.” 35 U.S.C. § 120.

A continuation may be filed after an adverse final decision in patent examination. *See id.* Once it is filed, the USPTO examines the continuation application as if it were filed anew; the continuation serves “to establish a right to further examination by the Office.” *See* U.S. Patent & Trademark Office, *Manual of Patent Examining Procedure* § 201.07 (9th ed., 08.2017 rev. Jan. 2018) [hereinafter MPEP]. Indeed, a continuation may be filed in conjunction with § 145 litigation or a § 141 appeal over the parent application, meaning that the patent applicant could be disputing an adverse result in both the courts and the agency simultaneously.

The patent applicant could also make a request for continued examination by “filing a submission and the fee set forth in § 1.17(e)” within an appropriate time frame. 37 C.F.R. § 1.114(a). The request may not be denied; the USPTO must by law “provide for the continued examination of applications for patent at the request of the applicant.” 35 U.S.C. § 132(b). Continued examination behaves much like a continuation application except that it may not occur in conjunction with judicial review of the application. *See* 37 C.F.R. § 1.114(a)(3).

Of relevance to this case, the applicant must pay fees to cover the USPTO’s expenses for either a continuation application, *see* § 1.16, or a request for continued examination, *see* § 1.17(e).

Patent applicants are keenly aware of the use of continuations and continued examination to dispute adverse

patent examination results; indeed, they arguably use those practices to excess. As two scholars noted in 2004, continuation practice affords patent applicants “multiple opportunities to persuade the PTO to grant their claims and the ability to refine their claims to make sure they are effective.” Mark A. Lemley & Kimberly A. Moore, *Ending Abuse of Patent Continuations*, 84 B.U. L. Rev. 63, 96 (2004). Yet applicants are also said to use continuations to press losing arguments until an examiner relents out of exhaustion—there is no legal limit to an applicant’s ability to file continuations—so “an examiner faced with a determined applicant has every incentive to give in and allow the patent.” *Id.* at 75. In 2007, the USPTO proposed rules that would have limited applicants’ ability to engage in unlimited continuation practice; the rules were heavily disputed in public and in the courts, and ultimately the USPTO was pressured into retracting the proposal. See *Tafas v. Doll*, 559 F.3d 1345, 1349–50 (Fed. Cir. 2009); Sarah Tran, *Administrative Law, Patents, and Distorted Rules*, 80 Geo. Wash. L. Rev. 831, 848–54 (2012).

A disappointed patent applicant is thus not relegated to judicial modes of review. Administrative avenues, including continuation practice and requests for continued examination, are present, robust, and widely used. And once a patent applicant has reopened prosecution through a continuation or request for continued examination, the applicant has many options to obtain substantially the same opportunities and results as a § 145 civil action.

## **B. DOCUMENTARY EVIDENCE AND EXPERT OPINIONS MAY BE PRESENTED IN AFFIDAVITS**

The most commonly noted advantage of a § 145 action is that it “permits the disappointed applicant to present

to the court evidence that the applicant did not present to the PTO.” *Zurko*, 527 U.S. at 164 (citing *Gould v. Quigg*, 822 F.2d 1074, 1077 (Fed. Cir. 1987)). But reopened prosecution affords the applicant the same opportunity.

A patent applicant may use an affidavit under 37 C.F.R. § 1.132 to submit any evidence or expert opinion other than evidence required to be submitted by another means.<sup>2</sup> Typically, such a declaration is used to provide evidence of “secondary considerations” that tend to prove that an invention is not obvious and thus patentable. *Graham v. John Deere Co.*, 383 U.S. 1, 17–18 (1966); see MPEP, *supra*, § 716.01(a).

