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UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF NEVADA

GILBERT P. HYATT,

Plaintiff,

v.

UNITED STATES PATENT AND TRADEMARK OFFICE and MARGARET A. FOCARINO, in her official capacity performing the functions and duties of Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office,

Defendants.

CASE NO. 2:14-cv-11

COMPLAINT FOR DECLARATORY AND INJUNCTIVE RELIEF

Plaintiff Gilbert P. Hyatt, by and through his attorneys, Kellogg, Huber, Hansen, Todd, Evans & Figel, P.L.L.C., and Hutchison & Steffen, LLC, alleges for his complaint against the United States Patent and Trademark Office ("PTO") as follows:

JURISDICTION AND VENUE

1. This is an action seeking relief under the Administrative Procedure Act ("APA"), 5 U.S.C. §§ 702 and 706. The Court has subject matter jurisdiction over this action under 28 U.S.C. §§ 1331 and § 1338(a) because it arises under the laws of the United States, and specifically under an Act of Congress relating to patents.

2. Venue is proper in this judicial district pursuant to 28 U.S.C. § 1391(e)(1)(C).

PARTIES

3. Plaintiff Gilbert P. Hyatt is an individual residing in the County of Clark, State of Nevada. Mr. Hyatt is an engineer, scientist, and inventor who is the named inventor on more than 70 patents issued by the PTO.

4. Defendant PTO is the federal agency responsible for granting U.S. patents. The PTO is headquartered in Alexandria, Virginia.

5. Defendant Margaret A. Focarino is the Commissioner of Patents and, as of November 21, 2013, has been performing the functions and duties of the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office, a position that is currently vacant. In performing those duties, Commissioner Focarino has overall responsibility for the administration and operation of the PTO, including the patent examination and appeals processes. She is sued in her official capacity only.

NATURE OF THE CASE

6. Mr. Hyatt – an inventor with more than 70 issued patents – brings this action under the APA to compel the PTO to decide two appealed patent applications, each of which has been pending before the PTO since the early 1970s – over 40 years ago. The PTO's failure to finally

resolve these patent applications – despite Mr. Hyatt's repeated requests – constitutes "agency action unlawfully withheld or unreasonably delayed," thus warranting relief under 5 U.S.C. § 706(1).

7. In these two appealed patent applications – referred to herein as patent application Docket Nos. 104 and 112 – the PTO's patent examiners issued rejections of Mr. Hyatt's patent applications, which Mr. Hyatt timely appealed to the PTO's Board of Patent Appeals and Interferences, now known as the Patent Trial and Appeal Board ("Appeal Board"). In both cases, the PTO failed to file any response. Rather than decide the appeals, the PTO has left them undecided for more than 20 years (in the case of patent application Docket No. 104) and for more than five years (in the case of patent application Docket No. 112). Each of these two patent applications has been pending before the PTO for more than forty years.

8. Prompt and specific action by this Court is necessary to prevent the PTO from continuing to use procedural delays to prevent Mr. Hyatt from obtaining either a patent or a final agency decision that is subject to judicial review.

9. To ensure effective relief, this Court should place a strict deadline on the PTO for decisions in each of these two appealed cases. The Court should require the Appeal Board to decide the appeals in patent application Docket Nos. 104 and 112 within three months from the date of this Court's judgment.

10. Mr. Hyatt filed his patent applications and has prosecuted them in good faith and in accordance with PTO rules. Whether out of animus toward Mr. Hyatt or for other reasons, the PTO has demonstrated its determination not to allow Mr. Hyatt to obtain patents for his inventions. This Court's intervention is required to ensure that the PTO complies with the law.

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FACTUAL ALLEGATIONS

A. Legal and Procedural Framework

11. The U.S. patent system has its origin in Article I, Section 8, of the Constitution of the United States, which grants Congress the power "To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."

12. Congress has exercised its constitutional power by providing that "[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of [Title 35 of the United States Code]." 35 U.S.C. § 101.

13. Congress further provided that "[a] person shall be entitled to a patent unless" certain conditions, such as a lack of novelty or prior use of the invention by another, exist. 35 U.S.C. § 102.

14. Congress also established the PTO, which is responsible for, among other things, "the granting and issuing of patents." 35 U.S.C. § 2(a)(1). The PTO is charged with examining patent applications to determine if they meet the criteria for issuance of a patent.

15. Federal law also grants the PTO the ability to adopt regulations that, among other things, "shall facilitate and expedite the processing of patent applications." 35 U.S.C. § 2(b)(2)(C).

