

Keywords: duty of disclosure; requirement for information; 37 C.F.R. 1.56; 37 C.F.R. 1.105; 37 C.F.R. 1.181

General: A patent examiner has the right, under 37 C.F.R. 1.105, to require submission of any information as may be reasonably necessary to properly examine or treat an application for patent.

Star Fruits S.N.C. v. United States

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I. Facts

Star Fruits filed a U.S. patent application for new plant variety. The patent examiner required the applicant to provide, under 37 C.F.R. 1.105 (see section reproduced at the end of this brief), “any information available regarding the sale or other public distribution of the claimed plant variety anywhere in the world” and “copies of the application, published proposed denomination and published Breeder’s Right grant” for the plant. Star Fruits refused on the grounds that the information would be improperly used by the PTO to make a rejection under 35 U.S.C. 102(b), and that the information was not material to patentability (as defined by 37 C.F.R. 1.56).¹

The PTO viewed the refusal as not a *bona fide* attempt to respond to the requirement, and eventually held the application abandoned. Star Fruits petitioned the Director under 37 C.F.R. 1.181 to force the examiner to accept the response as complete. The Director denied the petition, but reset the time period for reply. Following a further refusal, the application was again held abandoned. Star Fruits appealed to the district court, which upheld the PTO holding, and eventually brought this case to the C.A.F.C. under the Administrative Procedure Act (“APA”).

Star Fruits sought to have the court find that the examiner effectively abused his discretion in requiring the information, and to have the court examine the underlying question of whether the information was “material” at all because it related to the foreign sale and use of the invention.²

II. Issues

- A. Whether 37 C.F.R. 1.105 permits an examiner to require submission of information beyond what may be considered “material” to patentability under 37 C.F.R. 1.56?
- B. Whether the APA forces review by the district court of decisions by examiners and the Director under 37 C.F.R. 1.105 following a challenge by Petition under 37 C.F.R. 1.181?

III. Discussion

- A. Yes. The district court held, and the majority affirmed, that rule 105 gives the examiner broad rights to require submission of any information even though the information does not

¹ While this position may at first seem somewhat unreasonable, as the dissent notes, the underlying question of law, i.e., the relevance of foreign sale and use in formulating a rejection under 35 U.S.C. 102(b), was controversial at the time, and was only decided by the C.A.F.C. in *In re Elsner* in 2004. See, *Id.*, 381 F.3d 1125 (Fed. Cir. 2004) (rehearing *en banc* denied Nov. 23, 2004).

² In fact, the majority did not address this underlying issue of law at all in this case.

directly support a rejection. Moreover, the PTO's interpretation of the rule will be given substantial deference and will be accepted unless it is plainly erroneous or inconsistent with the regulation.

The majority interpreted the plain language of rule 105 and compared it to that of rule 56. Because rule 105 does not include qualifications limiting information that may be required to that which is "material" to patentability, the court viewed it as clearly broader in scope. Similarly, the majority effectively held that rule 105 would be redundant if it only allowed examiners to require submission of information that applicants were already required to submit under rule 56.

Interestingly, and in a holding that will frustrate practitioners, the majority observed that controversy between applicants and the PTO as to what is and is not contrary to the applicable law is not surprising. The remedy for such disputes, according to the majority, is to comply with examiner's requirements, await a rejection, then litigate the propriety of the rejection before the Board of Patent Appeals and Interferences ("the Board"). The sole exception implicitly recognized by the majority seems to be where a requirement from an examiner is arbitrary or capricious.³

- B. Yes. As noted above, the majority held that in situations such as this, the applicant *must* comply with the requirement unless the requirement effectively constitutes an abuse of discretion or is based on a frivolous legal theory. The applicant may, however, appeal to the district court for review under the APA, but only after a decision by the Director upholding the requirement in response to a challenge under rule 181. The majority's reasoning seems to permit challenges to the district court without first appealing to the Board.

The majority observed only that they believed it unlikely that many requirements under rule 105 would be unreasonable or beyond the scope of the rule.⁴

IV. Conclusion and practice commentary

1. Response to a requirement under rule 105. Clearly, an applicant cannot refuse to reply with a rule 105 requirement. In the event the requirement is seen as arbitrary or capricious, a petition under rule 181 is in order. The same is likely true if the requirement raises issues of confidentiality or leads to the submission of privileged or otherwise private information. Alternatively, and practically, a telephonic interview with the examiner and the supervisor may be in order to discuss issues of the sensitivity of information. Finally, applicants may consider having certain material expunged from a file under rule 59 (although it is uncertain how effective this may be as the image file wrapper processing may make the information accessible before it can be expunged).
2. Remedy to a decision of the Director. The ruling makes clear that a decision of the Director on a Petition challenging the requirement under rule 181 may be appealed to the district court under the APA. However, given the expense and complexity of that procedure, it

³ Though the majority does not enter into any detail on this point, the appropriate procedure in such cases would appear to be a Petition under 37 C.F.R. 1.181 (see section reproduced below).

