Judicial Review of PTO Trademark Decisions: Traps for the Unwary

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Direct review of PTO trademark decisions is usually based on § 21 of the Lanham Act. If (and only if) that is unavailable, review must be based on the Administrative Procedure Act. The demarcation is now always clear, but, as many have learned the hard way, it is key to Federal Circuit jurisdiction. That court may review under § 21, but it has neither original nor appellate jurisdiction over PTO trademark decisions under the APA.

In re Marriott-Hot Shoppes, 411 F.2d 1025 (CCPA 1969), does not mention the APA, but it explains why, despite § 21's literal reading at the time, appellant chose the wrong forum to seek review of a Commissioner's decision. By the time that became clear, it was unlikely to have been able to file elsewhere. Although such traps have diminished, problems remain.

Directors' decisions reviewable under § 21 are now specified, but In re Stoller, 1999 WL 1289088 (Fed. Cir 1999), and In re Galbreath, 2002 WL 9624 (Fed. Cir. 2002), demonstrate that not everyone has noticed. That 37 C.F.R. §§ 2.145 and 2.146 are silent about APA review may contribute.

Whether Stoller or Galbreath would have been helped is unclear, but 28 U.S.C. § 1631 may also be useful. Since 1982, it enables courts without jurisdiction to transfer to courts that have it. *But see* Howitt v. United States Department of Commerce, 897 F.2d 583 (1st Cir. 1990).

Those who seek judicial review only to find they should have petitioned, however, face a more serious problem. Consider In re James, 432 F.2d 473 (CCPA 1970); when James sought review, the Solicitor successfully challenged CCPA jurisdiction. "The action taken here, if dispositive, was so only in a procedural sense. Any error involved was solely an abuse of discretion. We have concluded that such action, standing by itself, was outside the scope of our authority to review and

accordingly, this appeal must be dismissed. Appellant' proper avenue for review was by [petition] and 5 U.S.C. §§ 701-706." *Id.* at 476.

Also, Palisades Pageants, Inc. v. Miss America Pageant, 442 F.2d 1385, 1387-88 (CCPA 1971), states: "The same appealable versus petitionable dichotomy which obtains in patent matters obtains in trademark matters, although the question of which side of the line a given matter falls on seems to come up less often…." *Palisades* then explains, *id.,* why a board's refusal to permit amendment to the description of a mark was properly resolved by the Commissioner, not the court.

But In re Bose Corp., 772 F.2d 866, 869 (Fed. Cir. 1985), rejected a PTO challenge to jurisdiction: "The matter of the board's composition is logically related to, indeed, inseparable from the merits and can be raised in the appeal from the board's decision."

As In re Alappat, 33 F.3d 1526, 1530 (Fed. Cir. 1994), states: "jurisdiction cannot be conferred on this court by waiver or acquiescence." But it, too, concludes that inherent process issues are reviewable with board decisions.

Had the court in *Bose* and *Alappat* ruled otherwise, lack of jurisdiction would not have been fatal. Because processes within the PTO had been completed, they were clearly ripe for APA review — following a 28 U.S.C. § 1631 transfer to a suitable district court.

As discussed in Wembley, Inc. v. Commissioner of Patents, 352 F.2d 941, 942 (D.C. Cir. 1965), however, 5 U.S.C. § 704 bars review of proceedings not yet final. Thus, when appellants must await final decisions, transfers accomplish little.

What becomes of appellants, such as those in *James* and *Palisades,* unaware of the need to petition until deadlines have expired? That depends on their obligation to exhaust intramural review before turning to the courts. If they have no obligation, § 1631 transfers will meet their need. Otherwise, they must start anew within the PTO, with possibly serious consequences.

Prior to 1993, courts commonly refused to entertain appeals before intramural review options had been exhausted. That changed, however, when the Court in Darby v. Cisneros, 509 U.S. 137, 146-47 (1993), wrote: “Congress clearly was concerned with making the exhaustion requirement unambiguous so that aggrieved parties would know precisely what administrative steps were required before judicial review would be available. If courts were able to impose additional exhaustion requirements beyond those provided by Congress or the agency, the last sentence of [5 U.S.C. § 704] would make no sense. To adopt respondents’ reading would transform [§ 704] from a provision designed to remove obstacles to judicial review of agency action, into a trap for unwary litigants. Section [704] explicitly requires exhaustion of all intra-agency appeals mandated either by statute or by agency rule; it would be inconsistent with the plain language of [§ 704] for courts to require litigants to exhaust optional appeals as well.” (Internal quotation marks and citations omitted.) *See also,* In re Nielson, 816 F.2d 1567 (Fed. Cir. 1987) (refusing to limit review for appellant’s failure to seek reconsideration).

Thus, as things stand, the PTO would be hard pressed to condition the right to review of petitionable issues on parties’ having first given the Director a chance to consider them under 37 C.F.R. § 2.146. Conditions for judicial review, set out in 21 C.F.R. § 2.145, relate only to review under § 21 of the Lanham Act.

APA review is mentioned in no PTO rule. Exhaustion aside, that could, and should, be changed. Explicit treatment would itself remove significant traps for the unwary.