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Commentary

THE ROLE OF THE PATENT COMMISSIONER IN DESIGNATING PANELS FROM THE BOARD OF PATENT APPEALS AND INTERFERENCES

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I. Introduction

The role of the Patent Commissioner in designating panels from the Board of Patent Appeals and Interferences (BPAI) to hear appeals has recently come under scrutiny as reports of stacking and redesignation of panels by the Commissioner have come to light. [n.1] The propriety of his actions have been called into question.

Members of the BPAI, several members of the United States Congress, and many (but not all) members of the patent bar have expressed varying degrees of outrage over what they perceive to be an ultra vires exercise of authority by the Commissioner. This reaction stems directly from the Commissioner's manipulation of the composition of panels in an attempt by him to assure a desired outcome from a hearing before the BPAI. Underlying this outrage is a gut feeling that the Commissioner should not be able to manipulate panel membership to arrive at what the he thinks is the correct result, that such exercise of authority violates basic norms of American due process, and that any panel once designated should exercise "judicial" independence from the Commissioner.

This paper will examine the history of the present dispute, current statutory authority and responsibility vested in the Commissioner to run the PTO, the historical development of the appeals process in the Patent Office, and the administrative process implications of the Commissioners manipulation of the composition of panels.

II. Panel Manipulation Comes to Light

On March 20, 1992, the BPAI decided the case of Ex parte Akamatsu. [n.2] The patent applicant had appealed from a final rejection by the examiner of all remaining claims in an application directed to an apparatus and method relating to computers. In that case, a first panel designated to hear the appeal wrote an opinion reversing the examiner.

A written opinion was prepared and signed by the panel members. Chairman Serota prevented that decision from being mailed to Mr. Akamatsu. Subsequently the second panel was formed "only of management officials," and that panel "rendered a decision opposite in result to that reached by the legally constituted original panel, making no mention of the earlier decision." [n.3]

On April 22, 1992, the BPAI decided the case of Ex parte Alappat. [n.4] In that case, the examiner had rejected claims to a mathematical algorithm as being directed to non-statutory subject matter under 35 U.S.C. § 101. In the appeal, a panel of three Examiners-in-Chief (EIC's) overturned the examiner's rejection. The examiner then requested reconsideration of the prior panel decision and expansion of the panel. Reconsideration was granted and the panel was expanded to include the Commissioner, Deputy Commissioner, Assistant Commissioner, Chairman of the BPAI, and Vice-chairman, i.e., all five management officials of the PTO. On reconsideration, the five new members of the panel overruled the previous panel decision and affirmed the examiner's decision rejecting all claims in the application. The original three panel members wrote a dissenting opinion reaffirming their prior decision.

a) Memorandum from the Examiners-in-Chief to the Commissioner

On April 24, 1992, a memorandum signed by 33 EIC's was sent to Commissioner Manbeck. [n.5] Relevant sections of that memorandum include the following:

. . . There are an increasing number of instances in which the composition of panels of the [BPAI] has been manipulated in a manner which interferes with the decisional independence of the Board and gives the appearance that a predetermined or predecided outcome has been reached in cases appealed under 35 USC § 134.

It is the function of the BPAI to interpret case law of reviewing courts of the United States Patent and Trademark Office and apply this case law in reaching decisions on appeals. It is the function of either the Court of Appeals for the Federal Circuit or the District Court of the District of Columbia to review the decisions of the BPAI. There is no statutory authorization for any individual or individuals other than the above-noted Courts for reviewing decisions of the BPAI.

Interference with the decision making process of an agency's authorized appellate board of review has at least the appearance of being improper. Compare 5 USC § 554.

The Commissioner is authorized under 35 USC § 7 to "designate" the members of a panel. There is no apparent authority, statutory or otherwise, to un-designate a duly formed panel and to redesignate a completely new panel for any purpose, let alone the purpose of reaching a conclusion opposite to that of the original panel, after the original panel not only reached a decision, but signed that decision.

These matters raise questions of a very serious nature including ultra vires agency action, interference with the judicial independence of the BPAI and denial of an appellant's right to procedural due process.

b) Memorandum from the Commissioner to the Examiners-in-Chief

On April 29, 1992, Commissioner Manbeck and Deputy Commissioner Comer replied to the above-cited memorandum with one of their own. [n.6] Relevant sections of that memorandum include the following:

Policy, including legal policy based on statutory and case law, which is to be applied within the Patent and Trademark Office, is established by the Commissioner of Patents and Trademarks, on consultation with such other officials of the Patent and Trademark Office as the Commissioner deems appropriate. . . . In a particular case, the Commissioner may deem it appropriate to establish legal policy for the Patent and Trademark Office, which he believes to be consistent with the applicable law, through entry of a decision by the Board of Patent Appeals and Interferences. . . .