16. In addition to regulations promulgated under this statutory authority, the PTO publishes the Manual of Patent Examining Procedure ("MPEP"), the operating procedures for the examination of patent applications.

17. An inventor applies for a patent by submitting a written patent application to the PTO, containing a written description of the invention, drawings, and one or more numbered

claims that define the inventive device or method for which a patent is sought. *See* 35 U.S.C. § 111.

18. Upon submission of the inventor's written patent application, the Director of the PTO "shall cause an examination to be made of the application and the alleged new invention." 35 U.S.C. § 131.

19. Patent applications are examined in order, except that a patent application may be advanced out of turn if the applicant files a petition to make the patent application special. *See* 37 C.F.R. § 1.102.

20. One ground on which a patent application will be made special is when it has been pending for five years. The MPEP directs that such a patent application shall "be considered 'special' by the examiner" and that "every effort **should be** made to terminate its prosecution." MPEP 707.02 (emphasis in original).

21. In certain circumstances, the PTO may also suspend action on a patent application, and must notify the applicant if it does so. *See* 37 C.F.R. § 1.103(e).

22. The PTO has determined that such suspensions "should be avoided, if possible, because such suspension will cause delays in examination." MPEP 709(II). The suspension cannot be for longer than six months, and it "should be terminated immediately once the reason for initiating the suspension no longer exists, even if the suspension period has not expired." *Id.*

23. The MPEP provides that, once the suspension period expires, "the examiner should take up action on the application or evaluate all possibilities for giving an action on the merits." *Id.*

24. If the PTO has suspended action on a patent application on its own initiative once, it may issue a second or subsequent suspension only in "an extraordinary circumstance." *Id.*

25. The examination is conducted by a patent examiner, an employee of the PTO who is skilled in the field (or "art") of the invention. The PTO's regulations provide that, upon being

assigned review of a patent application, the patent examiner "shall make a thorough study thereof" and determine whether a patent should issue. 37 C.F.R. § 1.104(a)(1).

26. If the examination reveals "that the application is entitled to a patent under the law, the Director shall issue a patent therefor." 35 U.S.C. § 131; *see also* 37 C.F.R. § 1.311(a) ("If, on examination, it appears that the applicant is entitled to a patent under the law, a notice of allowance will be sent to the applicant . . . .").

27. If the patent examiner rejects the claims as unpatentable, "the Director shall notify the applicant thereof, stating the reasons for such rejection . . . together with such information and references as may be useful in judging the propriety of continuing the prosecution of his application." 35 U.S.C. § 132(a); *see also* 37 C.F.R. § 1.104(c)(1) ("If the invention is not considered patentable, or not considered patentable as claimed, the claims, or those considered unpatentable will be rejected.").

28. Following a rejection, the applicant has the opportunity to submit arguments as to why the claimed invention is patentable or to amend the patent application to render the claims patentable.

29. An applicant whose claims have twice been rejected by the patent examiner is allowed to appeal that decision to the Appeal Board. *See* 35 U.S.C. § 134; 37 C.F.R. § 41.31.[1]

30. After an appeal is filed, the appellant has two months in which to file an appeal brief laying out the arguments for reversal of the patent examiner's action. *See* 37 C.F.R. § 41.37.

31. Following the appeal brief, the patent examiner "may, within such time as may be directed by the Director, furnish a written answer to the appeal brief" explaining the grounds for rejection. 37 C.F.R. § 41.39. Through the MPEP, the Director has determined that a patent

[1] The name of this tribunal was changed by the Leahy-Smith American Invents Act ("AIA"), Pub. L. No. 112-29, 125 Stat. 284 (2011). The AIA also changed certain aspects of the patent application and review procedure, but those changes do not directly apply to Mr. Hyatt's applications at issue here, which were pending before the AIA took effect.

examiner "should furnish" this answer "within 2 months after the receipt of the [appeal] brief by the examiner." MPEP 1207.02.

32. If the patent examiner files an answer, the appellant then has two months in which to file a reply, if any, and the patent examiner then has two months to file a sur-reply, if any. *See* 37 C.F.R. §§ 41.41, 41.43. If the patent examiner does not file an answer, the appeal is ripe for decision.

33. Once briefing is complete, the Appeal Board will either hold an oral hearing (if requested by the appellant) or proceed to a ruling affirming or reversing the decision of the patent examiner and, if necessary, remanding for further consideration by the examiner. *See* 37 C.F.R. §§ 41.47, 41.50.

