

COMMENTARY: PREMYSLER v. LEHMAN

Thomas G. Field, Jr. [n.a1]

This Commentary concerns recent decisions in *Premysler v. Lehman*. [n.1] In the Federal District Court for the District of Columbia, Premysler, filing pro se, advanced several bases for reversing a Patent and Trademark Office (PTO) decision refusing him permission to sit for the patent exam. Besides arguing that PTO regulations were void for vagueness, deprived him of equal protection, and interfered with his liberty and property interests, he asserted that changes in PTO General Requirements (to sit for the exam) between 1990 and 1993 were required to be promulgated in accordance with the notice and comment rulemaking provisions of the Administrative Procedure Act (APA)--a matter discussed at some length in a recent article by Michelle Burke and myself. [n.2]

On cross-motions for summary judgment, the Court rejected all of Premysler's claims with relatively little discussion. The rulemaking discussion is the only matter of concern here. While it is longer than most, it amounts to only three short paragraphs. [n.3] On first blush, that and the subsequent appellate decision appear to reject Burke's and my thesis, but careful reading indicates otherwise. [n.4]

*342 The fundamental basis for Premysler's grievance is not clear from the District Court's opinion, but Judge Rader states that after being refused permission to sit for the exam in 1990, Premysler took steps to qualify. Imagine his chagrin, after he thought he was ready, to learn that: "Although ... [he] now met the standards for the October 1990 exam, he did not meet the April 1993 standards." [n.5]

Yet, he did not prevail. The reason is that he was not, as Burke and I urged to be improper, [n.6] ultimately rejected merely on the basis of "You don't fit any criteria specified in the General Requirements bulletin." While the Director of the Office of Enrollment and Discipline unwisely took that tack, the Commissioner rejected the Director's reasons but accepted his result: [n.7]

The Commissioner characterized the General Requirements as merely an interpretation of the agency's regulations, not a definitive statement as to the prerequisites for the examination. According to the Commissioner, an applicant could qualify to sit ... without having a bachelor's degree or taking the EIT examination by showing a level of expertise substantially equivalent to a bachelor's degree in engineering. [References to the record omitted.]

For that reason, both courts upheld the Commissioner, holding that changes between 1990 and 1993 were exempt from APA rulemaking requirements. The District Court used the "general statements of policy" exemption, [n.8] but the Court of Appeals (more consistently with the language quoted above) used the "interpretative rule" exemption. [n.9] Also, either court could probably have used what amounts to an ad hoc rulemaking exemption.

In any event, both decisions reflect the prevailing view that administrative agencies can resolve, in individual adjudications, questions posed in applying a statute (or regulation). [n.10] This proposition makes a great deal of sense because, minimally, issues of first impression can, and probably do, arise in virtually every case. Agencies must be able to resolve them without resort to notice and comment rule making-- notwithstanding that their resolution will of necessity be applied retrospectively.

*343 However, Premysler was not a case of first impression. Premysler relied on an earlier published general articulation (as well as apparently on an official evaluation of how it applied to him) of what was needed to sit for the patent exam--and made substantial effort to comply. As quoted above, Judge Rader indicates that he succeeded. [n.11] Yet, he was again rejected, on a basis that apparently could not have been used before he set off down that path. If this view of the facts is correct, the outcome would strike many as unfair, but it raises issues going well beyond anything Burke and I addressed except for brief mention.

At bottom, every challenge to administrative action must deal with the rule of prejudicial (or conversely, harmless) error. [n.12] The last clause in the judicial review provisions of the APA states "and due account shall be taken of the rule of prejudicial error." [n.13] Thus, regardless of the error alleged in rulemaking, Premysler would have had to show prejudice. Is it "prejudicial" (however an error might be denominated) to dash a "mere expectancy" even when substantial effort, and probably expense, has been devoted to vesting it? [n.14] No judge involved in this case seems to think so, but it is unfortunate that no appellate judge [n.15] addressed that or an equivalent issue squarely. [n.16]

In any event, and even more since it prevailed in Premysler, I strongly feel that the PTO's failure to use notice and comment rule making to promulgate requirements to sit for the patent exam violates the spirit, if not the letter, of the APA and, law aside, seems wholly inconsistent with its general and long-standing pattern of promulgating *344 most of its explicitly exempt Rules of Practice (procedure). [n.17] If one is going to pull the rug out from under someone, it seems somehow more tolerable to do so after there has been a thorough public airing of the issues.

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[n.1]. 33 U.S.P.Q.2d 1859 (D.D.C. 1994), aff'd 37 U.S.P.Q.2d 1057 (Fed. Cir. 1995).

[n.2]. Burke & Field, Promulgating Requirements for Admission to Prosecute Patent Applications, 36 IDEA 145 (1995).

[n.3]. 33 U.S.P.Q.2d at 1861.

[n.4]. See supra note 2, at 155-56: "Until such time as the PTO properly promulgates its requirements, any statement in its Bulletin should carry no more weight than if it were in an OED decision or a Solicitor's brief." [note omitted].

[n.5]. 37 U.S.P.Q.2d at 1059.

[n.6]. See supra note 4.

[n.7]. 33 U.S.P.Q.2d at 1860.

[n.8]. 33 U.S.P.Q.2d at 1861; see also supra note 2, at 153.

[n.9]. 37 U.S.P.Q.2d at 1059-60; see also supra note 2, at 152.

[n.10]. Doing so is called "ad hoc" rule making--something that, as far as I am aware, is not treated by the APA at all.

[n.11]. See supra note 5.

[n.12]. See, e.g., *Fressola v. Manbeck*, 36 U.S.P.Q.2d 1211 (D.D.C. 1995), another recent decision rejecting a challenge to the PTO based on 5 U.S.C. § 553. In that case, not only was the rule clearly exempt, but also no basis whatsoever was advanced for a claim of prejudice. Thus, it is highly unlikely that relief would have been afforded on any other basis, e.g., that the rule should have been published in the C.F.R. as arguably required by 44 U.S.C. § 1510. (The offending rule, of which *Freesola* had ample notice, was published only in the Manual of Patent Examining Procedure.)

[n.13]. 5 U.S.C. § 706.

[n.14]. See also *Bowen v. Georgetown University Hospital*, 488 U.S. 204, 208 (1988): "Retroactivity is not favored in the law." However, the question is whether the effect here is one that the law would regard as "retroactive." Having rejected him under rules in effect, would the PTO not be free to reject him again on the basis of rules later in effect?

[n.15]. The District Court held specifically that Premysler had no property interest, 33 U.S.P.Q.2d at 1862-63, but the appellate court appears not to have been asked to address that issue.

[n.16]. Even Judge Newman, who only concurred, found it reasonable for the PTO to reject Premysler under these circumstances; 37 U.S.P.Q.2d at 1060.

[n.17]. See *supra* note 2, at 153-54.