The statute expressly authorizes the Commissioner to designate the members of the Board who will consider any particular case. 35 USC § 7(b). There is no limitation in the statute as to when the members of a panel may be designated. Hence, at any time prior to entry of a decision by the Board, the Commissioner may designate, or redesignate, a panel.

The Commissioner's designation of the members to decide any particular appeal becomes final when a decision is entered by the Board. Prior to the time a decision is entered, and as part of the deliberative process, the Commissioner may ask any three Examiners-in-Chief for a draft opinion. If the Commissioner believes the opinion to be legally correct, he may designate the three Examiners-in-Chief to constitute the panel to enter the decision of the Board. However, if the Commissioner believes, in light of controlling law, that the opinion would establish incorrect policy within the Patent and Trademark Office, he may designate a panel to include himself and/or such other members of the Board as he may deem appropriate to decide the case. The panel may or may not include the members who prepared the draft opinion.

Unlike other statutory boards which may act independent from the head of the agency in which they are situated, e.g., the various boards of contract appeals, the Board of Appeals was never intended to act independent of the Commissioner. The Commissioner's membership on the Board and his authority to designate the panel to consider any particular case were retained when Congress created the Board of Patent Appeals and Interferences. Inclusion of the Commissioner, Deputy Commissioner, and Assistant Commissioners as members of the Board, and giving the Commissioner the authority to designate the members to hear a particular case, is the manifest antithesis of independence from the Commissioner. . . .

If Congress had intended the Board to be totally independent of the Commissioner, it surely would have given the Commissioner authority to appeal a Board decision to the Federal courts.

In the last paragraph on page 2 of the [memorandum from the EIC's], there is a reference to the "judicial independence" of the Board. But, the Board is not a judicial body. It is an administrative body within the Patent and Trademark Office, none of whose members are judges. The Board's responsibility is to assist the Commissioner by deciding ex parte appeals and inter partes patent interference cases.

c) Reactions to the Memoranda

The immediate reaction by several members of Congress and many members of the Patent Bar appears to have been shock and dismay.

The Members of Congress and congressional staff lawyers involved were not prepared at the time of these hearings to form an opinion on the correctness of the PTO assertion that the "redesignation" of the panel in Ex parte Akamatsu was authorized by law. But the appearance of impropriety was so clearly perceived that it became apparent that their initial reaction was to amend Title 35 so that this type of manipulation could never reoccur. In fact, the Senate Judiciary Committee gave serious consideration to such amendments near the end of the 102nd Congress, but there was not time to fully consider all of the issues.

The reaction of the intellectual property bar was similar. . . There was amazement that the Board could be operated in this way and wonderment about how many cases had been handled in this manner. Also, while the legal implications of the issue were not fully understood, the "case fixing" appearance was a dominant first impression. [n.7]

From the tenor of the cited article, the Executive Director of the American Intellectual Property Law Association (AIPLA) obviously believes that the Commissioner does not or at least should not have the power to "stack" and redesignate panels. Members of AIPLA apparently believe the same. [n.8]

In August, 1992, a notice and request for public comment was published in the Federal Register by the PTO, stating that "[s]uggestions have recently been made to the effect that possible changes in the structure and operation of one of the statutory administrative tribunals (boards) within the PTO, namely, the Board of Patent Appeals and Interferences, may be desirable." [n.9] The notice invited public comments and suggestions concerning improvements in the organizational structure and relationship between the Commissioner and the Board.

In October, 1992, in a published comment, H.C. Wegner maintained the position that the Commissioner should not be able to "stack" the panels or to redesignate subsequent panels, that the BPAI at one time had judicial independence but such independence had recently been lost as a result of the actions of the Commissioner, and that the Board should forthwith be "stripped of politics."

At the outset, it should be emphasized that the 44 examiners-in-chief and their Chairman and Vice-Chairman deserve high marks for honesty and integrity, and that whatever problems are identified in this paper or the underlying study is focused exclusively on the Ninth Floor of Crystal Park Two -- the high rise suite of offices in Arlington, Virginia that is home to the political leadership of the PTO, many blocks away from the Board's office complex at the foot of the U.S. 1 entrance ramp to Shirley Highway.

The previously independent Board provided the proverbial Little Man from Little Rock a relatively inexpensive quasi-judicial review that constitutes an important feature of a patent system that must serve not only corporate America but small businesses, universities and the individual inventors who have made such a rich contribution to American innovation over the past two centuries.

Both cheap appellate access and judicial economy are strong policy arguments favoring restoration of the role of the Board which that [sic] has been so seriously threatened by the recent actions of the Commissioner acting as politician and as a member and technical leader of the Board. [n.10] (Emphasis added).