34. If the Appeal Board completely reverses the patent examiner, the patent application is "up for immediate action by the examiner." MPEP § 1214.04.

35. If the Appeal Board partially reverses the patent examiner, the patent application is returned to the patent examiner for further appropriate action. *See* 37 C.F.R. § 1.197; MPEP 1214.06.

B. The PTO's Refusal To Adjudicate Plaintiff's Patent Applications

36. Since 1967, Mr. Hyatt has submitted numerous patent applications on his inventions to the PTO.

37. As noted above, the PTO issued to Mr. Hyatt patents on more than 70 of those patent applications.

38. In the case of a large number of Mr. Hyatt's patent applications, however, the PTO took no action on the merits for years, and in some cases even decades – despite Mr. Hyatt's diligent pursuit of those patent applications. Several years ago, the PTO apparently determined that it would refuse to grant Mr. Hyatt any further patents, irrespective of the merits of his patent applications.

39. For some of Mr. Hyatt's patent applications, patent examiners have issued boilerplate actions containing hundreds or even thousands of claim rejections, only to see those rejections reversed after review by the Appeal Board. In other cases, the Appeal Board has upheld in part rejections of Mr. Hyatt's patent applications only to see those decisions reversed on review in federal court.

40. At some point, rather than subject its decisions to review, the PTO apparently embraced a strategy of denying Mr. Hyatt any reviewable adjudication of his patent applications. Mr. Hyatt consequently has a large number of patent applications that have languished for years in various states of procedural limbo without an action on the merits or a decision on appeal.

41. In many cases, the PTO has simply ceased examination of Mr. Hyatt's patent applications on the merits. In many other cases, the PTO has refused to allow Mr. Hyatt's patent appeals to go to the Appeal Board for decisions.

42. For example, in seven cases that Mr. Hyatt filed in 1995,[2] the patent examiners issued first office actions in 1995 or 1996, and Mr. Hyatt responded, yet the PTO has not issued an action on the merits in more than 17 years. Instead, the PTO repeatedly suspended action on these patent applications. Mr. Hyatt filed numerous "Petition[s] For An Action On The Merits" in these patent applications, but the PTO summarily dismissed those petitions.

43. In many cases, patent examiners have issued final rejections, and Mr. Hyatt has appealed those rejections and filed appeal briefs, at great effort and expense. In most of these patent appeals, the patent examiners have not filed an answer, yet the Appeal Board failed to rule. Mr. Hyatt has filed many hundreds of petitions for examiner's answers in appealed cases – to no avail. In still other cases, years after Mr. Hyatt's appeal brief was filed, the patent examiners reopened prosecution and simply issued new rejections, as if the prior rejections – and Mr.

[2] These applications are Docket Nos. 610, 613, 752, 754, 761, 775, and 817.

Hyatt's appeals – had never occurred. Such actions have denied Mr. Hyatt a decision on his patent appeals and have forced him, in many cases, to start again, from scratch, to prosecute cases that have been pending before the PTO for nearly two decades or more.

44. For example, in patent application Docket No. 145 – a patent application filed in 1977 – Mr. Hyatt filed a patent appeal and an appeal brief in 2007, to which the PTO did not respond with an examiner's answer. On April 30, 2013, about a year after Mr. Hyatt won a unanimous United States Supreme Court victory against the PTO in a different case, the PTO vacated the appeal in Docket No. 145 and issued a 1216-page non-final office action – essentially restarting a process that had already been pending for 35 years. The PTO's treatment of this patent application is particularly noteworthy because, in 1992, the patent examiner actually issued a Notice of Allowance, and Mr. Hyatt prepared the patent application for issuance and paid the issue fee. The PTO, however, withdrew this patent application from issuance at that time and reopened prosecution. Now, more than twenty years after this patent application was withdrawn from issuance and after Mr. Hyatt had filed and briefed the patent appeal at great effort and expense, the PTO put this patent application back into prosecution near the very start, where it was about 35 years ago.