Expert opinion is a common subject of affidavits under § 1.132. Practitioners explain that the affidavit can be used for, among other things, “expert statements supporting unexpected results, commercial success, solution to a long-felt need, inoperability of the prior art, or evidence supporting attribution of a reference to the Applicant or prior public disclosure of subject matter derived from an inventor.” Sterne, Kessler, Goldstein & Fox P.L.L.C., *Patent Prosecution Tool Kit* tab 11, at 1 (Apr. 2017), *available online*.<sup>3</sup> Another patent attorney explains that “a 132 declaration executed by a prominent ‘outside’ expert has the potential advantages of avoiding any appearance of business or financial interest,” and thus such a declaration “may add credibility to such evidence” in favor of patentability. Eric M. Brusca, *These Claims Are Not Obvious, Just Ask My Expert!*, Inside-Counsel, Feb. 14, 2014, *available online*.

---

<sup>2</sup>For example, evidence that a patent is disqualified as prior art is submitted as a declaration under 37 C.F.R. § 1.131.

<sup>3</sup>Locations of authorities available online are shown in the Table of Authorities.



The § 1.132 affidavit, in the context of a continuation application, is thus like a § 145 action in that it affords applicants an opportunity “to present . . . evidence that the applicant did not present to the PTO” the first time around. *Zurko*, 527 U.S. at 164. Indeed, the affidavit is arguably a more powerful tool for introducing expert opinions because, unlike in litigation, a patent examiner cannot cross-examine the affiant. According to the USPTO’s examiner guidance, “The reason for requiring evidence in declaration or affidavit form is to obtain the assurances that any statements or representations made are correct.” MPEP, *supra*, § 716.02 (quoting *Ex parte Gray*, 10 U.S.P.Q.2d 1922, 1928 (B.P.A.I. 1989)). Examiners may question the responsiveness or sufficiency of opinions proffered in a § 1.132 affidavit, but they have no defined path to question the credibility of the affidavit itself. *See id.* § 716.

An applicant who wishes to introduce new evidence or expert opinion thus need not resort to a § 145 action. Reopened prosecution offers the same opportunities.

### **C. ORAL TESTIMONY MAY BE GIVEN IN INTERVIEWS BETWEEN EXAMINERS AND APPLICANTS’ WITNESSES**

Civil actions under § 145 are also said to offer patent applicants a unique advantage “because the PTO generally does not accept oral testimony.” *Hyatt*, 566 U.S. at 435. This is not entirely true, since the USPTO does offer applicants an opportunity to make oral presentations to patent examiners.

A patent applicant is permitted to request a meeting, called an “interview,” with the responsible patent examiner. *See* 37 C.F.R. § 1.133(a). The USPTO recognizes

that spoken communication between applicants and examiners is an important aspect of advocacy before the agency: “Discussions between an applicant and an examiner are often indispensable to advance the prosecution of a patent application.” MPEP, *supra*, § 713. Thus, the agency’s guidance provides that “[i]n-person interviews with the examiner should normally be granted.” *Id.* § 713.01(I).

Ordinarily an interview is conducted between the examiner and the applicant’s attorney, but there is no rule prohibiting others from participating in the interview. Practitioners note that “it is often valuable to bring an expert (*e.g.*, an inventor), and to invite one or more examiners.” Eric M. Brusca, *Mr. (Patent Attorney) Smith Goes to Washington—Successful Patent Examiner Interviews*, InsideCounsel, Nov. 5, 2013, *available online*. These experts are often useful for adding credibility to the attorney’s arguments, introducing evidence or facts about the technology, or establishing rapport with the examiner. *See id.* Thus, the benefits of oral testimony in § 145 actions can be substantially realized through in-person interviews.

It is true that USPTO regulations require that all business “should be transacted in writing,” 37 C.F.R. § 1.2; that rule’s import, however, is not to prohibit oral interviews but to require a written record of their occurrence. *See* § 1.133(b); MPEP, *supra*, § 713.04. Indeed, written interview summaries are often woefully incomplete, and patent practitioners often recommend interviews as a way to persuade examiners without creating a potentially damaging written record. *See* Bernard Chao, *Opening the Prosecution History’s Black Box*, Berkeley Tech. L.J. Commentaries (Mar. 6, 2016), *available online*.

In that sense, administrative practice is arguably superior, from the applicant's perspective, to a § 145 action.

