

April 3, 2008

## **Tafas v. Dudas: Court Declares USPTO Patent Examination Rule Changes Null and Void**

On April 1, 2008, the U.S. District Court for the Eastern District of Virginia granted summary judgment against the United States Patent and Trademark Office (USPTO), in *Tafas v. Dudas*, No. 07cv0846 (E.D. Va. April 1, 2008), holding that the USPTO's new rules governing the examination of patents exceeded its rulemaking authority. The new rules limited the number of continued examination and requests for continued examination (RCEs) that could be filed and limited the number of claims that a patent applicant could have examined as a matter of right.

Prior to the scheduled implementation of the new rules, plaintiffs GlaxoSmithKline and Triantafyllos Tafas filed lawsuits pursuant to the Administrative Procedure Act to permanently enjoin the USPTO from enacting "Changes to Practice for Continued Examination Filings, Patent Applications Containing Patentably Indistinct Claims, and Examination of Claims in Patent Application," 72 Fed. Reg. 46,716-813 (Aug. 21, 2007). On October 31, 2007, the court granted a preliminary injunction against the USPTO, enjoining implementation of the rule changes, which were scheduled to become effective on November 1, 2007. The parties filed cross motions for summary judgment on December 20, 2007.

In its finding for the plaintiffs, the court found that the new rules are substantive in nature, rather than procedural, and exceed the scope of the USPTO's rulemaking authority under 35 U.S.C. § 2(b)(2). *id.* at 10. Specifically, the court took issue with "mechanical limits" to the number of applications or claims an applicant may file as a matter of right. *See id.* at 22-23. The court pointed out that the statutory language of Sections 120 and 132(b) of the U.S. Patent Act demonstrated Congress' intent to permit an unlimited number of continuation applications and RCEs. *See id.* at 20-21. Further, the court cited established U.S. Court of Customs and Patent Appeals (CCPA) precedent that the Patent Act does not place mechanical limits on the number of claims an applicant may file. *id.* at 22.

In addition, the court found that the new rules improperly shift the examination burden to the applicant, contrary to the statutory language of Sections 102 and 103 of the Patent Act, as well as established Federal Circuit precedent that the burden shifts to the applicant only after the USPTO makes a demonstration of unpatentability. *See id.* at 24-25. The burden shifting and mechanical limits imposed by the new rules would change existing law and substantively alter applicants' rights under the Patent Act. The court held that such substantive changes are more than "rules relating to application processing that have substantive collateral consequences." *See id.* at 18. Therefore, the court held that the new rules exceeded the scope of the USPTO's rulemaking authority.

If the District Court decision is not appealed and reversed, then the decision may affect whether the USPTO continues its efforts to implement other rule changes such as the proposed rules relating to Information Disclosure Statements (71 Fed. Reg. 38,808-23 (July 10, 2006)). It remains possible, however, that Congress may grant the USPTO sufficient rulemaking authority to negate this decision and permit more substantive rulemaking by the agency. For example, "The Patent Reform Act of 2007" currently includes such provisions. *See* H.R. 1908, 110 Cong. (2007); and S. 1145, 110 Cong. (2007).



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