45. For another example, in patent applications Docket Nos. 404 and 410 – patent applications filed in 1995 – Mr. Hyatt prosecuted these patent applications to final actions and filed patent appeals and appeal briefs in 1997 and in 2001 and 2002, respectively. Instead of filing answering appeal briefs, however, the patent examiners reopened prosecution in 2001 and 2002, respectively, which put these patent applications back into prosecution near the very start, where they were more than 18 years ago. Mr. Hyatt again prosecuted these two patent applications to final actions and again filed patent appeals and appeal briefs in 2001 and 2002 and in 2007, respectively, at additional effort and expense. The patent examiners again reopened prosecution for a third time in 2002 and in 2013, respectively, which put these patent applications

back into prosecution near the very start, where they were 18 years ago. The PTO is depriving Mr. Hyatt of his right to have a final agency action (and, if necessary, review by the courts) on these two patent applications.

46. Mr. Hyatt has reason to believe that the PTO has a deliberate strategy to deny him adjudication of his pending patent applications. During an in-person conference with the Director of the Technology Center responsible for examination of Mr. Hyatt's patent applications – which is documented in the record of two of Mr. Hyatt's patent applications – Mr. Hyatt pointed out "the scenario of applications going round and round from the examining groups to the Board and then back to the examining groups and then back to the Board." The Director confirmed that this was the policy that the PTO was pursuing toward him.

47. As a result of the PTO's actions, Mr. Hyatt has been severely prejudiced. He has paid many thousands of dollars in filing fees and other procedural fees to the PTO, yet, in many cases, the PTO has failed either to issue patents for patentable claims or to issue final determinations so that Mr. Hyatt can then challenge the final rejections at the Appeal Board and, if necessary, in federal court. More importantly, Mr. Hyatt has been deprived of valuable intellectual property to which he has a statutory right as a result of the PTO's apparently deliberate strategy of delay.

C. The Present Action

48. The present action concerns two of Mr. Hyatt's longest-pending patent applications: Docket Nos. 104 and 112.

49. Patent application Docket No. 104 was filed on April 19, 1971. The patent examiner issued a first office action on June 22, 1972, and Mr. Hyatt prosecuted this patent application to a final office action issued on December 5, 1972. Mr. Hyatt then appealed the patent examiner's rejections on August 28, 1973. The Appeal Board reversed the rejections in part on August 27, 1976, and remanded this patent application to the patent examiner on

December 20, 1976. The PTO reopened prosecution. Mr. Hyatt again prosecuted this patent application to a final action issued on November 15, 1989. Mr. Hyatt then appealed the new rejections on April 16, 1990, and filed an appeal brief on October 24, 1990. This patent appeal is still pending in the PTO after more than 23 years. Mr. Hyatt has still not received an examiner's answer in response to his appeal brief and has still not received a decision by the Appeal Board on the appeal that was filed more than 23 years ago.

50. Mr. Hyatt filed a Request For Status on December 10, 1995, but he did not receive a response thereto. Mr. Hyatt then telephoned the PTO on February 29, 1996, and spoke to Supervisory Primary Examiner William Shoop concerning the status of the appeal. Supervisor Shoop told Mr. Hyatt that a search had been ordered for the patent application file history and that he would call Mr. Hyatt back about status, but he did not call back. Mr. Hyatt subsequently filed another Request For Status on November 9, 2004, and a Petition for an Action On The Merits on January 20, 2005, but Mr. Hyatt has not received a response from the PTO to either the Request or the Petition. Mr. Hyatt again telephoned the PTO on December 29, 2006, and spoke to Supervisor Lincoln Donovan concerning the status of patent application Docket 104. Supervisor Donovan told Mr. Hyatt that he could expect an action within two months. To this day, however, Mr. Hyatt has not received an action.

51. Since his last telephone call with the PTO, Mr. Hyatt has filed two more requests for the status of his patent application, one on August 28, 2007, and the second on March 30, 2009. The PTO has not responded to either request, has not informed Mr. Hyatt of the status of the patent application, and has not acted on the merits of the patent application, despite its promise to do so by early 2007 – more than six years ago.

52. Notwithstanding that promise, the PTO has taken no action on patent application Docket 104. Unless this Court intervenes, the PTO will continue to delay adjudication of this patent application. Furthermore, even if the PTO does take action on this patent application, its

recent conduct with respect to other patent applications of Mr. Hyatt indicates that it will do so in a manner that denies Mr. Hyatt a final determination on the merits and leads instead to further interminable delays absent a specific order by this Court.