Interview practice, particularly in a continuation application, thus affords disappointed patent applicants the ability to present oral testimony. Actions under § 145 are not unique in this respect, either.

#### **D. CROSS-EXAMINATION IS USUALLY UNNECESSARY, AND INTERVIEWS ARE GENERALLY ADEQUATE ALTERNATIVES**

It has been argued that § 145 litigation offers applicants a unique opportunity to cross-examine adverse witnesses.<sup>4</sup> It is true that there is no formal cross-examination during patent prosecution. But cross-examination during prosecution would be almost wholly useless because a patent examiner can almost never introduce testimonial evidence amenable to cross-examination. In the one idiosyncratic situation where an examiner can testify to a fact, an interview is likely sufficient to achieve the same results as cross-examination.

Generally, if an examiner introduces evidence tending to prove the unpatentability of an application, that evidence must be documentary, written material. MPEP, *supra*, § 2144.03(A) (citing *In re Zurko*, 258 F.3d 1379, 1385 (Fed. Cir. 2001)). "In certain circumstances where appropriate, an examiner may take official notice of facts

---

<sup>4</sup>See, e.g., Eric K. Steffe et al., *Inventor's Case Highlights Appeal Option for Rejected Patent*, Law360 (Oct. 19, 2018), *available online*. Those practitioners also argue that § 145 actions are advantageous because of the availability of discovery. It is unclear why that is significant, because the USPTO generally would not hold onto undisclosed information amenable to discovery.

not in the record or rely on ‘common knowledge’ in making a rejection, however such rejections should be judiciously applied.” *Id.* § 2144.03. But the agency guidance cautions that examiners should rely on common knowledge only sparingly: “Official notice unsupported by documentary evidence should only be taken by the examiner where the facts asserted to be well-known, or to be common knowledge in the art are capable of instant and unquestionable demonstration as being well-known.” *Id.* § 2144.03(A).

If an examiner does take official notice of a fact, the applicant may challenge the assertion, and ordinarily “the examiner must provide documentary evidence in the next Office action if the rejection is to be maintained.” *Id.* § 2144.03(C). The sole exception is where official notice is taken based on a USPTO employee’s personal knowledge, in which case the assertion “must be supported, when called for by the applicant, by the affidavit of such employee, and such affidavit shall be subject to contradiction or explanation by the affidavits of the applicant and other persons.” 37 C.F.R. § 1.104(d)(2). Examiners will almost never make such an affidavit: In one attorney’s study of disputes over official notice, not a single affidavit was found. *Examiner Affidavit of Personal Knowledge, All Things Pros* (Dec. 28, 2009), *available online*.

In the rare case that an examiner submits a § 1.104(d)(2) affidavit, the applicant can question the examiner’s memory through an in-person interview, as described above. The applicant may furthermore bring in a supervisory examiner, who can assess during the interview whether the examiner is credible in view of the applicant’s questioning. *See infra* p. 14. Obviously this is not a perfect substitute for judicially managed cross-

examination available under § 145, but the applicant certainly has at least some opportunity to challenge an affiant's credibility in the exceptionally unusual situation that non-documentary evidence is raised against the applicant. The advantages of § 145 litigation in this respect are thus highly limited at best.

#### **E. ORAL ADVOCACY IS AVAILABLE BEFORE THE PATENT TRIAL AND APPEAL BOARD**

It may be thought that § 145 litigation is advantageous because it offers applicants an in-person adversarial hearing. But there are multiple opportunities for oral advocacy during the prosecution of a continuation patent application, too.

Obviously a patent applicant may make an oral presentation before the patent examiner, though that is meant to be a collaborative meeting rather than an adversarial hearing. If the applicant desires adversarial argument, it is available on appeal to the Patent Trial and Appeal Board. *See* 37 C.F.R. § 41.47(b). Under ordinary procedure, the applicant is given 20 minutes to argue before the Board; the examiner may also receive 15 minutes of argument time, in which case the applicant may reserve time for rebuttal. *See* § 41.47(d)–(e)(1). Argument practice can be particularly accommodating to the patent applicant: During argument, the applicant may use audiovisual materials such as slide presentations, and may even conduct the hearing by phone call or video connection. *See* MPEP, *supra*, § 1209.

