

**UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE UNDER SECRETARY OF COMMERCE
FOR INTELLECTUAL PROPERTY AND DIRECTOR OF THE
UNITED STATES PATENT AND TRADEMARK OFFICE**

HARRY I. MOATZ,

**Director, Office of
Enrollment and Discipline,**

v.

Petitioner

Decision on Petition for Review
Under 37 C.F.R. § 11.2(d)

MEMORANDUM AND ORDER

, Petitioner, seeks review of the final decision of the Director of the Office of Enrollment and Discipline ("OED Director") entered on December 3, 2008. In that decision, the OED Director held that Petitioner failed to satisfy the requirements for waiver of the patent practitioner's registration examination, and denied the petition for waiver of the examination. For the reasons stated below, the OED Director's decision is **AFFIRMED**.

I. BACKGROUND AND PROCEDURAL HISTORY

In , Petitioner began employment as a patent examiner at the United States Patent and Trademark Office. Petitioner held that position for approximately years. In Fiscal Year , Petitioner issued 40 notices of allowance, seven of which contained clear errors. This resulted in an 18% error rate. Therefore, on , Petitioner received an Oral Warning regarding the quality performance element patentability. Petitioner was notified that the 18% error rate was unacceptable, and he was warned that he must achieve at

least a marginal rating in this element (requiring an error rate not to exceed 7%). Petitioner's rating for the following fiscal year in the quality performance elements was fully successful. However, Petitioner's performance subsequently deteriorated and his patentability rating fell to marginal in Fiscal Year . In this fiscal year, Petitioner issued five notices of allowance, one of which was error, resulting in a 20% error rate. Petitioner separated from the United States Patent and Trademark Office on . 2008.

Thereafter, Petitioner submitted to the OED Director an *Application for Registration to Practice before the United States Patent and Trademark Office* dated June 9, 2008, including a request to waive the registration examination pursuant to 37 C.F.R. § 11.7(d)(2). Under 37 C.F.R. § 11.7(d)(2), the OED Director may waive the requirement of examination for a former examiner who, by July 26, 2004, had actively served at least four years in the patent examining corps, and was serving in the corps at the time of separation if the examiner was rated at least fully successful in each quality performance element of his performance plan for the last two complete fiscal years as an examiner, and was not under an oral or written warning regarding the quality performance elements at the time of separation from the patent examining corps. By letter dated July 21, 2008, the Office of Enrollment and Discipline notified Petitioner that he did not meet the requirements for waiver of the examination because he was not rated at least fully successful in each quality performance element of his performance plan for the last two complete fiscal years as a patent examiner.

Petitioner petitioned the OED Director to review this determination pursuant to 37 C.F.R. § 11.2(c) by letter dated September 16, 2008. Petitioner argued that the waiver should be granted because: (1) one error is not cause for a patent examiner to fail the full signatory program; and (2) the single error was not a life or death decision, therefore the unacceptable

performance rating was an improper standard. Petitioner also explained that he did not contest the marginal rating in patentability because an adjustment would not have affected the overall marginal rating due to other marginal ratings in production and workflow.

On December 3, 2008, the OED Director denied the petition for waiver of the examination. The OED Director held that Petitioner did not meet the requirements for waiver because Petitioner was not rated fully successful in the quality elements in his last two complete performance appraisal plans. Rather, Petitioner was rated marginal in patentability in Fiscal Year . The OED Director also determined that the facts and circumstances of this case did not warrant suspension or waiver of the rules pursuant to 37 C.F.R. § 11.3. The OED Director found that the circumstances herein were not an “extraordinary situation,” pointing out that Petitioner’s error rate was the product of Petitioner’s own efforts, and the patentability rating in Fiscal Year was not a single occurrence.

II. Legal Standards

A. Review of OED Director’s Final Decision.

An individual dissatisfied with the final decision of the OED Director regarding enrollment or recognition may petition the USPTO Director for review. 37 C.F.R. § 11.2(d). The petition must be accompanied by the appropriate fee. *See* 37 C.F.R. § 1.21(a)(5)(ii).