53. Patent application Docket No. 112 was filed on November 1, 1972. The patent examiner issued a first office action dated August 23, 1973, and Mr. Hyatt prosecuted this patent application to a final action which was issued on September 13, 1974. Mr. Hyatt appealed the patent examiner's rejections on January 3, 1975. The Appeal Board reversed the rejections in part on August 26, 1976, and remanded the patent application to the patent examiner on August 5, 1976. The PTO reopened prosecution on April 12, 1978, Mr. Hyatt again prosecuted this patent application to a final action issued on April 12, 1978, again appealed that final action on September 1, 1978, and again filed an appeal brief on November 16, 1978.

54. After a delay of 17 years, the patent examiner filed an answer dated March 17, 1995. On August 26, 1996, the Appeal Board again reversed the rejection. The PTO again reopened prosecution on December 16, 2002, Mr. Hyatt prosecuted this patent application to a final action dated July 23, 2003, and he again appealed it on December 22, 2003. The PTO again reopened prosecution, and Mr. Hyatt again prosecuted it to a final action dated February 17, 2005, and again appealed that final action on August 17, 2005.

55. The PTO did not allow this appeal to get to the Appeal Board for a decision. Instead the PTO again reopened prosecution on August 31, 2005, Mr. Hyatt again prosecuted this patent application to a final action dated April 24, 2007, and again appealed it on October 24, 2007. Again, the PTO did not allow the appeal to get to the Appeal Board for a decision. Instead the PTO again reopened prosecution when the patent examiner issued an action dated March 11, 2008. Mr. Hyatt again appealed it on September 10, 2008 and he filed an appeal brief on December 8, 2008. The patent examiner did not file an answer; instead the PTO immediately suspended action on the appeal with a formal suspension dated December 30, 2008. Mr. Hyatt

filed a "Petition For An Examiner's Answer" on March 30, 2009, which the PTO summarily dismissed. The PTO generated in succession three more formal suspensions dated September 25, 2009, December 22, 2010, and August 16, 2011. Mr. Hyatt has not received an examiner's answer, much less an Appeal Board decision, in the more than five years since he filed the appeal brief on December 8, 2008.

56. Unless this Court intervenes, the PTO will continue to delay adjudication of this patent application. Furthermore, even if the PTO does take action on this appeal, its recent conduct with respect to other patent applications of Mr. Hyatt indicates that it will do so in a manner that denies Mr. Hyatt a final determination on the merits and leads instead to further interminable delays absent a specific order by this Court.

FIRST CLAIM FOR RELIEF

5 U.S.C. § 706(1)

57. All preceding paragraphs are repeated, realleged, and incorporated.

58. The PTO has failed to provide a final resolution of Mr. Hyatt's patent application Docket No. 104, which has been pending before the agency since 1971.

59. Mr. Hyatt has diligently prosecuted patent application Docket No. 104 in good faith and in accordance with the PTO's procedures.

60. The PTO's delay is unreasonable under 5 U.S.C. § 706(1).

61. It has been necessary for Mr. Hyatt to hire attorneys and incur expenses in the prosecution of this claim, which should be recovered.

SECOND CLAIM FOR RELIEF

5 U.S.C. § 706(1)

62. All preceding paragraphs are repeated, realleged, and incorporated.

63. The PTO has failed to provide a final resolution of Mr. Hyatt's patent application Docket No. 112, which has been pending before the agency since 1972.

64. Mr. Hyatt has diligently prosecuted patent application Docket No. 112 in good faith and in accordance with the PTO's procedures.

65. The PTO's delay is unreasonable under 5 U.S.C. § 706(1).

66. It has been necessary for Mr. Hyatt to hire attorneys and incur expenses in the prosecution of this claim, which should be recovered.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff Hyatt requests as relief an order of this Court:

A. Declaring that Defendants have unreasonably delayed in processing Mr. Hyatt's patent applications;

B. Directing Defendants to issue a final decision from the Appeal Board in patent application Docket No. 104 within three months. Mr. Hyatt respectfully requests the Court to order the PTO not to vacate the appeal or otherwise delay final resolution on the merits of the appeal as presented to the Appeal Board in 1990.

C. Directing Defendants to issue a final decision from the Appeal Board in patent application Docket No. 112 within three months. Mr. Hyatt respectfully requests the Court to order the PTO not to vacate the appeal or otherwise delay final resolution on the merits of the appeal as presented to the Appeal Board in 2008.

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D. Awarding Mr. Hyatt his reasonable costs, fees, and attorneys' fees incurred in bringing this action; and

E. Granting Mr. Hyatt such other legal and equitable relief as the Court deems just and proper.

Date: January 3, 2014

Respectfully submitted,

/s/JOSEPH S. KISTLER

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