Notable for this case, the applicant must pay a fee to cover the costs of the hearing. *See* 37 C.F.R. § 41.20(b)(3).

A dissatisfied patent applicant who wishes to introduce new evidence and have an oral hearing on an ex-

panded record thus does not need to resort to § 145 litigation. The applicant may file a continuation application, introduce new evidence by § 1.132 affidavits, and then seek an oral argument before the Board.

#### **F. EXAMINER DIFFICULTIES CAN BE RELIEVED BY THE PATENTS OMBUDSMAN AND AGENCY SUPERVISORY STRUCTURES, OR BY FEDERAL CIRCUIT APPEAL**

It is likely the case that some patent applicants opt for § 145 litigation because it provides them with a new tribunal and arbitrator that may be more receptive to arguments that the USPTO rejected. Since this supposed “benefit” of § 145 amounts to a legitimization of forum-shopping, it is difficult to see it as an actionable concern. Nevertheless, there are ways within the USPTO to forum-shop and work around difficult examiners, making § 145 duplicative in this regard too.

If an applicant believes that an examiner is being intransigent, the USPTO provides several avenues to overcome difficulties with the examiner. Most directly on point, the agency created a patent ombudsman program in 2010. *See* Patents Ombudsman Pilot Program, 75 Fed. Reg. 17380 (U.S. Patent & Trademark Office Apr. 6, 2010). The program “provides patent applicants with assistance in handling application processing problems when the normal channels are not providing satisfactory results.” Mindy Bickel, *The Ombudsman Program Is Here for You*, InventorsEye (U.S. Patent & Trademark Office), July 2010, *available online*; *see also* Christina Sperry & Lily Zhang, *An Ombudsman in Shining Armor: Spotlight on the USPTO Patents Ombudsman Program*, Nat’l L. Rev. (Nov. 11, 2016), *available online*. Patent practi-

tioners have apparently used the ombudsman program to substantial success: The USPTO reports over 4,000 inquiries made to the ombudsman program every year between 2013 and 2017. Mindy Bickel & Cassandra Downs, U.S. Patent & Trademark Office, *How Can the Patents Ombudsman and Pro Se Assistance Programs Work for You?* 28 (Sept. 12, 2017), *available online*.

The applicant may also use the chain of command within the USPTO for relief from a difficult examiner. A patent application is ordinarily examined by an assistant or primary examiner, who is overseen by a supervisory patent examiner, or “SPE.” The agency encourages applicants to communicate with SPEs and even invite them to interviews: “Applicants or Examiners may request a SPE to participate in an interview in order to facilitate discussion as needed. A request for SPE participation will normally be granted.” U.S. Patent & Trademark Office, *Interview Training* 37 (June 2015), *available online*; *see also* Jessica Harrison, *Prosecution Insights Gleaned from a Review of Recent Patent Examiner Training*, *Landslide* (Am. Bar Ass’n, Intellectual Prop. Section), May–June 2018, *available online* (former examiner explaining that applicants may request that a SPE attend an interview). Practitioners recognize that bringing in a supervisor can be an effective way of pushing patent applications to approval, and thus recommend conducting interviews with the SPE present where appropriate. *See* David S. Kim & Glenn M. Kubota, *Behind the Scenes at the USPTO: Accounting for the Supervisory Patent Examiner*, *Intell. Prop. Q. Newsl.* (Morrison & Foerster), Summer 2011, at 2, 4, *available online*.

The appeal process within the USPTO also provides applicants with a further set of alternate adjudicators,

namely members of the Patent Trial and Appeal Board. *See* 35 U.S.C. § 6(c). Additionally, since 2005 the USPTO has offered a “pre-appeal brief conference program,” in which a panel of examiners reconsiders a rejected application. *See* MPEP, *supra*, § 1204.02. These two procedures offer yet more ways that an applicant dissatisfied with an examiner can obtain new reviewers.

