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UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA
SOUTHERN DIVISION

GILBERT P. HYATT and AMERICAN ASSOCIATION FOR EQUITABLE TREATMENT, INC., Plaintiffs, v. OFFICE OF MANAGEMENT AND BUDGET and SHAUN DONOVAN, in his official capacity as Director of the Office of Management and Budget, Defendants.	Case No: 2:16-cv-01944-JAD-GWF **DEFENDANTS' MOTION TO DISMISS**

Pursuant to Federal Rule of Civil Procedure 12(b)(1), Defendants, the Office of Management and Budget and Shaun Donovan, in his official capacity as Director of the Office of Management and Budget (collectively "OMB"), move to dismiss Plaintiffs' Complaint for lack of subject matter jurisdiction because judicial review of their claims is not available.

MEMORANDUM OF POINTS AND AUTHORITIES

INTRODUCTION

Plaintiffs, inventor Gilbert Hyatt and the American Association for Equitable Treatment, Inc. ("AAET"), take issue with three regulations of the U.S. Patent and Trademark Office ("PTO") under which Plaintiffs allege patent applicants are required to submit responsive information in applying for patents. OMB has stated that these PTO rules are not "collections of information" under the Paperwork Reduction Act ("PRA" or "Act"), and that the Act therefore does not apply to them. Plaintiffs disagree and in this action seek an order from this Court under the Administrative Procedure Act ("APA") that would require OMB to determine the opposite—that the PTO rules at issue are "collections of information" subject to the Act and that responses cannot be required without a valid OMB control number.

The basic premise of Plaintiffs' lawsuit—that PTO Rules 111, 115, and 116 are collections of information subject to the PRA—is incorrect. But this Court need not, and should not reach that question because Congress has foreclosed judicial review of claims, such as those Plaintiffs raise here, that seek to challenge determinations by OMB under the PRA not to act on collections of information contained in agency rules. In the alternative, Plaintiffs cannot obtain APA review because OMB's response to a request submitted by Plaintiff Hyatt is not final agency action, and that response is in any event committed to agency discretion by law.

The PRA is a complex statutory scheme under which OMB is responsible for, *inter alia*, coordinating with federal agencies to reduce unnecessary paperwork burdens imposed by the federal government on members of the public. When an agency seeks to collect information from the public, the PRA requires the agency to submit the proposed collection of information to OMB for review and approval. However, Congress has expressly precluded courts from reviewing any

decision by OMB either to approve or not act upon a collection of information that is contained in an agency rule. Because Plaintiffs claim that OMB has improperly failed to approve PTO Rules 111, 115, and 116 as valid collections of information—*i.e.*, that OMB has failed to act upon them even though they are collections of information—their claims are precluded from review.

In lieu of an independent cause of action against OMB, the PRA contains an existing mechanism for Plaintiffs, or any other affected person, to obtain review of any undue paperwork burden imposed by an agency in a collection of information, including whether the paperwork requirement is subject to the PRA. The Act's "public protection" provision allows any person to contest the validity of a collection of information when an agency seeks to impose a penalty on that person for failure to comply with the request. That structure makes sense because it allows the person to bring a challenge to a collection of information when the agency seeks to enforce it, rather than through an independent civil action challenging OMB's oversight role under the PRA.

Plaintiffs seek to avoid the procedure that was carefully crafted by Congress by asserting a right to APA review of OMB's response to a request for review submitted by Plaintiff Hyatt. However, even if review of that response were not foreclosed by the PRA, the response is not final agency action because it imposes no legal consequence on Plaintiffs and the substance of the response is in any event committed to OMB's discretion and not subject to review.

Because the APA does not permit judicial review of the sort Plaintiffs would have this Court undertake, their Complaint must be dismissed for lack of subject matter jurisdiction.

BACKGROUND

I. Statutory Background

The Paperwork Reduction Act, first enacted in 1980 and amended in 1986 and 1995, *see* 44 U.S.C. § 3501 *et seq.*, was intended, among other purposes, to reduce the paperwork burdens on the public associated with federal agencies' efforts to collect information. *See id.* § 3501(1). The PRA generally requires agencies that wish to collect certain information from members of the public to obtain approval from OMB of the specific "collections of information" they will use for this purpose. *Id.* § 3506(c). The Act establishes an interagency process under which an

agency proposing a collection of information must generally notify the public of the proposed collection and solicit comment, and then submit the proposed collection to OMB for review and approval. *Id.* § 3506(c)(2). OMB, with certain exceptions, then reviews the proposed collection concurrent with an additional opportunity for comment from the public or other agencies, and, if warranted, approves the agency's proposed collection of information for a period not to exceed three years and assigns it a "control number." *Id.* §§ 3507, 3508.

Notably, the PRA does not apply to every instance of an agency's attempt to obtain or solicit information from the public. Instead, the Act requires OMB approval only of "collection[s] of information," defined as follows:

> [T]he term ''collection of information''—(A) means the obtaining, causing to be obtained, soliciting, or requiring the disclosure to third parties or the public, of facts or opinions by or for an agency, regardless of form or format, calling for either—(i) answers to identical questions posed to, or identical reporting or recordkeeping requirements imposed on, ten or more persons, other than agencies, instrumentalities, or employees of the United States; or (ii) answers to questions posed to agencies, instrumentalities, or employees of the United States which are to be used for general statistical purposes; and (B) shall not include a collection of information described under section 3518(c)(1)[.]

44 U.S.C. § 3502(3). OMB, pursuant to its statutory authority, has further promulgated regulations to define the scope of "information" and "collection of information" subject to the Act. *See* 5 C.F.R. § 1320.3(c) (defining "collection of information"); *id.* § 1320.3(h) (defining "information"). OMB has defined the term "information"—on which the phrase "collection of information" in turn depends—generally to mean "any statement or estimate of fact or opinion, regardless of form or format, whether in numerical, graphic, or narrative form, and whether oral or maintained on paper, electronic or other media." *Id.* § 1320.3(h). OMB regulations also enumerate ten categories of items which do not generally constitute "information," *see id.* § 1320.3(h)(1)-(10), and provide that "OMB may determine that any specific item constitutes 'information,'" *id.* § 1320.3. Thus, if an agency does not seek "information" as defined by OMB regulations, its demand to the public is not a "collection of information" subject to the PRA.