B. Suspension of the Rules.

In an extraordinary situation, when justice requires, any requirement of the regulations of 37 C.F.R. Part 11 which is not a requirement of statute may be suspended or waived by the

USPTO Director or the designee of the USPTO Director, *sua sponte*, or on petition by any party.

37 C.F.R. § 11.3(a).

C. Waiver of Registration Examination for Former Office Employees.

The USPTO Director:

may require [agents, attorneys, or other persons representing applicants], before being recognized as representatives of applicants or other persons, to show that they . . . are possessed of the necessary qualifications to render to applicants . . . valuable service, advice, and assistance in the presentation or prosecution of their applications or other business before the Office.

35 U.S.C. § 2(b)(2)(D).

Pursuant to this authority, no individual will be registered to practice before the Office unless it is established to the satisfaction of the OED Director that he or she, *inter alia*, possesses the legal, scientific, and technical qualifications necessary to enable him or her to render applicants for patents valuable service. 37 C.F.R. § 11.7(a)(2).

An applicant for registration must demonstrate the necessary legal and competence qualifications by taking and passing the registration examination, unless this requirement is waived. 37 C.F.R. § 11.7(b)(1)(ii).

The OED Director may waive the registration examination requirement for a former patent examiner who, by July 26, 2004, had actively served at least four years in the patent examining corps, and was serving in the corps at the time of his separation if the former patent examiner:

- (1) Was rated at least fully successful in each quality performance element of his or her performance plan for the last two complete fiscal years as a patent examiner in the Office; and
- (2) Was not under an oral or written warning regarding the quality performance elements at the time of separation from the patent examining corps.

37 C.F.R. §§ 11.7(d)(2)(i)-(iii).

III. Analysis

A. Waiver of Registration Examination.

Waiver of the registration examination is not automatic. *See* 37 C.F.R. § 11.7(d)(2); 69 Fed. Reg. 35,428, 35,438 (USPTO, June 24, 2004) (explaining that waiver is in the discretion of the OED Director, and changing the word “could” to “may” in the regulation); *Leeds v. Mosbacher*, 732 F. Supp. 198 (D.D.C. 1990) (upholding Commissioner’s refusal to waive examination for former patent examiner), *aff’d.*, 918 F.2d 185 (Fed. Cir. 1990), *cert. denied*, 498 U.S. 983 (1990).

Petitioner has not satisfied the regulatory criteria for waiver of the examination because he was not rated at least fully successful in each quality performance element of his performance plan for the last two complete fiscal years as a patent examiner. *See* 37 C.F.R. § 11.7(d)(2)(ii). As noted above, Petitioner’s last complete performance appraisal resulted in a marginal rating in the quality element patentability. The record indicates, and Petitioner admits, that he did not contest this rating or the facts supporting the rating.

Moreover, Petitioner demonstrated consistent difficulty performing in this element. In Fiscal Year , Petitioner was issued an Oral Warning due to an unacceptable 18% error rate. Although Petitioner subsequently improved, this improvement was temporary. This variable pattern from to demonstrates that Petitioner failed to remedy his patentability deficiencies. In fact, there is nothing in the record to show that Petitioner’s patentability skills improved from the marginal level in . Instead, Petitioner resigned as a patent examiner, effective 2008. In sum, Petitioner has not shown satisfactory patent prosecution skills after the marginal rating he received in .

Accordingly, given the performance deficiencies occurring prior to Petitioner's resignation and his failure to cure such deficiencies, the OED Director was reasonable in denying the request to waive the examination, and requiring Petitioner to demonstrate he possesses the necessary legal qualifications for registration by taking and passing the examination.

Petitioner argues that the examination waiver should not have been denied because: (1) one error is not the standard to deny a patent examiner full signatory authority; and (2) a single error, if not made in a life or death situation, is an improper standard to rate performance as unacceptable. As the OED Director stated, neither of these is the standard for waiver of the requirement to take the examination. The standard is set forth in the regulation, *see* 37 C.F.R. § 11.7(d)(2), and Petitioner does not meet it.