To the extent that a patent applicant has a legitimate need to have a new pair of eyes review a patent application, a § 145 action is not the sole way to do so. Application practice within the agency includes multiple ways of introducing new arbiters or changing examiners.

Certainly, alternative agency personnel are not judges, and one may ask whether the value of § 145 is to provide specifically for *judicial* reconsideration, perhaps because the applicant has become frustrated with the agency in total. There are two responses to this claim.

First, the patent applicant has no right to a judicial determination of patentability. This Court recently reaffirmed that “the grant of a patent is a matter of public rights.” *Oil States Energy Servs., LLC v. Greene’s Energy Grp., LLC*, 138 S. Ct. 1365, 1373 (2018) (quoting *United States v. Duell*, 172 U.S. 576, 582–83 (1899)) (quote marks and alterations omitted); *see Murray’s Lessee v. Hoboken Land & Improvement Co.*, 59 U.S. (18 How.) 272, 284 (1855). As such, the granting of patents “can be carried out by the executive or legislative departments without judicial determination.” *Oil States*, 138 S. Ct. at 1374 (quoting *Crowell v. Benson*, 285 U.S. 22, 50–51 (1932)) (quote marks omitted).

Second, the applicant indeed does have an opportunity for judicial review: The applicant may appeal an adverse decision to the Federal Circuit under § 141. In con-



junction with continuation practice and § 1.132 declarations, the applicant may even have the appeal based on an expanded record with new evidence. There is therefore no need for § 145 litigation to obtain all these benefits.

## **II. THE ACTUAL BENEFIT OF § 145 ACCRUES TO WELL-FINANCED PATENT APPLICANTS WHO ARE UNAFFECTED BY USPTO EXPENSE RECOVERY**

If a patent applicant can use administrative procedure to introduce new evidence, present oral testimony, and obtain other procedural benefits as described above, one may wonder why applicants use § 145 at all. The answer, based on practitioner commentary and a study of actions filed, appears to be that § 145 extends the duration of patent term, whereas continuation practice does not. This is important because it means that users of § 145 will almost exclusively be well-financed applicants seeking patents of exceptionally high value.

Under the patent term adjustment provisions of 35 U.S.C. § 154(b), an applicant is entitled to an extended patent term as a result of certain delays in the USPTO. In particular, a successful § 145 suit allows the patent applicant to recapture time spent in litigation as additional days added to the patent term. *See* § 154(b)(1)(a)(iii).<sup>5</sup>

---

<sup>5</sup>Of course, the time spent in litigation means that the early part of the patent term is lost, but this is likely inconsequential for at least two reasons. First, for inventions like pharmaceuticals that need to go through a lengthy regulatory approval process, the early part of the patent term has no value. Second, an applicant can get the best of both worlds by engaging in § 145 litigation while concurrently filing a continuation application with expedited examination, *see* 37 C.F.R. § 1.102(e), in which case the continuation patent's term will start early and the parent patent's term will be extended.

By contrast, no patent term adjustment is given for time spent in continued examination under § 132(b) or prosecuting a continuation application under § 120. *See* § 154(b)(1)(B)(i); *Mohsenzadeh v. Lee*, 790 F.3d 1377, 1382 (Fed. Cir. 2015).

The promise of extra patent term leads practitioners to recommend § 145 litigation to “those seeking high-value patents.” Jeremiah Frueauf et al., *Biopharma Patent Applicants Should Consider a Rarely Used Strategy*, Bloomberg L. (Mar. 18, 2019), *available online*. The mention of “high-value” is important. The majority of patents do not maintain value through the end of their ordinary patent term; in these instances, patent term adjustment has no value. *See* Dennis Crouch, *Maintenance Fees 2015*, Patently-O (July 21, 2015), *available online*. Extra patent term resulting from a § 145 action is worthwhile only for patents that are expected to maintain value all the way through the end of their 20-year term—pharmaceutical patents where each day can be worth millions, for example.<sup>6</sup>

Review of recent § 145 appeals from patent applications confirms that the procedure is almost exclusively used for high-value patents. There appear to be only eight such actions of colorable merit filed since 2011.<sup>7</sup>

---

<sup>6</sup>For a computation of the per-day value of pharmaceutical patents, see Brief of *Amici Curiae* R Street Institute et al. at 6, *Helsinn Healthcare S.A. v. Teva Pharm. USA, Inc.*, 139 S. Ct. 628 (Oct. 15, 2018) (No. 17-1229), *available online*.