As a mechanism to enforce the PRA, Congress included a "public protection" provision. *See* 44 U.S.C. § 3512. Section 3512 provides:

> Notwithstanding any other provision of law, no person shall be subject to any penalty for failing to comply with a collection of information that is subject to [the PRA] if (1) the collection of information does not display a valid control number assigned by the [OMB] Director in accordance with this subchapter; or (2) the agency fails to inform the person who is to respond to the collection of information that such person is not required to respond to the collection of information unless it displays a valid control number.

Id. § 3512(a). Congress authorized any person to assert this protection "in the form of a complete defense, bar, or otherwise at any time during the agency administrative process or judicial action applicable thereto." *Id.* § 3512(b). Thus, any person who believes that an agency's collection of information lacks a valid OMB control number may, without penalty, refuse to comply with that collection of information.

In addition, Congress amended the PRA in 1995 to include a procedure for OMB administrative review, under which any person "may request the [OMB] Director to review any collection of information conducted by or for an agency to determine, if, under [the PRA], a person shall maintain, provide, or disclose the information to or for the agency." 44 U.S.C. § 3517(b). Unless the request is frivolous, the PRA requires OMB to respond to the request and to "take appropriate remedial action, if necessary." *Id.* § 3517(b)(1)-(2).

II. U.S. Patent and Trademark Office Regulations

The U.S. Patent and Trademark Office is the federal agency responsible for issuing patents and registering trademarks. When an inventor applies for a patent, the PTO examines the application to determine whether the inventor is entitled to a patent and, if all legal requirements are met, issues the patent. 35 U.S.C. §§ 2(a)(1), 131. A patent application consists of a written description, which describes the invention, *id.* § 112, and one or more claims, which "provide[ ] the metes and bounds of the right which the patent confers on the patentee to exclude others," *Corning Glass Works v. Sumitomo Elec. U.S.A., Inc.*, 868 F.2d 1251, 1257 (Fed. Cir. 1989). Once

a patent application has been submitted, patent examination generally consists of a back-and-forth between the patent examiner and the applicant. The examiner initially looks at each proposed claim and reviews it for novelty, support in the written description, and compliance with the statutory patentability requirements and related PTO rules. *See, e.g.*, 35 U.S.C. §§ 101, 102, 103, 112. In some cases, where the novelty of the claims is self-evident and the claims well-described in the application, very little back-and-forth may be required. In other cases, examination may take a long time, with many iterations back and forth. The PTO's regulations thus allow the applicant to submit, and the PTO to solicit, additional information pertinent to the application. Relevant to this case are three PTO regulations—known here as Rules 111, 115, and 116 (the "PTO Rules")—which concern an applicant's amendment of his or her application before the PTO takes any action on it (Rule 115); an applicant's amendment of the application or submission of evidence in response to a final PTO action on the application (Rule 116); and an applicant's responses to a nonfinal PTO action, either pointing out the supposed errors in the action, amending the application, or both (Rule 111).

Rule 115, set forth at 37 C.F.R. § 1.115, allows an applicant to submit to the PTO an amendment to his or her patent application, so long as it is received on or before the mail date of the first PTO action on the application. 37 C.F.R. § 1.115(a). An applicant may, for example, amend his claims to make them narrower and thus less likely to be rejected based on other existing inventions. Or he may amend his claims to conform with his patent applications covering the same invention in other countries.

Rule 111, set forth at 37 C.F.R. § 1.111, applies in the event that the PTO takes an adverse action after its initial examination of the application, for example rejecting the applicant's proposed claims for not being novel under 35 U.S.C. § 102 because the same invention was previously disclosed in an existing reference. In that circumstance, the applicant, in order to continue with the application process, must reply to the PTO's action and request either reconsideration or further examination. 37 C.F.R. § 1.111(a)(1). The applicant's reply must "distinctly and specifically poin[t] out the supposed errors in the examiner's action and must reply

to every ground of objection and rejection in the prior [PTO] action." *Id.* § 1.111(b). The reply must also "present arguments pointing out the specific distinctions believed to render the claims, including any newly presented claims, patentable over any applied references." *Id.*

Rule 116, set forth at 37 C.F.R. § 1.116, allows an applicant who has received a final rejection or other final action on his or her application to submit to the PTO certain amendments and evidence. 37 C.F.R. § 1.116(b), (e). Pursuant to Rule 116, the applicant may amend to cancel claims, amend to comply with any requirement for form previously set by the PTO, amend to present rejected claims in better form for appeal, or, upon showing good cause, amend in a way that affects the merits of the application. *Id.* § 1.116(b)(1)-(3).

Each of the PTO Rules was promulgated pursuant to notice-and-comment rulemaking and in accordance with the APA. *See* 46 Fed. Reg. 29,176, 29,182 (May 29, 1981) (Rule 111), as amended at 62 Fed. Reg. 53,132, 53,192 (Oct. 10, 1997), 70 Fed. Reg. 3880, 3891 (Jan. 27, 2005); 69 Fed. Reg. 56,482, 56,543 (Sept. 21, 2004) (Rule 115); 69 Fed. Reg. 49,960, 49,999 (Aug. 12, 2004) (Rule 116).

III. Plaintiffs' Allegations

Plaintiffs filed their Complaint on August 16, 2016 [Compl., ECF No. 1], and the following summary is drawn from the factual allegations of the Complaint, assuming them to be true for purposes of this Motion only. Plaintiff Hyatt is an inventor who has submitted numerous patent applications to the PTO for examination. Compl. ¶ 8. Plaintiff AAET is a non-profit organization founded in 2016 to promote "fair, efficient, and effective" administration of the Patent Act. *Id.* ¶ 9. Plaintiff Hyatt alleges that in connection with his patent applications, the PTO in 2013 "imposed requirements for information collection and disclosure," including responses pursuant to Rules 111, 115, and 116. *Id.* ¶ 15.