⁴ The majority did not, of course, comment on any fundamental problems with the scope of rule 105 itself, or any issue of its effectiveness or consistency with the Patent Statute.

unfortunately may not fit the strategy or budget of most applicants, and may not seriously influence PTO practice should requirements under rule 105 proliferate.

3. Disclosure of sensitive information. Perhaps most troubling in this ruling, and in the breadth of rule 105 in general, is the wide-ranging ability accorded to examiners in requiring submission of virtually any information. The majority uses words that seem to draw a parallel between rule 105 requirements and evidentiary discovery in litigation contexts (e.g., “The Office is authorized under section 1.105 to require any information that is either relevant to patentability under any non-frivolous legal theory, or is reasonably calculated to lead to such relevant information.”).

However, this comparison ignores a substantial distinction: *prosecution documents become a matter of public record and the PTO rules do not permit secrecy or protective orders of the type that can be obtained in litigation.* Thus, information required for submission could theoretically relate to proprietary development records, corporate strategies, confidential arrangements with co-developers, and a whole host of other sensitive information, including trade secrets and privileged communications. No litigant would permit discovery of such information, or would make certain that disclosure was protected by a court order.

4. Storm clouds building? One can only hope that examiners will not begin to use rule 105 extensively or aggressively. The use of the rule as a matter of “boiler plate” in office actions could itself constitute an abuse of discretion. However, if the practice does become widespread, several years and much frustration could be in store before the courts, the PTO or even Congress could reign in examiners through challenges or a change in the rule.

§ 1.105 Requirements for information.

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(a)

- (1) In the course of examining or treating a matter in a pending or abandoned application filed under 35 U.S.C. 111 or 371 (including a reissue application), in a patent, or in a reexamination proceeding, the examiner or other Office employee may require the submission, from individuals identified under §1.56(c), or any assignee, of such information as may be reasonably necessary to properly examine or treat the matter, for example:
 - (i) Commercial databases: The existence of any particularly relevant commercial database known to any of the inventors that could be searched for a particular aspect of the invention.
 - (ii) Search: Whether a search of the prior art was made, and if so, what was searched.
 - (iii) Related information: A copy of any non-patent literature, published application, or patent (U.S. or foreign), by any of the inventors, that relates to the claimed invention.
 - (iv) Information used to draft application: A copy of any non-patent literature, published application, or patent (U.S. or foreign) that was used to draft the application.
 - (v) Information used in invention process: A copy of any non-patent literature, published application, or patent (U.S. or foreign) that was used in the invention process, such as by designing around or providing a solution to accomplish an invention result.
 - (vi) Improvements: Where the claimed invention is an improvement, identification of what is being improved.
 - (vii) In Use: Identification of any use of the claimed invention known to any of the inventors at the time the application was filed notwithstanding the date of the use.
- (2) Where an assignee has asserted its right to prosecute pursuant to § 3.71(a) of this chapter, matters such as paragraphs (a)(1)(i), (iii), and (vii) of this section may also be applied to such assignee.

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- (3) Any reply that states that the information required to be submitted is unknown and/or is not readily available to the party or parties from which it was requested will be accepted as a complete reply.
 - (b) The requirement for information of paragraph (a)(1) of this section may be included in an Office action, or sent separately.
 - (c) A reply, or a failure to reply, to a requirement for information under this section will be governed by §§1.135 and 1.136.
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§ 1.181 Petition to the Director.

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- (a) Petition may be taken to the Director:
 - (1) From any action or requirement of any examiner in the *ex parte* prosecution of an application, or in *ex parte* or *inter partes* prosecution of a reexamination proceeding which is not subject to appeal to the Board of Patent Appeals and Interferences or to the court;
 - (2) In cases in which a statute or the rules specify that the matter is to be determined directly by or reviewed by the Director; and
 - (3) To invoke the supervisory authority of the Director in appropriate circumstances. For petitions in interferences, see § 1.644.
- (b) Any such petition must contain a statement of the facts involved and the point or points to be reviewed and the action requested. Briefs or memoranda, if any, in support thereof should accompany or be embodied in the petition; and where facts are to be proven, the proof in the form of affidavits or declarations (and exhibits, if any) must accompany the petition.
- (c) When a petition is taken from an action or requirement of an examiner in the *ex parte* prosecution of an application, or in the *ex parte* or *inter partes* prosecution of a reexamination proceeding, it may be required that there have been a proper request for reconsideration (§ 1.111) and a repeated action by the examiner. The examiner may be directed by the Director to furnish a written statement, within a specified time, setting forth the reasons for his or her decision upon the matters averred in the petition, supplying a copy to the petitioner.
- (d) Where a fee is required for a petition to the Director the appropriate section of this part will so indicate. If any required fee does not accompany the petition, the petition will be dismissed.
- (e) Oral hearing will not be granted except when considered necessary by the Director.
- (f) The mere filing of a petition will not stay any period for reply that may be running against the application, nor act as a stay of other proceedings. Any petition under this part not filed within two months of the mailing date of the action or notice from which relief is requested may be dismissed as untimely, except as otherwise provided. This two-month period is not extendable.
- (g) The Director may delegate to appropriate Patent and Trademark Office officials the determination of petitions.

PSY
6 Feb. 2005