On November 10, 1992, the Court of Appeals for the Federal Circuit (CAFC) ordered that the appeal in the Alappat case be heard en banc and continued to suspend briefing pending further order. On December 3, 1992, the CAFC directed that in addition to arguments on the merits the following additional issues should be addressed:

(1) When a three-member panel of the Board has rendered its decision, does the Commissioner have the authority to constitute a new panel for purposes of reconsideration of the first decision?

(2) If the Commissioner lacks such authority, is the decision of such a new panel a decision of the Board for purposes of 28 U.S.C. 1295(a)(4)(A)? If not, does this court have jurisdiction to reach the merits of the appealed decision? [n.11]

The CAFC has not, at the time of this writing, rendered a decision in Alappat on either the merits or the issues concerning panel redesignation. However, the supplemental brief by the appellant, the party that one would expect to argue against the Commissioner's authority to redesignate panels, instead argues that "[t]here is nothing in the patent statute that prevents the Commissioner from designating a new panel to rehear a case pursuant to a request for reconsideration of a decision of a prior panel." [n.12]

By reviewing these recent events, the importance and immediacy of the issues concerning the Commissioner's authority and responsibility to designate panels becomes clear. The evolution of the appeals process in the Patent Office has been examined for guidance as to the basis for a historical claim of the BPAI's "judicial" independence. However, the historical record is at best equivocal, and questions remain as to what the current structure of the appeals process in the PTO should be at the present time. Does the appeals process, including the panel designation practices of the Commissioner, presently serve the public interest? Are there administrative process implications underlying these current issues which have yet to be recognized and addressed?

One thing is clear, however. When first confronted with the redesignation of panels by the Commissioner, most observers react reflexively. Many of them feel that there can be no fairness in an adjudicative process wherein the "judges" are not impartial but rather have been selected to render a pre-determined decision. Revulsion and outrage are palpable responses from many patent practitioners and students of American jurisprudence, all of whom have been raised on a diet rich in procedural due process.

III. Brief Historical Review

a) Inception of the Appeals Process in the Patent Office

According to the historical account by P.J. Federico, "[a]ppeals from the action of the Patent Office . . . were not contemplated by the patent acts of 1790 and 1793 . . . . [A]ppeals as such from decisions of the Patent Office did not appear until the Patent Act of 1836." [n.13] Section 7 of that Act provided for an appeal from a decision of the Commissioner to a board of examiners, composed of three arbitrators who were to be "disinterested persons."

They were required to take an oath for the faithful and impartial performance of the duty imposed upon them by the appointment . . . The board, or a majority of them, could reverse the decision of the Commissioner in whole or in part, and their decision was to govern further proceedings. Section 8 of the Act applied the same procedure to cases of interferences. The decision of the board was final in ex parte cases, and also in the case of an interference between two applications; but in the case of an interference between an application and an unexpired patent, further review by a bill in equity was possible. [n.14]

After the first several appeals in 1838, it became increasingly difficult to find persons who would agree to serve, apparently because the work was hard and the compensation was low. Also, since different people were requested for each succeeding board, rules and procedures were inconsistent from one appeal to the next. "The Commissioner recommended that the law be changed, and his recommendations were adopted in the Act of 1839." [n.15]

b) The Act of 1839

The Patent Act of 1839 changed the system of appeals in accordance with the recommendations of the Commissioner.

Instead of an appeal to a board of examiners or arbitrators, the appeal was now to be taken to the Chief Justice of the District Court of the United States for the District of Columbia. The appeal was not to the court, but to the Chief Justice in person. [n.16]

Another change involved the presentation of evidence in the appeals process. The appeal to the board had previously allowed for presentation of facts and evidence by the parties as deemed necessary by the board. The Patent Act of 1839 allowed for the judge to hear and determine the appeal only on the evidence produced before the Commissioner. In addition, section 10 of the new law provided the applicant with a review of the judge's decisions by "a bill in equity to all cases where patents were refused for any reason whatever." [n.17]

Judge William Cranch was the first Chief Justice so empowered. In 1850, rendered infirm by increasing deafness at the age of 80, he petitioned Congress to repeal the part of the law requiring him alone to handle appeals from the Patent Office. Congress responded in 1852 by providing that appeals could also be heard by either of two assistant judges.

c) The Act of 1861

The Patent Act of 1861 dramatically changed the appeals process. Appeal to the Chief Justice was replaced with two tiers of intra-mural appellate review. The first was from the examiner to a board of three examiners-in-chief. The second was from the board to the Commissioner. According to section 2 of the Act of 1861,