On August 1, 2013, Mr. Hyatt submitted a request to OMB pursuant to 44 U.S.C. § 3517(b) (the "§ 3517 request") requesting review of what he alleged to be "collections of information" contained in Rules 111, 115, and 116. *Id.* ¶ 16; *id.*, Att. 1. On September 13, 2013, OMB responded to Plaintiff Hyatt's § 3517 request. *Id.* ¶ 18. In its response, OMB explained

that Rules 111, 115, and 116 are not subject to the PRA "because what is collected [under Rules 111, 115, and 116] is not considered 'information'" under OMB regulations, and those Rules are therefore not "collections of information." *Id.*, Att. 3. OMB explained that what is collected under those Rules falls within three independent exceptions to "information" that are set forth in OMB regulations. *Id.* (citing 5 C.F.R. § 1320.3(h)(1), (6), (9)).

Plaintiffs also attach to, and reference throughout, their Complaint OMB's July 31, 2013 Notice of Action on a number of collections of information submitted by the PTO for review on January 28, 2013. *Id.* ¶¶ 19, 76; *id.*, Atts. 4, 5. In addition to the various collections of information that the PTO submitted for approval to OMB pursuant to its PRA obligations, the PTO also included Rules 111, 115, and 116, referring to them as "Amendments and responses." *Id.*, Att. 5 at 3. In the Notice of Action, OMB expressly noted that the "Amendments and Responses"—*i.e.*, Rules 111, 115, and 116—are "items not subject to the Paperwork Reduction Act." *Id.*, Ex. 4.

Plaintiffs advance two claims for relief. First, Plaintiffs contend that OMB's response to Plaintiff Hyatt's § 3517 request was contrary to law under § 706(2) of the APA. *Id.* ¶¶ 69-73. Second, Plaintiffs contend that OMB's Notice of Action was contrary to law insofar as OMB determined that the PRA does not apply to PTO Rules 111, 115, and 116. *Id.* ¶¶ 74-80. In essence, Plaintiffs contend that OMB has failed to approve the PTO Rules as collections of information and that they are therefore invalid and do not require any response when issued by the PTO.

Plaintiffs seek a judicial declaration that OMB's September 13, 2013 response to the Petition and July 31, 2013 Notice of Action were unlawful under the PRA and APA, and a declaration that Rules 111, 115, and 116 are subject to the PRA. Compl. at 17, Prayer ¶¶ A-C. Plaintiffs also seek an injunction vacating OMB's response and Notice of Action. *Id.* ¶¶ D-E. Finally, purporting to proceed on behalf of non-party patent applicants, Plaintiffs seek a judicial declaration that persons who would otherwise submit information to the PTO under Rules 111, 115, and 116 "are not required to do so." *Id.* ¶ F.

LEGAL STANDARD

OMB seeks dismissal of Plaintiffs' Complaint for lack of subject matter jurisdiction pursuant to Rule 12(b)(1) of the Federal Rules of Civil Procedure. Defendants' argument that judicial review is precluded under § 701(a) of the APA is a challenge to the Court's subject matter jurisdiction, *see Gallo Cattle Co. v. U.S. Dep't of Agric.*, 159 F.3d 1194, 1198 (9th Cir. 1998), as is their alternative argument that OMB's response to the § 3517 request is not final agency action *see City of San Diego v. Whitman*, 242 F.3d 1097, 1102 (9th Cir. 2001). "[T]he party invoking federal jurisdiction bears the burden of establishing its existence." *Steel Co. v. Citizens for a Better Env't*, 523 U.S. 83, 104 (1998). This Court must determine whether it has subject matter jurisdiction before addressing the merits of the complaint, *see id.* at 93-95, and should "presume that [it] lack[s] jurisdiction unless the contrary appears affirmatively from the record," *Renne v. Geary*, 501 U.S. 312, 316 (1991) (citations and quotation marks omitted).

ARGUMENT

Although the essential premise of Plaintiffs' lawsuit—that PTO Rules 111, 115, and 116 are collections of information subject to the PRA—is incorrect, that question is not properly before the Court. The PRA itself does not authorize a private right of action, and Plaintiffs cannot proceed under the APA when the underlying statute precludes judicial review. 5 U.S.C. § 701(a)(1). In the PRA, Congress expressly precluded courts from reviewing any decision by OMB either "to approve or not act upon a collection of information contained in an agency rule." 44 U.S.C. 3507(d)(6). There is no dispute that Rules 111, 115, and 116 are contained in final PTO rules that underwent notice-and-comment rulemaking. Thus, even crediting Plaintiffs' (incorrect) assumption that these Rules are collections of information subject to the PRA, the court is precluded from reviewing OMB's decision not to approve them as such.

Instead, Congress in the PRA has provided a dedicated mechanism for members of the public to dispute paperwork burdens by asserting a defense—the public protection provision, 44 U.S.C. § 3512—in administrative or judicial proceedings when an individual fails to comply with a collection of information requirement. That provision is further evidence of congressional intent

not to allow the sort of affirmative lawsuit brought by Plaintiffs here to force judicial review of OMB actions.

Plaintiffs cannot evade the preclusion of judicial review by seeking to challenge OMB's response to Plaintiff Hyatt's § 3517 request. Plaintiffs suffer no legal consequence from OMB's response and it therefore does not amount to final agency action under the APA. Indeed, OMB has taken no action against Plaintiffs. If Plaintiffs have a dispute, it is with the PTO to the extent that the PTO has imposed any penalty against Plaintiff Hyatt for a failure to comply with the purported collections of information at issue in this case. Moreover, Congress left it to OMB's discretion whether and how to respond to a § 3517 request, including whether any remedial action was necessary and, if so, what remedy to provide. Plaintiffs cannot obtain judicial review under the APA of decisions that are committed to agency discretion by law. 5 U.S.C. § 701(a)(2). Plaintiffs' Complaint should be dismissed with prejudice for lack of subject matter jurisdiction.

