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Federal Circuit Affirms Patent Applicants' Right to Challenge PTO Rejection in District Court with New Evidence

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A patent applicant whose application has been rejected by the Board of Patent Appeals has two options to overcome the rejection. The applicant may either appeal straight to the Court of Appeals for the Federal Circuit based on the record developed in the PTO, or the applicant may file suit against the PTO in the federal district court for the District of Columbia under 35 U.S.C. § 145. While the PTO had long argued otherwise, filing a lawsuit allows the applicant to submit new evidence that was not part of the record at the PTO, which they cannot do in an appeal to the Federal Circuit. In the recent case *Hyatt v. Kappos*, the Federal Circuit has confirmed that the evidence that may be submitted to the district court in a suit under Section 145 is limited only by the Federal Rules of Evidence and Civil Procedure. That case is treated like any other civil case, and the evidence is not limited by any special deference to administrative customs or the earlier proceedings at the PTO.

In 1995, Gilbert Hyatt filed a patent application for a computerized display system. His application had a 238-page specification, and claimed priority all the way back to an application from 1975. By the time of the examiner's final rejection, Hyatt's application had swollen to 117 claims, for which the examiner issued a whopping total of 2,546 distinct rejections. (These facts make you wonder how well Hyatt and the examiner got along.) Hyatt's appeal to the Board was largely successful—the Board reversed 93% of the examiner's rejections. But that still left 178 rejections in place, and at least one rejection (for lack of written description or enablement) remained for each pending claim. Therefore, Hyatt filed suit against the PTO in district court in the hope that the court would order the PTO to issue his patent. To overcome the lack of written description and enablement rejections, Hyatt prepared a declaration that described where in the specification one skilled in the art could find the support for each pending rejected claim. The district court refused to consider Hyatt's declaration, because it ruled that he should have presented it during the PTO proceedings. Because the declaration was the Hyatt's only new evidence, the court granted summary judgment in favor of the PTO.

Hyatt appealed to the Federal Circuit, which initially agreed with the district court. The Federal Circuit held that because Mr. Hyatt had "refused to cooperate" with the examiner, and should have provided the declaration to the examiner, he was properly barred from using the declaration during the later litigation.

One of the Federal Circuit judges who heard Hyatt's appeal strongly disagreed, however, and thus the full Federal Circuit decided to reconsider Hyatt's case *en banc*. A number of third parties filed amicus briefs in this case, none of which supported the PTO's position. The full Federal Circuit agreed with Hyatt, the amici, and the judge who had dissented from the original opinion, and ruled that the only limitations on the admissibility of evidence during 35 U.S.C. § 145 suits are those imposed on every civil case by the Federal Rules of Evidence and Civil Procedure. Hyatt's case was then remanded to the district court so that it could consider the effect of his declaration.

What does this mean for prosecuting your patents? This case certainly is not a license to withhold from the PTO evidence that supports your patent application with the idea of presenting that evidence at a later court proceeding. There is no doubt that a federal lawsuit is more expensive than the patent prosecution or even an appeal to the Federal Circuit. Moreover, the long, tortured, and expensive path that Hyatt's patent application is taking through the PTO, the Board, and two courts is still not over, and it is far from certain that Hyatt's application will ever issue. The better course is still to present your complete and best evidence to the examiner. But know that full access the court system is available if you do not get the outcome you seek from the PTO.