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Supreme Court Holds New Evidence Can Be Presented In A Civil Action Brought In District Courts Against The PTO

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On April 18, 2012, in a unanimous decision authored by Justice Thomas, the U.S. Supreme Court held that a patent applicant is entitled to present new evidence in a civil action brought under 35 U.S.C. § 145 against the Director of the U.S. Patent and Trademark Office ("PTO"), and that any factual disputes created by the newly admitted evidence must be reviewed *de novo* rather than under the *substantial evidence* standard. *See Kappos v. Hyatt* , 131 S. Ct. 3064, 2012 U.S. LEXIS 3107 (2012) ("*Hyatt IV*").

Prior Proceedings

If a patent examiner denies claims in a submitted application, the applicant may file for an administrative appeal with the PTO's Board of Patent Appeals and Interferences ("Board"). If the Board denies the application, the applicant may either (1) appeal the decision to the Federal Circuit pursuant to 35 U.S.C. § 141 or (2) file a civil action against the Director of the PTO in the District Court for the District of Columbia pursuant to 35 U.S.C. § 145.

In *Hyatt v. Dudas*, Hyatt filed an application for an "improved memory architecture having a multiple buffer output arrangement, which relates to a computerized display system for processing images." *Hyatt v. Dudas*, No. 03-0901, 2005 U.S. Dist. LEXIS 45319, at *7 (D.D.C. Sept. 30, 2005) ("*Hyatt I*"). After several amendments, Hyatt presented 117 claims for examination. *Id.* The Examiner rejected all 117 claims on various grounds. On appeal to the Board, the Board affirmed the rejection of 79 claims for lack of written description and/or lack of enablement and overturned the other rejections. *Id.* Hyatt appealed the Board's rejection of the 79 claims to the District Court. In connection with the appeal, he submitted a new written declaration that identified portions of the patent specification supporting the claims that the Board had rejected. The district court refused to consider the declaration and held that applicants are "precluded from presenting new issues, or at least in the absence of some reason of justice put forward for failure to present the issue to the Patent Office." *Id.* at *15. The District Court then granted summary judgment to the Director, considering only the PTO's administrative record under a substantial evidence standard.

On appeal, the Federal Circuit upheld the district court's holding. *Hyatt v. Doll*, 576 F.3d 1246 (Fed. Cir. 2009) ("*Hyatt II*"). The court primarily upheld the district court's decision that "the district court did not commit any legal error or abuse its discretion in excluding Hyatt's

declaration because of Hyatt's failure to present [the] evidence earlier." *Id.* at 1277. Specifically, the Federal Circuit found that until the appeal "Hyatt [had] willfully refused to respond to the examiner's written description rejections by pointing out where in the specification support for his claims could be found . . . . *Id.* Furthermore, the court held that "[t]his failure of Hyatt, who at the time had been a patent agent for over twenty years, to perform a simple task that it was his burden to perform is inexcusable in the circumstances of this case." *Id.*

Subsequently, the Federal Circuit granted rehearing *en banc* and vacated the district court's grant of summary judgment. *Hyatt v. Kappos*, 625 F.3d 1320 (Fed. Cir. 2010) ("*Hyatt III*"). In *Hyatt III*, the *en banc* court held "that Congress intended that applicants would be free to introduce new evidence in § 145 proceedings subject only to the rules applicable to all civil actions, the Federal Rules of Evidence and the Federal Rules of Civil Procedure," even if the applicant had no justification for failing to present the evidence to the PTO. *Hyatt III*, 625 F.3d at 1331. Moreover, the district court must review such findings *de novo*. *Id.* at 1336.

The Supreme Court's Decision

The Supreme Court granted certiorari and affirmed *Hyatt III*. *Hyatt IV*, 2012 U.S. LEXIS 3107, at *26. In particular, the Supreme Court explained that the text of § 145 grants a disappointed patent applicant a remedy by civil action against the Director and that § 145 neither imposes unique evidentiary limits not establishes a heighted standard of review for factual findings by the PTO. *Id.* at *12.

The Supreme Court further rejected the Director's contention that principles of administrative law require a deferential standard of review in a § 145 proceeding. *Id.* at *15. Nonetheless, in an effort to address the PTO's concern, the Court confirmed that the district court "may, in its discretion, consider the proceedings before and findings of the Patent Office in deciding what weight to afford an applicant's newly-admitted evidence." *Id.* at *25. In this way the district court can accommodate its own need to consider the new evidence presented with its duty to "accord respect to decisions of the PTO." *Id.* In coming to this accommodation, *Hyatt IV* expressly rejected the possibility that an applicant could be motivated to "withhold evidence from the PTO intentionally with the goal of presenting that evidence for the first time to a nonexpert judge." *Id.* This scenario would be unlikely, according to the Court, because "[a]n applicant who pursues such a strategy would be intentionally undermining his claims before the PTO on the speculative chance that he will gain some advantage in the §145 proceeding by presenting new evidence to a district court judge." *Id.*

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