<sup>7</sup>There were also many § 145 actions of limited or no merit. *See Taylor v. Matal*, Nos. 1:15-cv-1607, -1684, slip op. at 65 (E.D. Va. Aug. 10, 2017) (evidence “overwhelmingly demonstrates” lack of patentability); *Swartz v. Matal*, No. 1:17-cv-482, at 11 (E.D. Va. Aug. 22, 2017) (applicant “has failed to plausibly allege that his patent applications describe operable inventions”); *Chaganti v. Rea*, No. 2:13-cv-137 (E.D. Va. Mar. 21, 2013) (mem.) (applicant impermissibly filed

Six, including the present case, involved biologic or pharmaceutical technologies. *See NantKwest*, 989 F.3d 1177; *Halozyyme, Inc. v. Iancu*, 320 F. Supp. 3d 788 (E.D. Va. 2018); *BTG Int’l Ltd. v. Kappos*, No. 1:12-cv-682 (E.D. Va. Dec. 6, 2012); *Panchev v. Kappos*, No. 1:12-cv-641 (E.D. Va. June 25, 2013); *AstraZeneca AB v. Kappos*, No. 1:10-cv-1676 (D.D.C. remanded Jan. 6, 2015); *Biota Sci. Mgmt. Pty Ltd. v. Kappos*, No. 1:11-cv-944 (D.D.C. remanded Aug. 14, 2012). The remaining two involved a billion-dollar metals company<sup>8</sup> and a major patent aggregator firm with reportedly \$5 billion in investment.<sup>9</sup>

It should come as no surprise that § 145 actions would be worthwhile only for especially well-off patent applicants. Regardless of the outcome of the present case, § 145 plaintiffs will always have to bear their own attorney fees and expenses, which almost certainly will be

---

both a § 145 action and a § 141 appeal); *Johnston v. Rea*, No. 1:12-cv-440, slip op. at 11 (E.D. Va. Apr. 9, 2013) (inventor’s “purported new evidence . . . appears to rely heavily on his own expert testimony,” which “cannot satisfy requirements for objective evidence”); *Realvirt, LLC v. Lee*, 195 F. Supp. 3d 847, 864 (E.D. Va. 2016) (dismissing § 145 action for lack of standing because plaintiffs did not own the patent application); *Alberts v. Kappos*, 917 F. Supp. 2d 94, 109 (D.D.C. 2013) (applicant argued that a document described only glued carpet tiles, but the document recited “glue-free carpet tile”). Many other § 145 actions have been filed by Gilbert Hyatt, who is well-known for the “extraordinary number and duplicative nature” of his patent applications. *Hyatt v. U.S. Patent & Trademark Office*, 797 F.3d 1374, 1384 (2015). Additionally, several were dismissed or remanded to the USPTO and subsequently abandoned.

<sup>8</sup>*See Mandigo v. Kappos*, No. 1:12-cv-1193 (E.D. Va. remanded Dec. 24, 2012). The application was held by GBC Metals, LLC, whose parent company has a market capitalization of \$946 million.

<sup>9</sup>*See Intellectual Ventures I LLC v. Rea*, No. 1:13-cv-534 (E.D. Va. remanded Jan. 13, 2014); Tom Ewing & Robin Feldman, *The Giants Among Us*, 2012 Stan. Tech. L. Rev. 1, ¶ 44, at 9 (2012).

on par with any expenses of the proceedings that the USPTO seeks to recover. There is thus little reason to believe that those additional expenses will greatly affect the strategic calculus of those patent applicants likely to make legitimate use of § 145.

