



BANNER & WITCOFF, LTD.  
INTELLECTUAL PROPERTY LAW

TEN SOUTH WACKER DRIVE  
SUITE 3000  
CHICAGO, ILLINOIS 60606-7407

TEL: 312.463.5000  
FAX: 312.463.5001  
www.bannerwitcoff.com

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Nicholas A. Fraser  
OMB Desk Officer for U.S. Patent and Trademark Office  
Office of Information and Regulatory Affairs  
Office of Management and Budget  
Washington, DC 20503  
**VIA EMAIL: [Nicholas\\_A.\\_Fraser@omb.eop.gov](mailto:Nicholas_A._Fraser@omb.eop.gov)**

Re: Information Collection Request 0651-00xx, 73 Fed. Reg. 58943  
(Oct. 8 2008)

Dear Mr. Fraser:

This is a comment in response to the notice entitled "Submission for OMB Review: Comment Request" published October 8, 2008 by the U.S. Patent and Trademark Office (the "PTO") in relation to the above-captioned Information Collection Request (the "ICR"). My comment is limited to paperwork burdens associated with Rule 41.56 promulgated at 73 Fed. Reg. 32938 (June 10, 2008, hereinafter "Appeals Rule")

I am writing solely on my own behalf, so please attribute these comments to me personally and not to my firm or its clients.

The ICR includes no burden estimates for new Rule 41.56. Nonetheless, Rule 41.56 has very large direct and indirect paperwork burdens. The PTO has not accounted for these burdens but must do so if it expects to require the public to comply.

#### **I. Summary**

Although it is difficult to state the new paperwork burden associated with Rule 41.56 with certainty, the paperwork burden imposed by Rule 41.56 is substantial. This paperwork burden will be at least in the tens of millions of dollars per year, and likely will exceed \$100 million annually. This estimate *excludes* the paperwork burden of the many other components of the Appeals

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Rule, which are also substantial. Also excluded is the indirect economic impact of this rule, which is certain to be much greater.

The principal source of this paperwork burden is the ambiguity in Rule 41.56. This rule is ambiguous in both content and scope. Rule 41.56 creates sanctions for "misconduct" in filing an appeal, but the PTO has not defined the nature of what might constitute Rule 41.56 misconduct.

Rule 41.56 is applicable only to appeals within the PTO. By the time an application reaches the appeal stage, applicants are represented by attorneys<sup>1</sup> in essentially every case.

Attorneys who practice before the PTO are governed by longstanding ethical rules. These ethical rules, which in most respects are similar to state attorney ethical rules, are reasonably well understood. The PTO has administered the existing ethical rules for many years without apparent difficulty. Despite this, Rule 41.56 now defines a new category of "misconduct" that goes beyond the ethical rules that already govern the practice of law. At proposal, the PTO did not justify any need for this new category. In the preamble to the final rule, the Office did not respond to numerous requests for clarification.

Because of this ambiguity, a body of law will need to develop concerning the interpretation and application of Rule 41.56. In representing an applicant in an PTO appeal, an attorney will be required to conform his or her conduct not only to the existing ethical rules, but also to the new standard of misconduct under Rule 41.56. I believe that attorneys who prosecute appeals before the PTO will need to maintain familiarity, as a continuous and generally ongoing effort, with this body of law. Beyond this general effort, the misconduct rule will also add costs in prosecuting individual appeals. These burdens will be substantial.

In Section II, I provide some background information useful for understanding the context of Rule 41.56, and why my experience and expertise is relevant for estimating burden. In Section III, I explain why Rule 41.56 is ambiguous. In Section IV, I provide a reasonable and informed estimate of paperwork burdens. The chief source of uncertainty in the estimate is that it is unknown how often the PTO expects to exercise the new authority it has given itself under Rule 41.56. I provide a range of estimates, assuming variously that a misconduct investigation will be had in 1%, 2%, or 4% of appeals will be subject to the rule.

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<sup>1</sup> Applicants may be represented at the PTO by attorneys or by "agents," who are registered professionals but who are not attorneys. Agents do not have the state bar reporting requirements of attorneys, but otherwise this discussion applies equally to attorneys and to agents.

In Section V, I point out that the PTO has not complied with the Paperwork Reduction Act. The PTO did not respond meaningfully to requests for clarification of Rule 41.56. It did not demonstrate why the rule is "necessary" or the "least burdensome." Nor did the PTO provide an objectively based estimate of burden – not in the notice of proposed rulemaking, which it was required by law to have done, and not in this ICR, either.

