

No. 18-1285

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

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GILBERT P. HYATT, ET AL.,  
*Petitioners,*  
v.

ANDREI IANCU, DIRECTOR, UNITED STATES  
PATENT AND TRADEMARK OFFICE,  
*Respondent.*

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**On Petition for Writ of Certiorari to  
the United States Court of Appeals  
for the Federal Circuit**

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**BRIEF FOR *AMICUS CURIAE*  
RAYMOND A. MERCADO, PH.D.  
IN SUPPORT OF PETITIONERS**

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**STATEMENT OF INTEREST OF *AMICUS*  
*CURIAE*<sup>1</sup>**

*Amicus* Raymond A. Mercado, Ph.D., is a political scientist and patent law scholar who has published on numerous patent law issues. *See, e.g.*, Raymond A. Mercado, *Resolving Patent Eligibility and Indefiniteness in Proper Context: Applying Alice and Aristocrat*, 20 Va. J.L. & Tech. 240 (2016); Raymond A. Mercado, *Ensuring the Integrity of Administrative Challenges to Patents: Lessons from Reexamination*, 14 Colum. Sci. & Tech. L. Rev. 558 (2013); Raymond A. Mercado, *The Use and Abuse of Patent Reexamination: Sham Petitioning Before the USPTO*, 12 Colum. Sci. & Tech. L. Rev. 93 (2011).

His current research interests include federal agency decisionmaking, and he writes in support of the wholesome development of the law.

**SUMMARY OF ARGUMENT**

The administrative state “wields vast power and touches almost every aspect of daily life.” *Free Enterprise Fund v. Public Company Accounting Oversight Bd.*, 561 U.S. 477, 499 (2010). “The Framers could hardly have envisioned today's vast and varied federal

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<sup>1</sup> Pursuant to Supreme Court Rule 37.2(a), *amicus curiae* files this brief with consent from all parties. Petitioners and Respondent both received notice at least 10 days before the due date for this brief, and both consented. Pursuant to Supreme Court Rule 37.6, the undersigned further affirms that no counsel for a party authored this brief in whole or in part, and no person or entity other than *amicus curiae* or its counsel made a monetary contribution specifically for the preparation or submission of this brief.

bureaucracy and the authority administrative agencies now hold over our economic, social, and political activities.” *City of Arlington, Tex. v. F.C.C.*, 569 U.S. 290, 313 (2013) (Roberts, C.J., joined by Kennedy and Alito, JJ., dissenting) (internal quotation marks omitted).

The arm of the administrative state in this case—the Respondent in his official capacity as Director of the U.S. Patent & Trademark Office—“wields vast power” over a significant portion of the U.S. economy that depends on the prompt issuance of valid patent rights. Indeed, Respondent’s own recently issued study cites scholarship showing that patents “have a causal impact on the growth potential of startups,” “‘help startups create jobs, grow their sales, innovate, and eventually succeed,’ and that a delay in a patent grant can retard the benefit of each of these.”<sup>2</sup>

Unfortunately, Respondent’s own administrative practices, reflected in MPEP § 1207.04, are undermining the prompt issuance of patent rights, with serious implications for the patent system and the U.S. economy as a whole.

Petitioners in this case challenge MPEP § 1207.04, which effectively gives PTO examiners unsupervised discretion to insulate their decisions from review by the PTO’s internal appellate body, the Patent Trial and Appeal Board (“PTAB”)—thereby defeating the

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<sup>2</sup> See Michelle K. Lee & J. Antonipillai, *Intellectual Property and the U.S. Economy: 2016 Update* (Commerce Dept. Report), available at <https://www.uspto.gov/sites/default/files/documents/IPandtheUSEconomySept2016.pdf> (quoting Farre-Mensa, Joan, D. Hegde, and A. Ljungqvist, *The Bright Side of Patents*, USPTO Economic Working Paper No. 2015–5, at 10).

statutory right of appeal granted to patent applicants under 35 U.S.C. § 134(a) and 35 U.S.C. § 6(b)(1).

As argued *infra*, the procedure endorsed by MPEP § 1207.04 and the court below circumvents Petitioners' statutory right of appeal, and that of thousands of patent applicants. It invites PTO examiners to reopen cases *ad infinitum* and insulate their decisions from review on a whim. In doing so, it increases costs for patent applicants and adds delay to the granting of patent rights that (as Respondent itself maintains) are a critical force behind U.S. economic growth.

While this Court has recognized that a statutory right of appeal may be conditioned in various ways, such as the imposition of filing fees or statutes of limitations, it has never held that a statutory right may depend on the whims of the federal bureaucracy. The denial of the statutory right of appeal in this case presents obvious due process concerns for Petitioners and thousands of patent applicants.