### **III. THERE IS NO DENIAL OF JUSTICE OR IMPEDIMENT TO SMALL INVENTORS IN ALLOCATING ALL EXPENSES OF § 145 LITIGATION TO PATENT APPLICANTS**

The Federal Circuit, Respondent, and several *amici* have generally put forth two reasons why § 145 litigants should not be required to pay all the expenses of the proceedings. In view of the extensive menu of administrative remedies previously described, neither rationale holds up, eliminating any justification for the Federal Circuit’s atextual American-rule exception to “[a]ll the expenses of the proceedings shall be paid by the applicant.”

1. Several *amici* in the Federal Circuit suggested that requiring patent applicants to pay staff expenses of the USPTO under § 145 would limit patent applicants’ ability to participate in judicial proceedings, and thus effectively deny them access to justice. As noted above, patent applicants have no constitutional right to an Article III determination of patentability. *See supra* p. 15.

But even as a policy matter, requiring a patent applicant to pay all expenses of § 145 litigation has little effect on the applicant’s ability to obtain redress, because redress is also available through a continuation application or request for continued examination. *See* Section I.A *supra* p. 4. In that renewed proceeding, a competent patent prosecutor would find ways to achieve results sim-

ilar to what could be achieved in a district court action, as described above.

Indeed, practitioners appear to prefer administrative procedures over § 145 litigation. Attorneys explain that “patent applicants are more likely to submit new evidence for consideration by the PTO by filing a Request for Continued Examination,” which “generally will be both faster . . . and less expensive” than a § 145 action. Press Release, Peter G. Pappas et al., Sutherland Asbill & Brennan LLP, *Supreme Court Affirmance Benefits Patent Applicants: Allows Introduction of New Evidence on Appeal* (Apr. 23, 2012), *available online*. And unlike district court litigation, agency procedures permit *ex parte* interviews and other procedures that can avoid creating a record that could be damaging for patent litigation down the road. *See Chao, supra*.

In view of the fact that administrative procedures are largely on par with—and even are advantageous to—§ 145 litigation, there is little reason to believe that requiring patent applicants to pay all the expenses of § 145 litigation would deny them access to justice.

2. The Federal Circuit proposed that restricting expenses under § 145 would help protect small inventors who could not otherwise shoulder the costs. Specifically, the court opined that “the American Rule preserves access to district courts for small businesses and individual inventors seeking to avail themselves of § 145’s benefits.” *NantKwest*, 989 F.3d at 1181 (Pet. App. 5a).

The facts belie the Federal Circuit’s rationale. As noted above, the primary benefit of § 145 litigation is that it offers an increase in patent term—a benefit that accrues only to patent applications of especially high value. *See supra* p. 16. Actions under § 145 thus have been and

will likely continue to be the domain of well-financed industries such as biotechnology and pharmaceuticals, for whom extended patent term is worthwhile. *See supra* pp. 17–18.

Small inventors, by contrast, will almost certainly opt for and be better served by administrative continuation practice, where fees range in the hundreds of dollars, *see* 37 C.F.R. § 1.16, as opposed to § 145 litigation where the applicant’s own attorney expenses, regardless of the expense provisions of § 145, will likely be in the hundreds of thousands. Requiring § 145 litigants to pay all the expenses of the proceeding, including USPTO staff expenses, will likely have very little effect on the decisions of small businesses and individual inventors.

The policy rationales advanced to justify restricting the expenses awarded under § 145 do not stand up to scrutiny in light of administrative alternatives to § 145 litigation. There is consequently no reason to interpret “[a]ll the expenses of the proceedings” in a manner inconsistent with the plain meaning of the text.

## CONCLUSION

For the foregoing reasons, the decision of the Court of Appeals should be reversed.

Respectfully submitted,

CHARLES DUAN

*Counsel of Record*

R STREET INSTITUTE

1212 New York Ave NW Ste 900

Washington DC 20005

(202) 525-5717

[cduan@rstreet.org](mailto:cduan@rstreet.org)

*Counsel for amicus curiae*

May 2019