## **II. Background**

By way of background, I am an intellectual property lawyer. I have been in practice since 1993. My firm, Banner & Witcoff, is one of the oldest, largest, and most respected intellectual property boutiques in the country. Banner & Witcoff is very active in prosecuting patents before the PTO, and we also are very active in patent litigation and counseling and ancillary matters. Our clients range from small start-ups to large corporations, and include a number of companies with very active patent prosecution dockets.

My firm and I have significant expertise in patent prosecution. At present, Banner & Witcoff is prosecuting over 5,000 patent applications before the PTO. In 2006, our firm's prosecution efforts resulted in the issuance of over 1,180 U.S. patents, including 593 utility patents. For the past few years, our firm has issued more design patents than any other firm in the country. We also are very experienced with appeals before the Board of Patent Appeals and Interferences ("Board"). In 2006, we filed 239 notices of appeal to the Board.

A significant portion of my personal practice is dedicated to patent prosecution, including appeals to the Board. Additionally, for the past several years, I have served as a lecturer for the Bar/Bri Patent Bar Review Program. This program is a bar review course for persons seeking to pass the PTO registration examination, and in this course I instruct lawyers and law students on the PTO's rules of practice.

I am on the Banner & Witcoff ethics committee and am a past co-chair of that committee. In this role, I have gained extensive experience advising other lawyers on compliance with ethical rules of the PTO and other tribunals.

This experience provides a sound basis on which to provide estimates of the incremental paperwork burden associated with Rule 41.56.

## **III. Rule 41.56 is Ambiguous**

Rule 41.56 gives the Board the power, apparently in its unbridled discretion, to issue any sanctions it deems appropriate, with or without notice,

and with no standards for determining whether sanctions are warranted. It is unknown whether the rules provide for a standard of conduct beyond that specified in the ethical rules.

The rule reads as follows:

41.56 Sanctions

(a) Imposition of sanctions. The Chief Administrative Patent Judge or an expanded panel of the Board may impose a sanction against an appellant for misconduct, including:

- (1) Failure to comply with an order entered in the appeal or an applicable rule.
- (2) Advancing or maintaining a misleading or frivolous request for relief or argument.
- (3) Engaging in dilatory tactics.

(b) Nature of sanction. Sanctions may include entry of:

- (1) An order declining to enter a docketing notice.
- (2) An order holding certain facts to have been established in the appeal.
- (3) An order expunging a paper or precluding an appellant from filing a paper.
- (4) An order precluding an appellant from presenting or contesting a particular issue.
- (5) An order excluding evidence.
- 6) [Reserved.]
- (7) An order holding an application on appeal to be abandoned or a reexamination proceeding terminated.
- (8) An order dismissing an appeal.
- (9) An order denying an oral hearing.
- (10) An order terminating an oral hearing.

The PTO has long had in place ethical rules that govern all registered attorneys and patent agents. These rules are closely analogous to the American Bar Association's Model Rules of Professional Conduct (and earlier Model Code

of Professional Responsibility).<sup>2</sup> The ABA's ethical standards<sup>3</sup> serve as the basis for the rules of professional conduct in essentially every state. Every practicing attorney is generally familiar with these rules, and new lawyers are tested on them to gain admission to the bar. The PTO's ethical rules – which in their present form date from 1985<sup>4</sup> – are well understood by the patent bar, and are largely uncontroversial.

The legal profession has long recognized the importance of defining the metes and bounds of permissible attorney conduct, and substantial efforts have been made to define these metes and bounds with exacting precision and clarity. The ABA's ethical standards and the body of case law surrounding them have been in development for over one hundred years. The American Bar Association maintains a standing committee on professional conduct, and each state (and the PTO itself) maintains an attorney ethics and disciplinary board. The ABA's standing committee issues periodic advisory ethics opinions, as do many state bar associations.<sup>5</sup> Essentially all major law firms employ ethics committees or departments. Continuing legal education on the subject of the ethical rules is available and is a requirement in almost all states.

Even with this history, and even with the wealth of interpretive authority and other resources available to attorneys, ambiguities in the ethical rules remain. Difficult questions concerning the meaning and interpretation of the rules can arise, and do arise with some frequency. In some cases, attorneys are disciplined for failing to interpret the rules correctly.

In stark contrast to the wealth of interpretive guidance available under existing ethical rules, the PTO has provided no guidance at all on the intended meaning of "Rule 41.56 misconduct." In the preamble to the final Appeals Rule, the PTO did not respond to several requests for clarification, and in fact introduced yet more ambiguity.