> Sec. 2. And be it further enacted, That for the purposes of securing greater uniformity of action in the grant and refusal of letters-patent, there shall be appointed by the President, by and with the advice and consent of the Senate, three examiners in chief, at an annual salary of three thousand dollars each, to be composed of persons of competent legal knowledge and scientific ability, whose duty it shall be, on the written petition of the applicant for that purpose being filed, to revise and determine upon the validity of decisions made by examiners when adverse to the grant of letters- patent; and also to revise and determine in like manner upon the validity of the decisions of examiners in interference cases, and when required by the Commissioner in applications for the extension of patents, and to perform such other duties as may be assigned to them by the Commissioner; that from their decisions appeals may be taken to the Commissioner of Patents in person, upon payment of the fee hereinafter prescribed; that the said examiners in chief shall be governed in their action by the rules to be prescribed by the Commissioner of Patents. [n.18]

Despite the dramatic change in the appeals process, the Act of 1861 "merely enacted into law and further developed a practice which had grown up, through necessity, over a period of years. There was an appeal to the Commissioner, and also a board of examiners, for some time before they appear in the law." [n.19] Federico traces the development of this practice, explaining that the Commissioner initially could handle most of the work in the Patent Office, but that he had to increasingly rely on examiners to get through the burgeoning number of applications and appeals.

> Since the Commissioner had a good many administrative and other duties to perform, he could not devote all his time to investigating cases referred to him, even if his entire time was sufficient. One of the Commissioners conceived the idea of having some of the other examiners investigate a case which had been appealed to him, and making a report for his benefit. This was probably first tried by Commissioner Ewbank (1849-1852). . . .
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> Judge Cranch took occasion to comment on this board of examiners, pointing out that it was not created by law, and the members "are but the assistants of the Commissioner in the discharge of his duties." . . .
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> The board is mentioned in the Patent Office Report for 1857, which states:
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> "Whatever might be the capabilities of the Commissioner for physical and mental labor, it would be impossible for him to discharge the administrative duties of his office, and hear, in person, all the appeals brought before him from the decisions of examiners. The usage has since grown up of referring the investigation of most of these appeals to a board, constituted for the occasion, consisting of two or more examiners, who make their report to the Commissioner." [n.20]

Federico proceeds further to describe how uniformity in board opinions was obtained in November, 1857, when Commissioner Holt

withdrew three primary examiners from their classes and detailed them to examine appeals to the Commissioner, thus creating an unofficial permanent board of appeals. The Commissioner stated in the report for 1858 that, "The results of their action have been eminently satisfactory, and have commanded, it is believed, the entire confidence of the country," and asked Congress to give the board a legal status.

In general the board, or boards, wrote detailed opinions on the cases which were appealed, and the Commissioner would usually adopt the report as his opinion. [n.21] (emphasis added).

One can gather from this historical review that the motivation behind development of a board of appeals in the Patent Office was a need to provide the Commissioner with the help necessary to get his work done, rather than a desire by any party to provide for an independent "judicial" review of the Commissioner's decisions within the Patent Office. This seems especially true in light of the fact that judicial review was already available to applicants or to parties in an interference outside the Patent Office through a bill in equity.

It is clear that the Commissioner could not personally hear and decide all the appeals that were being brought to him. Under the unofficial policy he delegated this role to a board of examiners selected by him who would listen to the facts of individual cases and write opinions thereon. The Commissioner would decide whether to adopt these opinions and he was evidently not bound by them. This view is supported by the fact that "[p]revious to the Act [of 1861] the board in effect acted for the Commissioner in an appeal to him and a separate appeal from the board to the Commissioner did not exist except possibly as the Commissioner might personally reconsider a case." [n.22] Thus, the Commissioner retained complete discretion as to when to intervene in and how to decide any appeal.

It can be argued that at least in the case of adverse decisions in ex parte cases the change in status of the board resulting from the Act of 1861 represented the board's emancipation from the Commissioner. According to section 2 of the Act, appeal was to be made to the board of examiners on the written petition of the applicant. An appeal could then be taken from that decision to the Commissioner of Patents in person upon payment of a fee. Clearly, the examiner would not have been required to pay such a fee. This clause must instead refer to payment by either the applicant or an interference party. The second tier of appellate procedure was thus meant for an applicant or interference party, either of whom had received an adverse decision from the board, and not for an examiner whose rejection of an application had been reversed by the board.

Whereas an applicant or interference party receiving an adverse board decision could be expected to pursue an appeal to the Commissioner, no further appeal would be sought by an applicant once having received a favorable decision from the board. At least in these cases the appeal process would end and the boards decision would conclude that process, free from the Commissioners control.

