

HYATT v. UNITED STATES PATENT AND TRADEMARK OFFICE, Appeal No. 2017-1722 (Fed. Cir. September 24, 2018). Before Reyna, Wallach, and Hughes. Appealed from D. Nev. (Judge Jones).

Background:

Hyatt is the named inventor on more than 70 patents and about 400 pending applications, all of which were filed before June 8, 1995. The pending applications contain about 115,000 claims. As the PTO began issuing final rejections for Hyatt's applications, Hyatt appealed the rejections to the PTAB. After Hyatt filed appeal briefs, the PTO examiners reopened prosecution of 80 applications under MPEP §1207.04 alleging new grounds of rejection. Section 1207.04 allows examiners, with approval from a supervisor, to reopen prosecution to enter a new ground of rejection in response to an appeal brief.

Hyatt next filed a petition for rulemaking with the PTO requesting that the PTO either repeal §1207.04 or declare the provision unenforceable. The PTO denied Hyatt's petition, and Hyatt then filed suit in Nevada district court alleging that (1) the PTO's adoption of §1207.04 exceeded its statutory authority, and (2) §1207.04 violates 35 U.S.C. §6(b)(1). The district court granted summary judgment to the PTO, finding that the district court lacked subject matter jurisdiction over Hyatt's claims.

Issues/Holdings:

Did the district court err in dismissing Hyatt's claims for lack of subject matter jurisdiction? Yes, reversed, but affirmed on other grounds.

Discussion:

The PTO argued that the Eastern Virginia district court has exclusive jurisdiction to review final PTAB application decisions. However, the Federal Circuit found that because Hyatt's petition for rulemaking was not an appeal from an examiner's rejection and the PTO's denial of Hyatt's petition is not a PTAB decision, the Eastern Virginia district court does not have exclusive jurisdiction over this proceeding. The Federal Circuit thus found that the district of Nevada had subject matter jurisdiction over Hyatt's claims under the Administrative Procedure Act (APA), which provides a cause of action for persons "suffering legal wrong because of agency action."

Next, the PTO argued that Hyatt's claims are time-barred by the six-year statute of limitations under the APA. The Federal Circuit found that the statute of limitations began to run at the time of promulgation of §1207.04, which was in 2005, and therefore Hyatt's claim that the adoption of §1207.04 exceeded the PTO's statutory authority should be dismissed as being time-barred.

Regarding Hyatt's claim that §1207.04 violates 35 U.S.C. §6(b)(1), the Federal Circuit noted that §6(b)(1) requires that the PTAB review appeals by applicants whose claims have been twice rejected. Hyatt argued that the examiner's ability to reopen prosecution under §1207.04 deprives applicants of their right to an appeal under §6(b)(1). The Federal Circuit found that §6(b)(1) does not require the PTAB to reach the merits of every appeal and, therefore, §1207.04 does not conflict with §6(b)(1).