**A. It is not clear whether Rule 41.56 is intended to supplement or supplant the PTO's existing ethical rules.** In other words, is there a sphere of activity that would be deemed ethical under the PTO's ethical rules but that nonetheless would constitute "Rule 41.56 misconduct"? Are attorneys held to two standards, one provided by the PTO's ethical rules and one provided by Rule

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<sup>2</sup> See [http://www.abanet.org/cpr/mrpc/model\\_rules.html](http://www.abanet.org/cpr/mrpc/model_rules.html). The PTO's ethical rules are posted online at [http://www.uspto.gov/web/offices/pac/mpep/consolidated\\_rules.pdf](http://www.uspto.gov/web/offices/pac/mpep/consolidated_rules.pdf).

<sup>3</sup> The American Bar Association undertook great efforts in preparing its Model Rules in 1983 and its earlier Model Code of Professional Responsibility. The Model Code was preceded by the 1908 Canons of Professional Ethics.

<sup>4</sup> See 50 FR 5177 (Feb. 6, 1985); see generally 37 C.F.R. Section 10.

<sup>5</sup> For instance, the Illinois State Bar Association issues ethics opinions to its members. See <http://www.illinoisbar.org/resources/ethics/index.html>

41.56?<sup>6</sup> The PTO has not answered these questions. The PTO itself notes that “public notice” of the conduct that is to be regulated is crucial, 73 Fed. Reg. at 32968 col. 3, but then pointedly declines to give such notice.

On September 24, 2007, in response to the PTO’s notice of proposed rulemaking,<sup>7</sup> I submitted a comment<sup>8</sup> pointing out this ambiguity:

Does this proposed rule create ethical obligations for attorneys beyond those specified in 37 C.F.R. Chapter 10 and applicable state rules? In other words, might an attorney be found to have committed misconduct for activity that is appropriate and permissible under the ethical rules? The Notice does not say, and the matter is not clear. If so, the Office would be creating a new category of activity -- “ethical misconduct.”<sup>9</sup>

In its response to comments contained in the preamble to the final rule, the PTO neither acknowledged this question nor provided an answer.<sup>10</sup>

**B. It is not clear what types of activities would be deemed “Rule 41.56 misconduct.”** The Rule itself provides three purported examples, but they are vague. Also, the text of the rule and the discussion in the preamble leave open whether the grounds enumerated in the Rule are the only grounds for “Rule 41.56 misconduct,” or whether other, unspecified grounds exist.

For example, one of the stated grounds for finding Rule 41.56 misconduct is “engaging in dilatory tactics.” Given the structure of the PTO’s appeals rules, it is unclear what this might mean. All deadlines in an *ex parte* appeal are set by regulation. It is unclear how one’s conduct might be “dilatory” within this regulatory scheme. Would using all of the available time to file a brief be deemed “dilatory”? The rules allow for extensions of time to be granted upon paying a time extension fee. If an appellant availed himself of this opportunity, would he risk a finding of “Rule 41.56 misconduct”? What other possibilities exist? The PTO did not say, and we are left to guess.

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<sup>6</sup> See 37 C.F.R. § 10.23, entitled “Misconduct.” Does this rule subsume Rule 41.56?

<sup>7</sup> Rules of Practice Before the Board of Patent Appeals and Interferences in Ex Parte Appeals, published at 72 FR 41472-90 (July 30, 2007).

<sup>8</sup> This comment is available online at [www.uspto.gov/web/offices/pac/dapp/opla/comments/bpai/a\\_hoover.doc](http://www.uspto.gov/web/offices/pac/dapp/opla/comments/bpai/a_hoover.doc).

<sup>9</sup> [http://www.uspto.gov/web/offices/pac/dapp/opla/comments/bpai/a\\_hoover.doc](http://www.uspto.gov/web/offices/pac/dapp/opla/comments/bpai/a_hoover.doc) at page 1

<sup>10</sup> Rules of Practice Before the Board of Patent Appeals and Interferences in Ex Parte Appeals, published at 73 FR 32938-77 on June 10, 2008. See especially 73 Fed.Reg. at 32948 and 32968.

I raised these questions in my comments to the PTO:

For instance, "engaging in dilatory tactics" is supposedly an example of misconduct. What would constitute "engaging in dilatory tactics"? Essentially all deadlines in an appeal are imposed by rule. If the appellant uses the full time permitted by rule to file a brief or other paper, is there a risk of being held to be "dilatory"?<sup>11</sup>

In its response to comments the preamble to the final rule, the PTO neither acknowledged my comment nor provided any response.