That the Act of 1861 provided for a permanent board of three examiners selected by the President with the advice and consent of the Senate further supports an argument that the board had achieved a measure of independence from the Commissioner. The board members were politically equal to the Commissioner. In addition, the Commissioner himself was not a member of the board. Accordingly, "[f]rom 1861 through 1927, the Examiners-in-Chief had decisional independence from the Commissioner." [n.23]

d) The Act of 1870

The Act of 1870 made certain changes in the process of judicial appeals.

The Act as passed abolished the appeal from the Commissioner as to interference cases, but retained the appeal in ex parte cases. Furthermore, this appeal was now to be taken to the Supreme Court of the District of Columbia sitting in banc (General Term), instead of to the individual judges.

The Act of 1870 made no changes in the internal office appeals, other than changes in language (Secs. 46 and 47). [n.24]

e) The Act of 1927

After the Act of 1870, efforts at simplification of the appeals process continued and culminated with the Act of 1927.

While various schemes were proposed, there were several which recurred frequently. One was the elimination of the appeal to the Commissioner of Patents. Behind this particular proposal was not only the object of lessening the number of appeals, but also that of relieving the Commissioner. The growth of the Patent Office was such that the number of appeals which the Commissioner had to hear and decide was becoming too great for the Commissioner and Assistant Commissioner to handle. . . .

Probably the most highly sponsored committee was President Taft's Commission on Economy and Efficiency which made an investigation of the Patent Office in 1912. One of their recommendations was that one appeal within the Patent Office, the one to the Commissioner, be eliminated. At the same time enlargement of the membership of the Board of Examiners-in-chief was also recommended. [n.25] (Emphasis added).

Again, it seems clear that the major motivation for changing the appeals process in the Patent Office was to provide the Commissioner with the help needed to get the work done. Nowhere in Federico's account of the events leading up to passage of the Act of 1927 is there any explicit desire by any party to provide the board with "judicial" independence from the Commissioner, or to maintain any such independence in the board which it may have attained under the Act of 1861.

The Act of 1927 resulted in major changes in the system of appeals in the Patent Office. The two appeals, first to the board and second to the Commissioner, were replaced by a single appeal to a Board of Appeals. The Board would thenceforth be composed of the Commissioner, Assistant Commissioners, and the Examiners-in-Chief. "This Board was

empowered to hear appeals from the adverse actions of examiners upon applications for patents, and from decisions in interference cases. The act specifies that each appeal shall be heard by at least three members of the Board of Appeals." [n.26]

(1) Prior to 1927 the Commissioner had full control over substantive law and policy applied in the Patent Office, subject only to judicial review . . . .

(2) In 1927 the appeals to the Commissioner were eliminated and he was made a member of the Board. The Commissioner was given the power to designate Board panels to decide cases. The Board, rather than the Commissioner, was given sole authority to grant rehearings. Although it is clear that Congress limited some of the supervisory power of the Commissioner over laws and policy applied in the Patent Office, it is not clear how far these limitations were to reach. [n.27] (Emphasis added).

f) Further Changes in the Patent Statutes

Amendments were made in 1946 and 1950 which "provided for appointment by the Commissioner of examiners of the primary grade or higher as temporary members of the Board. . . A 1975 amendment provided that permanent Board members be appointed through the competitive civil service rather than by the President." [n.28]

The AIPLA report states that "[a]lthough the 1946, 1950, and 1975 amendments did not change the fundamental relationship between the Board and the Commissioner, the legislative history has some flavor of maintaining a degree of Board independence." [n.29] (Emphasis added). Stating that there is "some flavor" in the legislative history of maintaining a degree of Board independence is another way of saying that there is no clear statement to that effect in the record.

IV. Analysis of Current Statutes

The general organization of the PTO, including the powers and responsibilities vested in the Commissioner and the framework for an appellate review process, is set out in Title 35 of the United States Code, § § 3 et seq.

The Commissioner, Deputy Commissioner, and Assistant Commissioners are political appointees. The Commissioner is vested with the authority of and responsibility for superintending or performing all duties required by law respecting the granting and issuing of patents. Patents are issued in the name of the Commissioner as authorized by Title 35 USC § 153, indicating that the Commissioner has the ultimate responsibility for the issuance of valid patents by the PTO. "[T]he Commissioner has an affirmative responsibility to do all that is possible to ensure that only valid patents are issued." [n.30] The Examiners-in-Chief are no longer politically appointed, but arrive at their positions through the competitive service. They are no longer politically equal to the Commissioner.

The Commissioner, Deputy Commissioner, Assistant Commissioners, and Examiners-in-Chief constitute the BPAI. A Chairman and Vice-chairman for the BPAI are selected from the pool of Examiners-in-Chief. It is not clear how their selection is accomplished, but it is likely done through nomination by the Commissioner and appointment by the Secretary of Commerce as authorized under 35 USC § 3(a). The BPAI, on written appeal of an applicant, reviews adverse decisions of examiners upon applications for patents and determines priority and patentability of invention in interferences. Each appeal and interference is heard by at least three members of the BPAI, who are designated by the Commissioner. The statute is silent concerning redesignation of a second or expanded panel where the Commissioner is not satisfied with the opinion of the first panel. In fact, the term "panel" does not appear anywhere in the statute.

