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Client Advisory | *March 23, 2009*

Tafas v. Doll, Appeal 2008-1352 (Fed.Cir. March 20, 2009)

On March 20, 2009, a three-judge panel of the United States Court of Appeals for the Federal Circuit (Federal Circuit) rendered a decision that has important implications for U.S. patent practice. The decision was in the suits brought by Glaxo SmithKline (GSK) and Triantafyllos Tafas against the U.S. Patent and Trademark Office (USPTO) and the Director of the USPTO, requesting that the Court hold that certain Final Rules promulgated by the USPTO in 2007 were beyond the rulemaking authority of the USPTO, and impermissibly restricted the rights of patent applicants.

The Federal Circuit panel held that Final Rule 78, limiting the filing of continuation applications, was beyond the USPTO's rulemaking authority. The Court reversed the District Court's summary judgment that Final Rules 75, 114 and 265 were invalid, but remanded the case to the District Court to decide whether the Final Rules are beyond the USPTO rulemaking authority on other grounds.

In previous proceedings, the District Court had enjoined the USPTO from giving effect to promulgated Final Rules of the USPTO that would have made drastic changes in the patent application process (for a discussion of those Final Rules, see EAPD Client Advisories dated September 4, 2007 and October 17, 2007). The Federal Circuit's decision does not disturb the District Court's injunction, and none of the proposed Final Rules will come into effect without further proceedings.

The most controversial of the Final Rules was Rule 78, which would have effectively limited the number of continuation applications that an applicant can file. The three judge Federal Circuit panel was unanimous in its decision that proposed Final Rule 78 is invalid because it is inconsistent with 35 U.S.C. §120, which governs the filing of continuation applications. The USPTO therefore cannot enforce Final Rule 78.

However, the Federal Circuit did not render a final decision as to whether three other Rules on Appeal (Final Rules 75, 114 and 265) are proper. Final Rule 114 limits the number of requests for continued examination (RCE) that can be filed. Final Rule 75 requires the submission of an examination support document (ESD) when an application or a group of related applications with patentably indistinct claims exceed a threshold limit of 5 independent and 25 total claims (the so-called 5/25 rule). Final Rule 265 sets forth the requirements of the ESD, and requires an applicant to conduct a preexamination prior art search. The District Court had held all three Rules outside the scope of the USPTO authority. The panel remanded the case to the District Court to consider whether any of the Final Rules, either on their face or as applied in any specific circumstances, are proper. The guidelines provided by the Court include determining whether the Rules are arbitrary and capricious; whether any of the Final Rules conflict with the Patent Act in ways not specifically addressed in the Federal Circuit's opinion; whether all USPTO rulemaking is subject to notice and comment under 5 U.S.C. §553; whether any of the Final Rules are impermissibly vague; and whether the Final Rules are impermissibly retroactive.

Although this in an important decision by a Federal Circuit panel, it is not the last word on the Final Rules. As noted, the injunction against the USPTO putting them in effect is still in force. Though rare, it is possible that the Federal Court will decide to review the decision of the 3-judge panel en banc. The District Court must still decide whether Final Rules 75, 114 and 265 can be enforced. In view of the CAFC's decision that Rule 78 is invalid, it also is possible that the USPTO may rethink its position as to the other rules. EAPD will continue to monitor these issues and provide updates when further decisions are announced.

This advisory is for guidance only and is not intended to be a substitute for specific legal advice. If you would like further information, please contact the Edwards Angell Palmer & Dodge LLP attorney responsible for your matters or any of our Intellectual property attorneys listed below:

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