I. THERE IS NO PRIVATE RIGHT OF ACTION UNDER THE PAPERWORK REDUCTION ACT.

Courts have made clear that the PRA "does not authorize a private right of action" against the government, and that it instead only "authorizes its protections to be used *as a defense*" when an agency seeks to apply an allegedly invalid collection of information. *Sutton v. Providence St. Joseph Med. Ctr.*, 192 F.3d 826, 844 (9th Cir. 1999). The public protection provision, 44 U.S.C. § 3512, expressly prohibits agencies from imposing any penalty for failure to comply with a collection of information that lacks a valid OMB control number, and provides a defense that may be asserted against the government during either the administrative process or in judicial proceedings. *See Util. Air Regulatory Grp. v. EPA*, 744 F.3d 741, 750 n.6 (D.C. Cir. 2014) ("[A] violation of the Paperwork Reduction Act does not afford an independent cause of action; it merely serves as a defense to an enforcement action."); *Smith v. United States*, No. 08-10288, 2008 WL 5069783, at *1 (5th Cir. Dec. 2, 2008) ("The Paperwork Reduction Act provides a defense to administrative or judicial enforcement actions, but does not create a private right of action for alleged violations of the statute."). Accordingly, while a person may attempt "to use the PRA as a shield against [a] penalty that [an agency] has imposed on it," he cannot use it as "a

sword to persuade the Court to find the [agency] in violation of the PRA." *Alegent Health-Immanuel Med. Ctr. v. Sebelius*, 34 F. Supp. 3d 160, 170 (D.D.C. 2014) (citing *Sutton*, 192 F.3d at 844). And the fact that a plaintiff chooses to sue OMB in lieu of, or in addition to, the allegedly offending agency, does not alter this conclusion. *See Tozzi v. EPA*, 148 F. Supp. 2d 35, 43 (D.D.C. 2001) (concluding, in case brought against both OMB and EPA, "that there is not a private right of action under the PRA"). As these cases makes clear, Plaintiffs cannot bring an action against OMB for an alleged violation of the PRA.

II. THE PAPERWORK REDUCTION ACT PRECLUDES JUDICIAL REVIEW OF THE OMB ACTIONS CHALLENGED BY PLAINTIFFS UNDER THE APA.

Notwithstanding the lack of a private right of action under the PRA, Plaintiffs seek to obtain judicial review of OMB decisions under the Administrative Procedure Act. Yet when "statutes preclude judicial review," the APA does not apply, 5 U.S.C. § 701(a)(1), and courts lack jurisdiction to entertain an APA claim, *Adams v. FAA*, 1 F.3d 955, 956 (9th Cir. 1993). As the Supreme Court has explained, whether and to what extent a statute precludes judicial review under § 701(a)(1) "is determined not only from its express language, but also from the structure of the statutory scheme, its objectives, its legislative history, and the nature of the administrative action involved." *Block v. Cmty. Nutrition Inst.*, 467 U.S. 340, 345 (1984). Review is precluded if there is "clear and convincing evidence of legislative intention to preclude review." *Japan Whaling Ass'n v. Am. Cetacean Soc'y*, 478 U.S. 221, 230 n.4 (1986); *Block*, 467 U.S. at 349, 350-51 (explaining that evidence of intent to preclude review need not exist in the "strict evidentiary sense," but need merely be "fairly discernible in the statutory scheme").

Plaintiffs' APA claims cannot proceed because the PRA contains an express preclusion of judicial review of any decision by OMB either "to approve or not act upon a collection of information contained in an agency rule." 44 U.S.C. § 3507(d)(6). Since each of Rules 111, 115, and 116 are indisputably "contained in" PTO rules, no judicial review of OMB's alleged failure to approve them is available. Congress instead intended for any challenge to the alleged paperwork burdens imposed by agency rules to be asserted either in the administrative process when they are enforced by the relevant agency, or in judicial review of the final agency action

that results from that administrative process.[1] *See Franklin v. Massachusetts*, 505 U.S. 788, 820 n.21 (1992) (intent to preclude review under § 701(a)(1) may be evinced by the "existence of an alternative review procedure"). The APA does not permit review of Plaintiffs' purported challenges, and their Complaint must be dismissed for lack of subject matter jurisdiction.

A. In § 3507(d)(6) of the PRA, Congress precluded judicial review of Plaintiffs' claims.

The language of section 3507(d)(6) is clear and direct: "The decision by the [OMB] Director to approve or not act upon a collection of information contained in an agency rule shall not be subject to judicial review." 44 U.S.C. § 3507(d)(6). Plaintiffs concede that the alleged collections of information they challenge are "contained in an agency rule."[2] *See* Compl. ¶¶ 34, 36, 38, 40-44. And there can be no dispute that, in this lawsuit Plaintiffs seek to challenge OMB's decision to "not act upon" these alleged collections of information. In their Complaint, Plaintiffs claim that "[t]he collections of information contained in Rules 111, 115, and 116 *have not been approved* by OMB [and] *have not been assigned* OMB Control Numbers." *Id.* ¶ 44 (emphases added); *see also id.* ¶ 4 (alleging that the PTO Rules "have not been approved by OMB and assigned valid OMB Control Numbers"); *id.* ¶ 5 ("OMB has failed to scrutinize the collections of information contained with rules of general applicability promulgated by the PTO . . . ."); *id.* ¶ 72 (alleging that the PTO Rules "have never been reviewed for PRA compliance and approved or disapproved by [OMB]"). And the relief they seek would include vacatur of OMB's decision on Plaintiff Hyatt's request for review as well as vacatur of OMB's 2013 Notice of Action, both of which were decision to "not act upon" the alleged collections. Compl. at 17, Prayer ¶¶ D, E.

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[1] Members of the public are also entitled to submit comments on the alleged paperwork burdens imposed by collections of information during the OMB review process. *See* 44 U.S.C. § 3506(c)(2)(A), (B).

