

March 24, 2009

NEWS ALERT

In *Tafas v. Doll*; the Federal Circuit addressed the rule-making authority of the United States Patent and Trademark Office, and determined that the claims and continuations rules issued by that office are not impermissibly substantive.

In an appeal of an earlier Federal District Court ruling, a panel of the Federal Circuit partially overturned the district court's ruling that the claims and continuations rules exceeded the rule-making authority of the United States Patent and Trademark Office (USPTO).

In 2007, we distributed a series of communications regarding significant rule changes that were issued by the United States Patent and Trademark Office (USPTO) and their potential impact on the prosecution of U.S. patent applications. In particular, the rules would have limited the number of continuations and requests for continued examination (RCE) that could be filed by an applicant for a series of related applications. Also, where an application contains more than 25 total claims or more than 5 independent claims, the applicant would be required to file an Examination Support Document (ESD), effectively compelling the applicant to subsidize the examination process when the claim limits have been exceeded.

Shortly after the Final Rules were published, *Tafas et al.* filed suit in Federal District Court and obtained a preliminary injunction, preventing the rules from going into effect. In April of 2008, the District Court granted summary judgment in favor of *Tafas et al.* on the basis that the rules were impermissibly substantive.

On the USPTO's appeal, the Federal Circuit agreed with the lower court that the patent statute does not vest the USPTO with any general substantive rule-making power, but took a much narrower view of what constitutes a substantive change. The Federal Circuit panel then determined that the rules in question were procedural in nature. Still, the panel did manage to uphold the lower court's decision to enjoin the rule limiting the number of continuations in a family of applications, finding this rule to be in conflict with the plain language of the patent statute. See 35 U.S.C. § 120.

This is by no means a final disposition of the matter as none of the rules will be implemented at this time. On remand, the District Court may still decide to permanently enjoin the remaining rules for reasons other than that the rules were impermissibly substantive. In addition, the Federal Circuit decision may be appealed to the Supreme Court, though the Supreme Court has discretion to refuse such an appeal. Also, the Obama administration has not yet appointed a Secretary of Commerce or a new USPTO Commissioner and may or may not have a different perspective on the present litigation than the previous administration.

Other far-reaching changes may also be on the horizon. Congress is currently debating several versions of a new patent bill that would make several substantive changes to the law, including making "first-to-file" the standard in the United States.

Please be advised that **no action is necessary at this time**. We will continue to monitor the situation and issue additional notices when major events occur.