There is no statutory provision made for the Commissioner to seek judicial review from an adverse decision of the BPAI. "The Commissioner can, however, reopen prosecution of an application following a decision of the BPAI, either on petition of the applicant or sua sponte under 37 CFR 1.198. Also, an examiner can request reconsideration of an ex parte appeal decision." [n.31] Only the Board of Patent Appeals and Interferences has the authority to grant rehearings.

According to the PTO, "[t]he Commissioner's duties include establishing legal policy based on statutory and case law. The Commissioner has shaped legal policy in part through his participation as a member of the patent board of appeals and by designating the panel to consider particular cases." [n.32]

V. Brief Review of J. Smith's Analysis

A case that has been cited both as a source of general historical review of the appeals process in the Patent Office [n.33] and as support for the concept of "judicial" independence of the Board of Patent Appeals [n.34] is In re Wiechert (J.Smith, dissenting opinion). [n.35] The case involved the interpretation of 35 U.S.C. § 7 in terms of the extent of the power of the Commissioner to appoint examiners of primary grade temporarily to the Board.

According to Judge Smith,

> [t]he present controversy . . . is little more than another gambit in what appears to have been a more or less continuing contest between Congress and Commissioners of Patents concerning an independent judicial or quasijudicial review of the Commissioner's decisions refusing a patent to an applicant. [n.36]

Judge Smith then presents an historical review of Patent Office appeals, drawing almost entirely from Federico's article "Evolution of Patent Office Appeals." After tracking Federico's article in a manner essentially identical to that done herein, Judge Smith states the case for "judicial" independence of the Board from the Commissioner.

> From the foregoing, it seems that there has been an insistent public demand which Congress has recognized to provide for some type of independent appeal from the

decisions of the Commissioner of Patents which demand seems not to have been shared by all the Commissioners of Patents. Congress must have considered this public demand to be of importance to have persisted in providing for independent appeals even in the face of criticisms such as those voiced by Commissioner Fisher. [n.37]

It is important to note, however, that what Judge Smith refers to as "criticisms" voiced by Commissioner Fisher involved something far different than the appeals process within the Patent Office. According to Federico,

> [b]y 1870 there was a strong movement for abolishing the appeal to the judges, supported by the Secretary of the Interior and the Commissioner of Patents . . . Commissioner Samuel S. Fisher, in requesting Congress to abolish the appeal, in his report for the year 1869, summarized the case against the "now useless and mischievous" appeal in ten counts. [n.38] (emphasis added).

The independent appeals which, according to Judge Smith, the Congress had persisted in providing, "even in the face of criticisms" from the Patent Commissioners, thus referred not to appeals within the Patent Office but to judicial appeals from the Patent Office to the courts.

Judge Smith continued in his dissenting opinion by stating that

> [o]ne clearly detects in this recital of historical background the persistence of demand for independence of the tribunal designated to hear appeals from the decisions of the Commissioner of Patents refusing patents to applicants. The concept of independence in such appeals even within the Patent Office is culminated and clearly articulated in the Act of March 2, 1927 which provided for presidential appointment of the examiners-in-chief, with the advice and consent of the Senate. [n.39]

After a fair reading of Smith's opinion in view of Federico's article, it is difficult, if not impossible, to discern any "persistence of demand for independence" of the Board of Patent Appeals in the historical record. If such persistence were detectable, as Judge Smith contends, then what could be made of the fact that the Act of 1927 made the Commissioner and the Assistant Commissioners members of the Board? Or that this same Act gave the Commissioner the power to designate which members of the Board would sit on each panel? Or that under current law, 35 U.S.C. § 7(a), the Examiners-in-Chief are no longer appointed by the President, but rather attain their positions through the competitive service?

Several publications [n.40] [n.41] find support for the "judicial" independence of the Board from J. Smiths opinion or from other sources. [n.42] Their authors argue that "judicial" independence is historically based. However, such statements appear to this author to be merely conclusory in the face of either no evidence or evidence that is at best equivocal. In addition, according to the Patent Law Committee of the AIPLA which stands firmly against the Commissioners redesignation practice, "the statute and other authorities neither clearly prohibit nor support the Commissioners redesignation practice." [n.43]

VI. Administrative Process and the Commissioner's Role as Superintendent of the PTO

In light of both the history of the appeals process in the Patent Office and statutes that are silent as to authorization of the Commissioner to redesignate panels, the question remains as to whether the Commissioner should be allowed to behave thus. A less ambiguous answer emerges by setting aside the equivocal historical record, and considering instead the daily concerns of the PTO as an administrative agency.

a) Responsibilities of the Commissioner

The Commissioner is charged with superintending or performing all duties required by law respecting the granting and issuing of patents. He or she has responsibility for steering the agency according to a multitude of legal, logistical and political concerns. Many of these concerns are probably rarely considered by the Examiners-in-Chief.