[2] Nor could Plaintiffs contend otherwise in light of the fact that Rules 111, 115, and 116 were all issued as final agency rules following notice-and-comment rulemaking. For the rulemaking history of Rule 111, *see* 46 Fed. Reg. 29,176, 29,182 (May 29, 1981), as amended at 62 Fed. Reg. 53,132, 53,192 (Oct. 10, 1997); 65 Fed. Reg. 54,604, 54,672 (Sept. 8, 2000); 69 Fed. Reg. 56,482, 56,542 (Sept. 21, 2004); 70 Fed. Reg. 3880, 3891 (Jan. 27, 2005). For Rule 115, *see* 69 Fed. Reg. 56,482, 56,543 (Sept. 21, 2004). And for Rule 116, *see* 69 Fed. Reg. 49,960, 49,999 (Aug. 12, 2004).

Plaintiffs' claims fall squarely within §3507(d)(6)'s express bar on judicial review. Their complaint that OMB has improperly failed to approve the alleged collections of information is a "decision by the [OMB] Director to . . . not act upon a collection of information contained in an agency rule." 44 U.S.C. § 3507(d)(6). As the district court in *Tozzi v. EPA*, the lone decision to have applied this provision, concluded, section 3507(d)(6) "is nothing less than an explicit statement of clear Congressional intent that, under the PRA, OMB . . . approval decisions are unequivocally not subject to judicial review." 148 F. Supp. 2d at 48. Although *Tozzi* involved a decision by OMB to approve an agency's proposed collection of information, the bar applies with equal force to the situation at hand here, where Plaintiffs allege that OMB has "not act[ed] upon" a collection of information contained in an agency rule. 44 U.S.C. § 3507(d)(6).[3] Indeed, the court in *Tozzi* found § 3507(d)(6) to warrant "double deference" under principles of sovereign immunity and *Chevron* deference. 148 F. Supp. 2d at 48 (citing *Chevron, U.S.A., Inc. v. Nat. Res. Def. Council*, 467 U.S. 837 (1984)).

Other authorities confirm that Plaintiffs' claims cannot survive the preclusive effect of § 3507(d)(6). This judicial review bar has been part of the PRA since its enactment. (Originally codified at 44 U.S.C. § 3504(h)(9), the provision was moved to § 3507(d)(6) when Congress amended the Act in 1995.) It was added as part of an amendment by Senator Kennedy to curtail OMB's ability to overturn substantive agency regulations through action under the PRA. 126 Cong. Rec. 30,177-179 (Nov. 19, 1980) (Sen. Kennedy). As members in both the Senate and the

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[3] This case thus differs from a situation beyond the scope of § 3507(d)(6)—when OMB has *disapproved* a proposed collection of information contained in agency rule. *See Dole v. United Steelworkers of Am.*, 494 U.S. 26, 31, 43 (1990) (affirming lower court decision that "OMB lacked authority under the Paperwork Reduction Act to disapprove the [disputed] provisions"); *see also Ass'n of Am. Physicians & Surgeons, Inc. v. Dep't of Health & Human Servs.*, 224 F. Supp. 2d 1115, 1129 n.11 (S.D. Tex. 2002) (distinguishing *Dole* because it involved challenge to OMB's "authority to disapprove provisions . . . under the PRA"); *Tozzi*, 148 F. Supp. 2d at 45 (applying § 3507(d)(6) judicial review bar to OMB decision to approve and rejecting argument under *Dole*).

The *Tozzi* opinion uses the term "information collection request" or "ICR" as synonymous with "collection of information," which appears in the statutory text of § 3507(d)(6). The use of "ICR" appears to be an artifact from a version of the PRA that predated the court's opinion.

House confirmed, the principal effect of the judicial review bar was to render OMB decisions—other than decisions to disapprove—unreviewable in court. *See* 126 Cong. Rec 31,228 (Dec. 1, 1980) (Rep. Horton) (noting that "decisions by OMB under this provision are not reviewable in court" and that "this paragraph in effect forbids court challenge of any decision to pursue any of the options open to OMB"); 126 Cong. Rec. 34,237 (Dec. 15, 1980) (Sen. Kennedy) ("[W]hile no action for judicial review can be brought if OMB approves or fails to act on a rule, there is no bar to judicial review if an information collection requirement in a rule is disapproved by OMB."). And when Congress revised the PRA in 1995, moving the judicial review bar to § 3507(d)(6), it made clear that an OMB decision "to approve or not act upon a collection of information in an agency rule is not subject to judicial review" and that "[n]o substantive change from existing section 3504(h)(9) is intended." H.R. REP. 104-37, 51, *reprinted in* 1995 U.S.C.C.A.N. 164, 214. This legislative history confirms that § 3507(d)(6) expressly precludes review of the APA claims Plaintiffs attempt to bring here. *Block*, 467 U.S. at 345 (noting that "[w]hether and to what extent a particular statute precludes judicial review" may be determined from "its legislative history").

Plaintiffs' attempt in paragraphs 64 through 67 of their Complaint to argue around § 3507(d)(6) is both telling and unavailing. *See* Compl. ¶¶ 64-67. It is telling as an explicit recognition of the preclusive effect of this provision and an implicit acknowledgment of the effect of this provision on Plaintiffs' claims. And it is unavailing because Plaintiffs' preemptive counterarguments are wholly without merit. They argue that the judicial review bar does not apply to responses to requests under § 3517(b). *Id.* ¶¶ 64-65, 67. But it would make little sense for Congress to preclude judicial review of OMB decisions not to approve in such plain terms, only to allow a plaintiff to then obtain review in roundabout fashion by way of a request under § 3517(b). Instead, as explained in more detail below, section 3517(b) commits to OMB's discretion how to respond to a request and, in any event, such responses are not final agency action reviewable under the APA. Plaintiffs also argue that § 3507(d)(6) does not apply because the PTO Rules did not undergo the procedures set forth in subsections (a)(1)(D), (b), and (d)(2) of § 3507. However, as the court in *Tozzi* concluded, section 3507(d)(6) bars claims for review of

OMB decisions regardless of whether the plaintiff also claims that an agency committed procedural PRA violations. 148 F. Supp. 2d at 47 (finding "not judicially reviewable" under § 3507(d)(6) a claim that "EPA failed to comply with procedural requirements of the PRA").

