Federal Circuit Review of PTO Board Decisions

Thomas G. Field, Jr.

Sixteen years ago, Judge Rich wrote, “Although Alappat does not contest the validity of the Board's reconsideration decision, jurisdiction cannot be conferred on this court by waiver or acquiescence, In re Alappat, 33 F.3d 1526, 1530 (Fed. Cir. 1994) (en banc). Although the appeal generated many opinions, that proposition seems not to have been disputed. But the court’s jurisdiction doesn’t always receive such close attention, particularly when, as in *Alappat,* neither party contests it.

Fred Beverages, Inc. v. Fred's Capital Management Co., 605 F.3d 963 (Fed. Cir. 2010), is such a case. Judge Prost frames its context at 964, “This case presents an appeal from a [TTAB] decision denying a motion for leave to amend a pending petition to cancel a trademark (for failure to pay a fee). …. Because we conclude that the TTAB’s denial… was arbitrary and capricious, we reverse…and remand….”

Absent relevant provisions in the Lanham Act, the Administrative Procedure Act (APA) governs, Dickinson v. Zurko, 527 U.S. 150 (1999). APA § 704, 5 U.S.C.§ 704, states: “Agency action made reviewable by statute and final agency action for which there is no other adequate remedy in a court are subject to judicial review. A preliminary, procedural, or intermediate agency action or ruling not directly reviewable is subject to review on the review of the final agency action.” That alone would seem to preclude review of denial of the motion in issue.

Additionally, APA § 704 provides that otherwise final action may not be subject to judicial review if the statute in question or an agency rule provides “for an appeal to superior agency authority.” Although Darby v. Cisneros, 509 U.S. 137 (1993), limits their

discretion, courts have been reluctant to review absent exhaustion of possible options for intramural review. How that would play out in *Fred Beverages* is far from clear, but, if the fee-based decision could be seen as final, it would seem particularly appropriate for the director to review it initially by petition under 37 C.F.R. § 2.146.

Finally, and equally compelling, an unchallenged line of cases involving both PTO boards makes the procedural-substantive distinction the key to intramural jurisdiction and, in turn, to court jurisdiction. Only board decisions on the merits have been subject to direct court review under Lanham Act § 21, 35 U.S.C. §§ 141-45, or 28 U.S.C. § 1295(a)(4)(A) or (B). It is difficult to regard the TTAB's refusal to consider a motion for leave to amend as on the merits.

In some ways, In re Bose Corp., 772 F.2d 866 (Fed. Cir. 1985), is similar to *Fred Beverages.* Prior to the TTAB's rendering a decision and after oral argument, a member resigned and was replaced. When the board refused to rehear, Bose satisfied the exhaustion requirement by filing a petition with the commissioner who agreed with the board.

Bose then appealed to the Federal Circuit. When the solicitor challenged that court's jurisdiction, Judge Nies agreed, at 869, that Lanham Act § 21(a)(1) did not permit review of a commissioner's decision — ordinarily reviewable in U.S. district court under the APA. She continued, however, to say, "In the present case, an appeal has properly been taken from a final decision of the board. …. Thus, it is appropriate for this court to determine whether a valid decision is before us before addressing the merits…." Despite judicial caution in framing a response, I regard her approach as essentially crediting factors that warrant pendant jurisdiction.

Had Fred Beverages sought review under § 21(b), the district court might well have dismissed for lack of finality, *see, e.g.,* Wembley, Inc. v. Comm'r Patents, 235 F.Supp. 704 (D. D.C. 1964), *aff'd* 352 F.2d 941 (D.C. Cir. 1965). Regardless, that court would have had facial jurisdiction, but, as in *Wembly,* any appeal would have gone to the D.C. Circuit, not the Federal Circuit.

In *Direct Judicial Review of PTO Decisions: Jurisdictional Proposals,* 42 Idea 537 (2002), I proposed that jurisdictional traps for the unwary be eliminated. Although no harm is apparent in *Fred Beverages,* it is unfortunate that it still exists. Had the lack of jurisdiction been seen, absent a transfer under 28 U.S.C. § 1631, delay is apt to have barred any challenge to the TTAB's decision. Had finality and exhaustion been raised, the result probably would have been the same and not cured by transfer.

Those who need to get a better handle on such issues can download my book, *Introduction to Administrative Process: Cases & Materials.* It is online at http://ssrn.com/abstract=1195322 and is freely available for non-commercial distribution and includes older cases mentioned above, as well as related cases.