Petitioner further argues that the OED Director erroneously considered Petitioner's Fiscal Year performance rating. Contrary to this assertion, the OED Director considered Petitioner's performance in the patentability element as evidenced by an oral warning, rather than the complete fiscal year performance appraisal. Inasmuch as the OED Director must be satisfied that applicants possess the necessary legal, scientific, and technical qualifications, and waiver of the examination is within the OED Director's discretion, it is appropriate to consider all matters in the record that bear on whether Petitioner possesses the qualifications to render patent applicants and others valuable service in the preparation and prosecution of patent applications. Furthermore, the OED Director limited his analysis in accordance with the regulation by considering the quality element ratings from Petitioner's last two complete performance plans, i.e., Fiscal Years [redacted] and [redacted], and only considered the [redacted] patentability rating to put Petitioner's deficiencies in context.

Petitioner also argues that the OED Director should not have relied upon the average number of allowances issued per examiner in his Art Unit for Fiscal Year . Petitioner asserts that the average of allowances is not relevant because all examiners had individual dockets, and the basis for the average is not revealed. The OED Director looked at the average only for purposes of evaluating Petitioner's own argument that the rate of error should be discounted because of the low number of allowances. The OED Director properly declined to disregard the error rate as Petitioner argued. As the OED Director noted, regardless of the number of allowances Petitioner issued, his error rate exceeded the maximum allowable error rate.

In his letter of September 16, 2008, Petitioner admits that he exceeded the maximum error rate above which an examiner is rated marginal. Petitioner also admits that he did not challenge the patentability ratings in or , or their specifics. Additionally, there is no evidence in the record to show why Petitioner's patentability deficiency is not an indication that Petitioner should be required to take and pass the registration examination because he lacks the comprehensive knowledge of patent law and procedure equivalent to that shown by passing the registration examination.

B. Waiver of 37 C.F.R. § 11.7(d)(2)(ii).

The OED Director correctly found that the circumstances do not warrant suspension of the rule requiring at least a fully successful rating in all quality elements from the last two performance evaluations in order to qualify for waiver of the examination. The standard to suspend or waive this rule is the existence of an "extraordinary situation, when justice requires," a very high standard. *See* 37 C.F.R. § 11.3(a). In fact, Section 11.7(d)(2)(iv), providing for

waiver of the criteria of this section upon a showing of good cause, was deleted in the Final Rule effective July 26, 2004. *See* 69 Fed. Reg. at 35,438. Rather, “[a]ny individuals believing the requirements of §§ 11.7(d)(1) or 11.7(d)(2) should be waived [could] avail themselves of the provisions of [new] § 11.3, which provides the standard for suspension of any requirement of the regulations in Part 11 that is not a requirement of statute.” *Id.* Therefore, Petitioner must establish an “extraordinary situation” to warrant waiver of the rule. Petitioner does not dispute the marginal rating or the basis for the rating. Further, Petitioner does not offer any explanation for his deficient performance or other circumstance that would warrant that the Agency’s general standards should not apply. Accordingly, Petitioner has not demonstrated that this is an extraordinary situation wherein justice requires waiver of the requirements set out in 37 C.F.R. § 11.7(d)(2).

IV. Conclusion

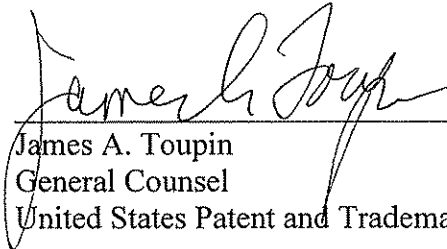
The OED Director considered the administrative record and properly determined that Petitioner does not satisfy the regulatory requirements for waiver of the registration examination. Petitioner’s arguments otherwise are unpersuasive and unsupported by the record. The Petition from the Final Decision of the OED Director is denied.

ORDER

Upon consideration of the Petition from the Final Decision of the OED Director under 37 C.F.R. § 11.2(d), it is ORDERED that the OED Director's decision is hereby **AFFIRMED**.

MAY 6 2009

Date


James A. Toupin
General Counsel
United States Patent and Trademark Office

on behalf of

John J. Doll

Acting Under Secretary of Commerce for
Intellectual Property and Acting Director of the
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