Accordingly, as argued more fully *infra*, this Court should grant certiorari to remove the obstacle presented by MPEP § 1207.04 and protect the statutory rights of appeal granted in 35 U.S.C. § 134(a) and 35 U.S.C. § 6(b)(1), ensuring a fair and efficient system of appellate review for patent applicants.

**ARGUMENT****I. THIS COURT SHOULD GRANT CERTIORARI IN THIS CASE TO ADDRESS AN IMPORTANT AND RECURRING DEPRIVATION OF STATUTORY RIGHTS AFFECTING THOUSANDS OF PATENT APPLICANTS.**

Petitioners have challenged Respondent’s practice, reflected in the PTO’s Manual of Patent Examining Procedure (“MPEP”) at MPEP § 1207.04, of conditioning patent applicants’ statutory right of appeal on the whims of the PTO’s bureaucracy. The PTO’s practices with respect to appeals invite arbitrary and capricious behavior from examiners wishing to insulate their decision-making from review, whether due to animus against particular patent applicants or a desire to shield less than fully reasoned decisions from review. Regardless of the cause, the result increases inefficiency, delay, and cost—and contravenes the statutory right of patent applicants to appeal granted in 35 U.S.C. §§ 134 and 35 U.S.C. § 6(b)(1).

As Petitioners explain in their petition for certiorari, the practice reflected in MPEP § 1207.04 effectively allows PTO examiners to deny applicants the opportunity to seek prompt appeals from an examiner’s rejection of their patent applications by reopening prosecution—i.e., by effectively reopening their cases for new grounds of rejection. Cert. Pet. at 11. The Federal Circuit blessed this approach and labeled this device a “procedural condition[].” Pet. App. at 20.

The implications of such a device can perhaps be better understood if analogized to district court litigation. While there is no doubt that the right of appeal is statutory and may be conditioned in various ways (e.g.,

subject to filing fees, etc.), district courts do not as a matter of routine practice issue a final appealable judgment only to reopen the case after notice of appeal and add wholly new grounds for its judgment, potentially seriatim, in order to forestall or even defeat the possibility of appeal by the losing party. District courts almost never vacate or otherwise revise their judgments *sua sponte*, and even doing so upon a motion under Fed. R. Civ. P. 59 or 60 is quite rare. If this became a matter of routine practice, district court judges could effectively insulate their decisions from review by higher courts. The possibility for abuse is obvious.

Yet, this is what appears to be happening at the PTO, in many cases. One analysis suggests 2,200 appeals have been blocked by PTO examiners in this way in 2017 alone.<sup>3</sup> Whether PTO examiners are blocking appeals due to animus, or merely from indolence—e.g., because they neglected to state all the reasons for their rejections in their original decisions—the result is astonishingly inefficient and contravenes applicants’ statutory right of appeal.

One commentator is “aware of two cases where an examiner reopened *five times*, before allowing the appeal to proceed to the Board—which then reversed.”<sup>4</sup>

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<sup>3</sup> Chad Gilles, *30% of Appeal Briefs Result in an Allowance or Reopening of Prosecution*, BigPatentData, Sep. 5, 2018, <https://bigpatentdata.com/2018/09/30-of-appeal-briefs-result-in-an-allowance-or-reopening-of-prosecution/>

<sup>4</sup> David E. Boundy, *Agency Bad Guidance Practices at the Patent and Trademark Office: a Billion Dollar Problem*, 2018 *Patently-O Patent L.J.* 20, 39 (2018), available at <http://cambridge-techlaw.com/wp-content/uploads/2019/02/Boundy-Agency-Bad->

Such anecdotes point to the Kafkaesque consequences of allowing PTO examiners to stand between a patent applicant and his statutory right of appeal. They raise the cost of PTO proceedings and invite further delay of already lengthy patent application process, currently averaging approximately 24 months.<sup>5</sup>

Petitioner's challenge to MPEP § 1207.04 is not the first; others have challenged the PTO's practice of re-opening prosecution after the filing of a notice of appeal as "contrary to law" but have been unable to obtain review of the issue. *See, e.g., Ex Parte Avraham Shekalim and Eyal Teichman*, 2014 WL 1050744, at \*2 (PTAB Mar. 17, 2014) (noting patent applicant's argument that "several regulations and other longstanding PTO practices are contrary to law" but declining to decide these issues as "not within our jurisdiction to review"). That is inevitable, in the context of patent application appeals, given that the use of MPEP § 1207.04 cuts off the ability to obtain such review. If this Court declines review in this case, the deprivation of applicants' statutory rights is likely to recur, now with the sanction of the Federal Circuit in the decision below.