Of course, the reason that the PTO and OMB did not follow these procedures is that the PTO Rules are not in fact collections of information. But Plaintiffs' lawsuit, which seeks to require OMB to approve the collection before the PTO is permitted to collect the information at issue, *see* Compl. at 17, Prayer ¶ F, is premised on the assumption that they are. For Plaintiffs to prevail in this lawsuit and achieve the relief they seek, the Court would have to declare that the PTO Rules at issue constitute "collections of information" *and* hold that the burdens they impose are in turn invalid under the PRA. Such relief is no different from a court's review of an OMB decision not to act on a collection of information which an agency readily concedes is subject to the PRA. Permitting judicial review of Plaintiffs' claims would thus be inconsistent with Congress's intent to allow review of such issues when a collection is applied by an agency, rather than in affirmative suits against OMB for declaratory and injunctive relief.

B. The public protection provision further evinces congressional intent to preclude affirmative suits under the APA challenging OMB decisions.

The PRA's public protection provision is further evidence of Congress's intent to preclude review of Plaintiffs' APA claims. *See* 44 U.S.C. § 3512. This statutory provision provides that "no person shall be subject to any penalty for failing to comply with a collection of information that is subject to [the PRA]" if either (1) the collection does not display a valid OMB control number; or (2) the issuing agency fails to inform the person that he or she is not required to respond to the collection unless it displays a valid OMB control number. *Id.* Congress made clear that public protection "may be raised in the form of a complete defense, bar, or otherwise at any time during the agency administrative process or judicial action applicable thereto." *Id.*; *see Saco River Cellular v. FCC*, 133 F.3d 25, 30 (D.C. Cir. 1998) (explaining that § 3512 allows "any adversely affected person to raise PRA violations without limitation, so long as the administrative or judicial process in connection with a particular license or with a particular application continues" (quotation omitted)).

Rather than allowing affirmative APA challenges to OMB actions, Congress enacted § 3512 to provide a mechanism for individuals to obtain relief, including judicial relief, from improper paperwork burdens. The legislative history again confirms this intention. Characterizing the 1980 version of § 3512, as "an important limitation on the ability of any person to challenge the legitimacy of a request for information," the Act's main sponsor in the Senate stressed that by passing the PRA, Congress "[was] not seeking to reduce paperwork by creating judicial remedies for people who want to challenge paperwork requests they receive from the Federal Government." 126 Cong. Rec. 30,192 (Nov. 19, 1980) (Sen. Danforth); *see also* Pub. L. No. 96-511, § 2(a), 94 Stat. 2812, 2822 (Dec. 11, 1980). "Lawsuits which seek to challenge the necessity or burden of information collection requests cannot therefore be grounded on the provisions of this act." 126 Cong. Rec. 30,192 (Nov. 19, 1980) (Sen. Danforth). When Congress made certain technical amendments to § 3512 in 1995, it clarified, among other things, that the public protection defense may be asserted either at the administrative level or in the applicable judicial action. *See* Pub. L. No. 104-13, § 2, 109 Stat. 63, 181 (May 22, 1995), *as amended by* Pub. L. No. 106-398, § 1114 Stat. 1654, 1654A-275 (Oct. 30, 2000). The House Report recognized the proven effectiveness of this provision in protecting individuals from undue paperwork burdens: "Court decisions have affirmed that the section's intended protection can be asserted effectively in empowering members of the public to defend themselves against unapproved collections of information which are subject to the Act." H.R. REP. 104-37, 54, *reprinted in* 1995 U.S.C.C.A.N. 164, 217. Rather than permit civil actions against OMB by those who disagree with a particular decision taken under the PRA, Congress opted to protect them at the juncture where they are most likely to suffer harm from an agency's noncompliance—when the agency seeks to impose a penalty on the person.

Congress intended for a person against whom action is taken based on his or her failure to comply with a collection request to retain the option to litigate the validity of that action. *See, e.g., United States v. Smith*, 866 F.2d 1092, 1099 (9th Cir. 1989) (reversing criminal convictions for failure to file a required permit on § 3512 grounds when filing requirement failed to display a

valid OMB control number); *United States v. Hatch*, 919 F.2d 1394, 1397–98 (9th Cir. 1990) (same). Moreover, at least one court has held that "the expansive language" of the PRA allows a plaintiff to raise a PRA objection even "after information has been submitted." *Ctr. for Auto Safety v. Nat'l Highway Traffic Safety Admin.*, 244 F.3d 144, 150 (D.C. Cir. 2001). The remedy Congress has provided for alleged violations of the PRA is a public protection defense to invalid collection requests, and not a freestanding cause of action to contest decisions by OMB or federal agencies.

Plaintiffs cannot subvert this congressional design by attempting to use the APA to bring an affirmative challenge to OMB's decisions under the PRA. Instead, Plaintiffs, just like any other individual subject to Rules 111, 115, or 116, may seek to challenge the alleged paperwork burdens imposed by these Rules in either the patent application proceeding before the PTO or, if necessary, in an ensuing judicial appeal of a PTO decision on the application.[4] *Sutton*, 192 F.3d at 844; *Springer v. IRS*, 231 F. App'x 793, 799 (10th Cir. 2007). Such a judicial appeal includes an appeal to the Federal Circuit or a district court of a final agency action on the application, 35 U.S.C. §§ 141, 145, or, if Plaintiff Hyatt chooses not to respond to an office action, a suit to overcome the abandonment of his application by the PTO, *Star Fruits S.N.C. v. United States*, 393 F.3d 1277, 1284 (Fed. Cir. 2005) (affirming PTO Director's determination that applicant had abandoned patent application by refusing to respond to examiner's request for information).