Another stated ground for finding Rule 41.56 misconduct is "advancing or maintaining a misleading or frivolous request for relief or argument." This is similarly unclear. What does the PTO mean by a frivolous "request for relief?" Essentially the only relief that can be requested in *ex parte* appeals is reversal of an examiner's rejection. 35 U.S.C. § 134. Similarly, a "frivolous argument" is one that the Board already has the authority to reject under current rules. We have no clue about what the PTO intends this new provision to accomplish, or what requested relief would be "frivolous." It is also unclear who would decide whether a particular argument was or was not "frivolous."

It is also unclear as to what would qualify the Board to determine whether a particular argument was or was not "frivolous." The Board is composed of individuals who are presumptive experts in patent law, but I am unaware of any requirement that a Board member be qualified in adjudging any form of "misconduct."

The PTO did not provide meaningful guidance in response to comments in the preamble to the final rule. One comment requested clarification of the terms "misleading" and "frivolous," and asked whether Rule 11 of the Federal Rules of Civil Procedure would provide guidance.<sup>12</sup> I asked a similar question:

[W]hat would constitute "advancing or maintaining a misleading or frivolous request for relief"? Some arguments are rejected by the Board. Would any rejected argument be deemed "misleading" or "frivolous"?<sup>13</sup>

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<sup>11</sup> [http://www.uspto.gov/web/offices/pac/dapp/opla/comments/bpai/a\\_hoover.doc](http://www.uspto.gov/web/offices/pac/dapp/opla/comments/bpai/a_hoover.doc) at page 1.

<sup>12</sup> 73 Fed.Reg. at 32968, col. 2, Comment 107.

<sup>13</sup> [http://www.uspto.gov/web/offices/pac/dapp/opla/comments/bpai/a\\_hoover.doc](http://www.uspto.gov/web/offices/pac/dapp/opla/comments/bpai/a_hoover.doc) at page 1.

The response to comments in the preamble to the final rule acknowledges these two questions,<sup>14</sup> but gives no answers. Cryptically, the PTO indicates that "precedent of a court [in the context of Rule 11 of the Federal Rules of Civil Procedure] may or may not be helpful." Circularly, the PTO also says these terms "will be interpreted in the context of the appeals rules."<sup>15</sup> But the appeals rules provide no other context for the terms "misleading" and "frivolous," as none of the other components of the final rule relates to misconduct. Likewise, the PTO did not explain how a patent attorney would know whether court precedent is or is not "helpful" in understanding the rule.

Finally, and perhaps most importantly, the PTO did not clarify whether the three grounds enumerated in the rule are the sole grounds under which "Rule 41.56 misconduct" may be found. It is unknown whether some other activity might be proscribed by this rule.

These questions are substantial and meaningful. They affect the preparation of every appeal within the PTO and are of concern to every attorney who prosecutes appeals. Because they affect every appeal, they increase the burdens associated with filing every appeal brief, including both initial appeal briefs and reply briefs.

**C. The standards for a "Rule 41.56 misconduct" finding are undefined.** The PTO's Notice of Proposed Rulemaking indicated that the imposition of sanctions is a matter "within the discretion of the Board."

This is an impermissibly vague standard, particularly for so serious a charge as misconduct. The existing ethical rules provide guidelines for attorney conduct that are reasonably clear and well defined, especially in the context of the thousands of decisions interpreting almost identical rules in the state courts and disciplinary authorities. In sharp contrast, Rule 41.56 provides the Board with the authority to impose sanctions simply because whoever is acting for the Board decides that sanctions are warranted.

In my comment on the notice of proposed rulemaking, I specifically noted this vagueness in the standard. In its response to comments in the preamble to the final rule, the PTO maintained its position without change: "Whether and what sanction, if any, should be imposed against an appellant in any specific circumstance would be a discretionary action."<sup>16</sup>

The PTO further indicated that that "Courts and other agencies have administered sanctions rules without any apparent difficulty." The interpretation

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<sup>14</sup> 73 Fed.Reg. at 32968, comment 107

<sup>15</sup> 73 Fed.Reg. at 32968, col. 2.

<sup>16</sup> Rules of Practice Before the Board of Patent Appeals and Interferences in Ex Parte Appeals, Final Rule 72 Fed. Reg. at 32948 (June 10, 2008).