The appellate function of the Patent Trial and Appeal Board is an integral part of patent practice within the PTO. It is, moreover, guaranteed to patent applicants by statute. *See* 35 U.S.C. §§ 134 and 35

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[Guidance-Practices-at-PTO-a-Billion-Dollar-Problem-2018-PatentlyO-Patent-L-J-20-revision-of-Dec-6-2018.pdf](#)

<sup>5</sup> United States Patent and Trademark Office, *FY2018 Performance and Accountability Report* (2018), at 19, available at [https://www.uspto.gov/sites/default/files/documents/USPTOFY18PAR\\_1.pdf](https://www.uspto.gov/sites/default/files/documents/USPTOFY18PAR_1.pdf)

U.S.C. § 6(b)(1). This Court should grant review in this case and reverse the court below, to ensure the efficient appellate process on which—as Respondent itself has highlighted—depends the ability of “startups [to] create jobs, grow their sales, innovate, and eventually succeed.”<sup>6</sup> Any “delay in a patent grant” exacerbated by the denial of patent applicants’ statutory right of appeal “can retard the benefit of each of these” important economic factors and harm the U.S. economy.<sup>7</sup>

**II. THIS COURT SHOULD GRANT CERTIORARI TO PREVENT THE DEPRIVATION OF DUE PROCESS CAUSED BY THE PTO’S PRACTICE REFLECTED IN MPEP § 1207.04.**

The PTO’s conduct in this case and others raises serious due process concerns.

This Court has acknowledged that a “statutory right of appeal” may properly be “conditioned” in various ways, and the Federal Circuit in this case held—without analysis—that the MPEP § 1207.04 was a proper procedural condition of Petitioners’ right of appeal. *See, e.g., Thomas v. Arn*, 474 U.S. 140, 155 (1985) (rejecting claim of due process violation premised on denial of statutory right of appeal because that right was “merely conditioned upon the filing of a piece of paper”); *see also* Pet. App. at 20 (holding that MPEP § 1207.04 was a mere “condition”).

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<sup>6</sup> Lee & Antonipillai, *supra* note 2.

<sup>7</sup> *Id.*

But this Court recognized even in *Thomas*, relying on the Court’s decision in *Logan v. Zimmerman Brush Co.*, 455 U.S. 422, 437 (1982), that the right of appeal may only be conditioned by “a **reasonable** procedural or evidentiary rule,” one that affords litigants “an opportunity...granted at a meaningful time and in a meaningful manner.” *Thomas*, at 155 (quoting *Logan*, 455 U.S. at 437) (emphasis added). In *Logan* itself, the Court’s examples of “reasonable procedural requirements” included “statutes of limitations” and “in an appropriate case, filing fees.” *Logan*, 455 U.S. at 437.

This Court has never endorsed a “procedural requirement” like the one here—allowing a PTO examiner to defeat an appeal by his unsupervised decision to reopen a case. Nor did the Federal Circuit in this case defend the flagrantly unreasonable procedural “condition” of MPEP § 1207.04 with any legal analysis or policy rationale.

This Court’s due process jurisprudence requires courts to “weigh the interest of the petitioner in filing the appeal, the risk of erroneous deprivation of that interest through the procedures employed, the probable value of additional procedural safeguards, and the interest of the government in using the current procedures.” *See Landon v. Plasencia*, 459 U.S. 21, 34 (1982). The PTO’s practice reflected in MPEP § 1207.04 would not survive analysis of any of these factors.

A patent applicant’s interest in seeking appeal is plain; the risk of erroneous deprivation of a patent applicant’s statutory right of appeal is equally clear, especially where a patent examiner opts to reopen a case

multiple times (and hence forestall appeal indefinitely). And in this context, there is no rationale for allowing examiners to insulate their decisions from review, since to do so merely prolongs the process (at best); it encourages indolence, since examiners will know they do not need to issue anything more than half-baked decisions the first time around, which they can revise later if they so choose. The value of additional safeguards, which here take the form of striking the impediment posed by MPEP § 1207.04 to the statutory right of appeal, is also clear, in that it allows patent applicants a prompt appellate process.

Given the obvious due process ramifications if the PTO's current practices are not overturned by this Court, the Court should grant Petitioners' petition for certiorari and make clear that patent applicants' statutory right of appeal cannot be circumvented by the whims of bureaucracy.

### CONCLUSION

For the foregoing reasons, the Court should grant the petition and reverse the decision below.

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Respectfully submitted,

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