Section 3512, read in context with § 3507(d)(6)'s bar on judicial review, evinces Congress's intent to preclude judicial review of APA challenges to OMB's PRA decisions. Rather than allow for affirmative civil actions seeking declaratory judgments to prevent collections of information, Congress authorized members of the public to assert PRA protection

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[4] For instance, to the extent any of the PTO Rules are applied against him, Plaintiff Hyatt may freely assert a public protection defense in the course of his patent application proceedings in the PTO, *see* Compl. ¶ 15. And, to the extent he obtains a final decision on any of those applications, he may seek to litigate whether the PRA applies to Rules 111, 115, and 116, through administrative appeal and in federal court. *See* 35 U.S.C. §§ 134, 141, 145. The public protection defense applies not only during PTO's "administrative process," but also during the "judicial action applicable thereto." 44 U.S.C. § 3512(b).

defensively by challenging paperwork burdens through the public protection provision. Courts have held that "the existence of [such] an alternative review procedure provide[s] 'clear and convincing evidence' of a legislative intent to preclude judicial review." *Franklin*, 505 U.S. at 820; *see also, e.g.*, *NLRB v. United Food & Commercial Workers Union, Local 23, AFL-CIO*, 484 U.S. 112, 130-33 (1987) (precluding review of purported APA challenge to unfair labor practice when National Labor Relations Act "exhaustively sets out the stages through which such charges may pass"); *Tutein v. Daley*, 43 F. Supp. 2d 113, 124 (D. Mass. 1999) (precluding APA challenge to Department of Commerce advisory guidelines when the Magnuson-Stevens Act sets forth an "elaborate and detailed administrative framework" for promulgating regulations and expressly allowing for judicial review).

Given the existence of the public protection provision, "[g]ranting [Plaintiffs] a legal remedy under the APA would impermissibly provide for duplicative review." *City of Oakland v. Lynch*, 798 F.3d 1159, 1165 (9th Cir. 2015), c*ert. denied*, 136 S. Ct. 1486 (2016). Plaintiffs, to the extent they seek to dispute paperwork burdens imposed Rules 111, 115, and 116 (or any other alleged collection of information) may do so by invoking § 3512, and this Court should not permit them to circumvent that limited remedy by suing under the APA.[5]

[5] Section 3512 also precludes Plaintiffs' APA claims for a different reason: it provides an adequate alternative remedy for Plaintiff Hyatt's alleged injuries (as discussed *infra*, Plaintiff AAET asserts no cognizable injury). *See* 5 U.S.C. § 704 (authorizing judicial review of "final agency action for which there is no other adequate remedy in a court"). An APA claim is not subject to judicial review if the plaintiff has an adequate alternative remedy, *see Brem-Air Disposal v. Cohen*, 156 F.3d 1002, 1004 (9th Cir. 1998), and a remedy is adequate if it may be asserted as a defense to government action in a subsequent proceeding. *See Jerry T. O'Brien, Inc. v. SEC*, 704 F.2d 1065, 1066–67 (9th Cir. 1983), *rev'd on other grounds*, 467 U.S. 735 (1984) ("The district court correctly concluded that appellants had an adequate legal remedy in which to resist the SEC subpoenas served on them."). Plaintiffs here can obtain the relief they seek—a judicial determination that Rules 111, 115, and 116 are subject to the PRA—by asserting the public protection provision in "the judicial action applicable" to one of Mr. Hyatt's patent applications. This is the remedial mechanism which Congress afforded to individuals who seek refuge from alleged burdens of agency requests, rather than separate APA actions to challenge those requests and the related OMB determinations under the PRA.

III. PLAINTIFFS' ATTEMPT TO PREMISE AN APA CLAIM ON OMB'S RESPONSE TO PLAINTIFF HYATT'S § 3517 REQUEST FAILS.

Plaintiffs attempt to evade the restrictions on judicial review in the PRA by characterizing their suit as a challenge to OMB's response to the request that Plaintiff Hyatt submitted pursuant to 44 U.S.C. § 3517(b). Plaintiff Hyatt requested that OMB determine the PTO Rules to be collections of information. Compl., Att. 1. OMB responded by explaining that the PTO Rules are not collections of information subject to the PRA and declined to take any remedial action. *Id.*, Att. 3. To allow Plaintiffs to obtain review of OMB's response, which amounts to inaction on the alleged collections of information contained in the PTO Rules, would be in direct conflict with § 3507(d)(6)'s judicial review bar. But even if review of OMB's response is not precluded by the PRA, it is nonetheless unavailable for two reasons. First, OMB's response is not "final agency action" subject to review under the APA. Second, in § 3517(b) Congress committed to OMB's discretion whether it was "necessary" to take remedial action and, if so, what sort of remedy was "appropriate." Congress did not intend for courts to second-guess OMB's discretionary decisions under § 3517(b).

A. OMB's response is not final agency action subject to judicial review.

Section 704 of the APA limits courts to reviewing "final agency action for which there is no other adequate remedy in a court." 5 U.S.C. § 704. "To be a final agency action, an agency decision must meet two criteria. First, the action must be the 'consummation' of the agency's decisionmaking process, not merely a tentative or interlocutory decision. Second, the action must be one by which 'rights or obligations have been determined' or from which 'legal consequences will flow.'" *California Sea Urchin Comm'n v. Bean*, 828 F.3d 1046, 1049 (9th Cir. 2016) (quoting *Bennett v. Spear*, 520 U.S. 154, 178 (1997)).

OMB's response is not a final agency action because it does not determine any of Plaintiffs' rights or obligations or result in any legal consequences to Plaintiffs. Plaintiffs claim that "real legal consequences flow" because the response "excuses the PTO from compliance with the PRA with respect to the collections of information contained in Rules 111, 115, and 116." Compl. ¶ 60. Yet OMB's response simply maintains the status quo; it does not require Plaintiffs

or anyone else to do, or refrain from doing, anything. Moreover, as explained above, even assuming that the PTO Rules are collections of information, a decision by OMB not to approve or otherwise act upon such collections is expressly precluded from review. 44 U.S.C. § 3507(d)(6). Plaintiffs cannot escape that judicial review bar by challenging this ancillary decision by OMB. It is not OMB's response to the request that "allow[s] PTO to subject applicants to those Rules' burdens," Compl. ¶ 60, but the PTO's decision to apply these Rules in the first instance. And Plaintiffs may seek to challenge that decision at the administrative level or, to the extent the PTO takes final agency action on an application, on judicial review. Congress specifically granted a mechanism for Plaintiffs, or anyone else, to challenge undue paperwork burdens through the public protection defense but expressly foreclosed judicial relief against OMB of the type that Plaintiffs seek here. Because OMB's response is not final agency action that imposes legal consequences on Plaintiffs, it is not subject to judicial review and Plaintiffs' APA challenge cannot proceed.