When the patentability of newly developing technology is problematic, e.g., as with computer software, the issues that the Commissioner must address run to both the legal requirements that patent applicants must meet and to the PTO's administrative requirements, such as having a sufficient number of adequately trained personnel in the examining corps to handle an influx of new applications. The Commissioner, who is also a political appointee, must be concerned with a multitude of issues that extend beyond the boundaries of legal argument. It is likely that the Commissioner has a clearer overall perspective of the importance of these issues to the efficient functioning of the PTO than do the Examiners-in-Chief, whose concerns are primarily focused on the legal arguments of the particular appeals they are currently considering.

It should not be surprising that the Commissioner, as superintendent of the PTO, has an important stake in the outcome of any appeal which concerns issues such as those addressed by the Board in Akamatsu and Alappat. The Commissioner must be concerned with maximizing efficient resource allocation at a time like all those past, when the workload in the PTO is staggering and complaints about delays in the examination process are growing ever louder. It behooves the administrative system to allow the Commissioner to reject, in the first instance, what he perceives to be a clearly inappropriate opinion produced by an ephemeral adjudicative body, the appeal panel, which he himself designated.

The Commissioner does not presently have authority to appeal to the CAFC a Board decision that he believes will adversely impact the functioning of the PTO. Several proposals suggest that the Commissioner be given such authority in return for his removal from the Board.

The subcommittee also recommends that the Commissioner be given authority to appeal to the Federal Circuit any Board decision adverse to the examiner. In this way early judicial review could be had over fundamental legal interpretations of the Board with which the Commissioner disagrees, including controversial issues of patentability,

without having to wait for the issue to reach the courts in infringement litigation. The quality of Board decisions favorable to patentability would likely be increased. Moreover the Commissioner would have a significant role in the development of law and policy. In appeals taken by the Commissioner, he would be represented by the Solicitor and the applicant would of course be represented by his own counsel. [n.44]

Such a change in authority would be undesirable, however, for several reasons. One likely result would be a less efficient use of resources by the PTO. It should be considered that when an adverse decision of an examiner is first appealed to the Board, a panel is designated by the Commissioner to hear the appeal. The panel considers the facts, applies the law, and writes an opinion. If the opinion is flagged by the solicitor or other PTO official as being seriously out of step with the direction in which the Commissioner is trying to steer the PTO, the Commissioner should be able to use resources at his immediate disposal to rectify the perceived misstep. One such resource, which can be brought into play at the stroke of a pen, is a redesignated panel. Such a panel can provide a second opinion that satisfies the Commissioner in his role as PTO superintendent. In such a case, the second opinion would become the opinion of the Board.

It must be remembered that the second written opinion must, in all cases, display reasoned decision-making, where the law is correctly and articulately applied to the facts. An unreasoned second opinion whose sole purpose is to slavishly follow the dictates of the Commissioner will obviously not carry the day in any further appeal to the court.

When an appeal by an applicant goes up to the court after an adverse second panel opinion has been adopted to be that of the Board, both the first and second panel's opinions should be included in the record to be considered by the court. Perhaps the first opinion could appear as a dissent in the final board decision. The arguments on both sides will have thus been carefully developed and will be ready for the court to evaluate. In the historical light of the Commissioners predecessors, who continually sought for almost two hundred years to cut their workload, the requirement of having to write a well-developed legal opinion to vie with the opinion of a panel each time there is a disagreement seems an onerous burden to place on the office of the Commissioner.

In addition, the suggested changes would likely lead to an institutionalized polarization within the PTO, wherein the Commissioner and Board would be statutorily and permanently at odds with each other, and the solicitor would find himself working for the Commissioner and against the Board, rather than for the PTO as a whole.

b) Panel Members as Administrative Law Judges

According to one source, "[t]he Administrative Procedure Act can . . . be interpreted as requiring that the Board remain independent of the Commissioner. The APA, which has been held to govern PTO actions, requires impartial proceedings and bars adjudication by any agency official acquainted with a case. 5 U.S.C. § 556(b) and 554(d)." [n.45] It

should first be pointed out that where the Commissioner is redesignating a panel, it is the panel that is doing the adjudicating and not the Commissioner. Also, the law of administrative process does not require that the Commissioner or the head of any other agency be devoid of all bias, influence or opinion as to what the law is or what course is best for how the PTO or any other agency should be run.