B. OMB's response is committed to agency discretion by law.

"Judicial review of agency decisions under the APA does not apply to an 'agency action [that] is committed to agency discretion by law.'" *Bear Valley Mut. Water Co. v. Jewell*, 790 F.3d 977, 989 (9th Cir. 2015) (quoting 5 U.S.C. § 701(a)(2)). "An action is committed to agency discretion where there is no 'meaningful standard against which to judge the agency's exercise of discretion.'" *Id.* (quoting *Heckler v. Chaney*, 470 U.S. 821, 830 (1985)). Agency action may be committed to agency discretion by statute and by the agency's regulations implementing that statute. *See Adams*, 1 F.3d at 956.

In the administrative review provision of the PRA, Congress gave OMB discretion to determine whether remedial action is "necessary" and, if so, what the "appropriate" remedial measure should be. 44 U.S.C. § 3517(b). Congress supplied no standard against which to determine necessity or appropriateness, a clear indication that it did not intend to embroil courts

in efforts to overturn OMB responses. Yet this is precisely the inquiry that Plaintiffs would have this Court undertake without any meaningful standard against which to resolve it.[6]

The statutory text and legislative history further illustrate Congress's intent to assign discretion to OMB. The House Report on the 1995 amendment of the PRA stated that § 3517(b) was introduced to "strengthen[ ]" "[p]ublic accountability" by requiring "*OMB to review* the status of any collection upon public request." H.R. REP. 104-37, 3, *reprinted in* 1995 U.S.C.C.A.N. 164, 166 (emphasis added); *see also* S. REP. 104-8, 3 (same). There is no indication that Congress intended to subject OMB's review and ensuing response to judicial scrutiny. This is logical, since to have done otherwise would dilute, if not eliminate, section 3507(d)(6)'s bar on judicial review by allowing courts, through the back door of § 3517, to overturn OMB determinations under the PRA. Rather than authorize judicial review, Congress in § 3517 intended for OMB to maintain its oversight role of federal agencies' compliance with the PRA. Thus, the statute calls for OMB, in responding to any request, to "coordinat[e] with the agency responsible for the collection of information." 44 U.S.C. § 3517(b)(1); *see also* H.R. REP. 104-37, 55, *reprinted in* 1995 U.S.C.C.A.N. 164, 218 ("The Director is also to coordinate the response with the agency responsible for the collection of information."). Plaintiffs' APA challenge to OMB's response to Plaintiff Hyatt's § 3517 request must be dismissed.

IV. PLAINTIFF AAET HAS NOT ALLEGED A COGNIZABLE INJURY FAIRLY TRACEABLE TO OMB AND LACKS STANDING TO SUE UNDER THE APA.

Plaintiff AAET asserts no cognizable injury in the Complaint, let alone any injury that is fairly traceable to OMB. The "irreducible constitutional minimum of standing" requires, *inter alia*, "an invasion of a legally protected interest which is (a) concrete and particularized, and (b) actual or imminent, not conjectural or hypothetical," and "a causal connection between the injury and the conduct complained of." *Lujan v. Defs. of Wildlife*, 504 U.S. 555, 560 (1992) (quotations and citations omitted). Similarly, AAET has not shown that it meets threshold requirements to

[6] By its terms, section 3517(b) applies only to "collections of information," meaning that OMB could have declined to act on Plaintiff Hyatt's request in the first instance since Rules 111, 115, and 116 do not meet that definition. Although OMB did provide a response, its decision to do so was entirely discretionary.

sue under the APA, such as suffering any legal wrong or being "adversely affected or aggrieved" by OMB action. 5 U.S.C. § 702 ("A person suffering legal wrong because of agency action, or adversely affected or aggrieved by agency action within the meaning of a relevant statute, is entitled to judicial review thereof."). AAET does not allege that it was party to Mr. Hyatt's § 3517 request to OMB, does not allege that it has any patent applications pending, and does not allege that it is otherwise to subject to Rules 111, 115, and 116. It asserts merely that it was founded to "promote and advocate for the fair, efficient, and effective administration of laws related to technology, innovation, and intellectual property, including the Patent Act and related statutes." Compl. ¶ 9. Yet a "mere interest in a problem is insufficient to demonstrate a cognizable injury sufficient to confer standing." *Ctr. for Sci. in the Pub. Interest v. Bayer Corp.*, No. C 09-05379 JSW, 2010 WL 1223232, at *4 (N.D. Cal. Mar. 25, 2010) (citing *Sierra Club v. Morton*, 404 U.S. 727, 739 (1972)). For these reasons, Plaintiff AAET has shown neither Article III standing, nor that it "falls within the 'zone of interests' sought to be protected by the statutory provision whose violation forms the legal basis for [its] complaint."[7] *Lujan v. Nat'l Wildlife Fed'n*, 497 U.S. 871, 883 (1990). Therefore, if the Complaint is not dismissed in its entirety, Plaintiff AAET should be dismissed from this action.

CONCLUSION

For the foregoing reasons, Defendants' Motion to Dismiss should be granted and Plaintiffs' Complaint should be dismissed with prejudice.

Dated: November 16, 2016.

Respectfully submitted,

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[7] For similar reasons, Plaintiffs lack standing to seek relief on behalf of all persons who may encounter Rules 111, 115, and 116. *See* Compl. at 17, Prayer ¶ F; *Mills v. United States*, 742 F.3d 400, 407 (9th Cir. 2014) ("Courts typically decline to hear cases asserting rights properly belonging to third parties rather than the plaintiff.").

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PROOF OF SERVICE

I hereby certify that the foregoing document was served this date on all parties via the Court's Electronic Case Filing system.

Dated this 16th day of November 2016.

/s/ M. Andrew Zee
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