Furthermore, if the APA can be invoked by those arguing for "judicial" independence for the Board, it is appropriate to also apply APA standards to the members of the Board, since they appear to act as administrative law judges (ALJ) in fact, if not in name. According to 35 USC § 7(a), the Examiners-in-Chief are appointed to the competitive service. In addition, they can only be removed for cause. This is how ALJs are appointed and removed. See 5 USC § § 3105, 7521. According to the APA, § 557(b),

> [w]hen the presiding employee [i.e. the panel] makes an initial decision, that decision then becomes the decision of the agency without further proceedings unless there is an appeal to, or review on motion of, the agency within the time provided by rule. On appeal from or review of the initial decision, the agency has all the powers which it would have in making the initial decision except as it may limit the issues on notice or by rule. [n.46] (emphasis added).

The APA thus authorizes an agency, i.e. the agency head, to review the initial decision of an ALJ and to make its own decision as if the agency were itself making the initial decision. This situation is analogous to the PTO Commissioner reviewing the opinion of a designated panel, disapproving such opinion, and redesignating a second panel to provide an opinion more in line with what the Commissioner as agency head believes the result should be. When seen in the light of administrative process, the Commissioners redesignation practices appear reasonable and justifiable. They certainly do not merit the firestorm of protest that has resulted.

VII. Conclusion

There has been a great deal of smoke and very little light created by the current controversy over the redesignation practices of the Commissioner. There appears to be a continuing knee-jerk reaction on the part of some members of both the Patent Bar and Congress in response to these practices. Most of the parties involved appear to be rallying under the "Due Process" banner. In the current atmosphere it seems likely that statutory changes will inevitably result which will explicitly curb the Commissioner's ability to redesignate panels. The Commissioner and his assistants will likely be removed from the Board, the Commissioner's authority to designate panels will probably be reassigned to a non-political official within the Board, and the Commissioner may be given authority to appeal to the CAFC when he disagrees with Board decisions.

As discussed above, there is no clear historical support for "judicial" independence of the Board from the Commissioner. Also, there are very good and practical reasons why the Commissioner, as head of an administrative agency, should be allowed to continue such practices at his discretion. It would be useful to the discussion if the most vociferous

proponents of change would focus some of their attention onto the practical aspects of the changes they advocate, starting with a rigourous consideration of the effects of said changes on the administrative process of the PTO.

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[n.3]. M.W. Blommer, The Board of Patent Appeals and Interferences, AIPLA Bulletin 189 (Dec. 1992).

[n.4]. 23 U.S.P.Q.2d 1340 (B.P.A.I. 1992).

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[n.6]. Id.

[n.7]. Blommer at 189.

[n.8]. AIPLA Patent Law Committee Report, Independence of the Board of Patent Appeals and Interferences, 2 Fed.Cir. Bar J. 215 (Summer, 1992).

[n.9]. PTO Review of Appeal Procedures, P.T.C.J., Vol. 44, at 353 (Aug. 6, 1992).

[n.10]. H.C. Wegner, Stripping Politics From the Board, 74 J.P.T.O.S. 770 (Oct. 1992)

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[n.14]. Id. at 839.

[n.15]. Id. at 842.

[n.16]. Id.

[n.17]. Id. at 844.

[n.18]. Id. at 852.

[n.19]. Id. at 853.

[n.20]. Id. at 854.

[n.21]. Id. at 856.

[n.22]. Id.

[n.23]. Blommer at 193.

[n.24]. Federico at 920.

[n.25]. Id. at 941.

[n.26]. Id. at 944.

[n.27]. AIPLA Patent Law Committee Report at 216.

[n.28]. Id.

[n.29]. Id.

[n.30]. Blommer at 193.

[n.31]. PTO Review of Appeal Procedures, P.T.C.J., Vol. 44, at 353 (Aug. 6, 1992).

[n.32]. Id.

[n.33]. Id.

[n.34]. AIPLA Patent Law Committee Report at 219.

[n.35]. 152 U.S.P.Q. 247, 257 (C.C.P.A. 1967).

[n.36]. Id. at 265.

[n.37]. Id. at 267.

[n.38]. Federico at 861.

[n.39]. In re Wiechert at 267.

[n.40]. AIPLA Patent Law Committee Report at 219.

[n.41]. In re Alappat, Amicus Curiae Brief of the Federal Circuit Bar Association, 2 Fed.Cir. Bar J. 417, 426 (Winter, 1992).

[n.42]. Blommer at 189.

[n.43]. AIPLA Patent Law Committee Report at 223.

[n.44]. Id. at 225.

[n.45]. Id. at 222.

[n.46]. 5 U.S.C. § 557(b).