

Wednesday April 2, 2008

Intellectual Property Update: USPTO Patent Rules Declared “Null and Void”

By Susan E. Chetlin and David J. McCrosky

In August, 2007, the United States Patent and Trademark Office (USPTO) issued rules changing patent practice by, among other things, limiting the number of patent claims that could be filed for related inventions, limiting continuation applications, and shifting the burden of patent examination to applicants. On April 1, 2008 the United States District Court for the Eastern District of Virginia declared these rules “null and void” and permanently enjoined the USPTO from implementing them.

The “New Rules”

The new rules, opposed by many patent lawyers and businesses, contained three sets of provisions that would have severely affected inventors’ rights. First, they would have limited the number of continuation applications an inventor could file. A continuation application allows pursuit of additional patent rights for various reasons, such as more than one invention is contained in the original application, or the inventor, through the passage of time, now appreciates that he is entitled to more (or fewer) patent rights than were originally claimed in the first patent application.

Second, the new rules would have also limited an inventor to filing one “Request for Continued Examination” (RCE). Often during the pursuit of a patent, the USPTO will make a final rejection of the patent application that stops examination, meaning that the inventor is no longer entitled to make rebuttal arguments. Filing an RCE, however, along with a substantial fee, “reopens prosecution” and induces the agency to continue examination.

Finally, the new rules would have limited the number of claims in an application to 25. If the inventor wished to file more than 25 claims, then the inventor would have to submit an “Examination Support Document” (ESD). The ESD would shift the burden of proving patentability of the invention from the USPTO to the inventor. Although under the current rules, the inventor is not required to search the prior art, under the new rules, that is exactly what the inventor would be obligated to do via the ESD. And, the inventor would be required to explain in detail how the claims would be patentable over the references found in the search.

The Permanent Injunction

An inventor, Triantafyllos Tafas, and pharmaceutical company, GlaxoSmithKline (GSK), sued the USPTO and its Under Secretary, Jon Dudas, alleging the new rules constituted unlawful agency action that improperly modified the Patent Act passed by Congress. See *Tafas v. Dudas*, No. 1:07cv86 (JCC), slip op. (E.D. Va. April 1, 2008). (The Patent Act, which governs patent examination, patent infringement and other patent related issues, contains numerous provisions that the USPTO and the courts use to determine whether an invention is patentable.) Tafas and GSK sought to permanently enjoin the USPTO and prevent it from implementing the new rules. On November 1, 2007, the day the new rules were to go into effect, the U.S. District Court in Virginia stopped their implementation by issuing a preliminary injunction.

quick links

- [Intellectual Property Practice](#)
- [Unsubscribe](#)
- [Acrobat Reader](#)

Phoenix
3003 N. Central Ave.
Suite 2600
Phoenix, AZ 85012
(602) 916-5000

Tucson
One S. Church Ave.
Suite 1000
Tucson, AZ 85701
(520) 879-6800

Nogales
420 W. Mariposa Rd.
Suite 200
Nogales, AZ 85621
(520) 281-3480

Las Vegas
300 S. Fourth St.
Suite 1400
Las Vegas, NV 89101
(702) 692-8000

Denver
1700 Lincoln
Suite 2900
Denver, CO 80203
(303) 291-3200

The court made that action permanent on April 1, 2008 and declared the new rules “otherwise not in accordance with law” and “in excess of the statutory jurisdiction and authority” of the USPTO.

While the USPTO can establish rules governing practice and proceedings before the USPTO, the court held that the USPTO does not have “substantive rulemaking power.” After analyzing what is “substantive” and what is not, the court found that the new rules sought to “change existing law and alter the rights of applicants such as GSK and Tafas under the Patent Act.” Thus, the court held that the new rules were indeed “substantive” and beyond the power Congress had delegated to the USPTO.

In addition, the court held that the new rules violated the Patent Act and contradicted case law. With respect to the rules limiting the number of continuation applications and RCEs that can be filed, the court held that implementation of those rules “deprives applicants of their valuable rights under 35 U.S.C. 120 to an unlimited number of continuation” applications. Regarding the rule limiting an inventor to 25 claims per application, the court relied on seminal cases from as early as 1938 and held that “the Patent Act does not place any mechanical limits on the number of claims an applicant may file.” The court finally declared that the ESD requirement of the new rules improperly shifted the burden of examination away from the USPTO and onto applicants. Most notably, the court, citing a portion of section 102 of the Patent Act and case law, determined that the ESD requirement changed the statute and altered applicants’ rights under the Patent Act.

Potential New Legislation

While Tafas and GSK managed to convince the U.S. District Court in Virginia to preserve the status quo at the USPTO and the rights of inventors for now, that may not be the end of the story. First, it has been reported (but not confirmed) that the USPTO will appeal to the Federal Circuit. Second, across the Potomac from the U.S. District Court in Virginia and the USPTO, the Senate will soon take up the Patent Reform Act, which, if passed into law in its present form, arguably will limit the rights of inventors, shift the burden of examination back to the inventor and increase costs. And, if that happens, the same arguments that worked to defeat the USPTO likely will not succeed against an act of Congress.

Susan E. Chetlin is a registered patent attorney and chairs the firm’s intellectual property practice. She has extensive experience in intellectual property matters, including U.S. and foreign patent prosecution, licensing, technology development and other intellectual property agreements, intellectual property ownership issues, infringement and design-around issues, as well as trademark, copyright and trade secret matters. Ms. Chetlin represents clients in a variety of businesses including mining, geospatial technologies, and sales and marketing. She earned her A.B. (1979) from Princeton University and her J.D. (1984) from the University of Virginia.

David J. McCrosky is a registered patent attorney and an associate in the firm’s intellectual property group. Mr. McCrosky is a former patent examiner for the U.S. Patent and Trademark Office, where he examined patent applications for medical diagnostic devices. Mr. McCrosky has counseled international clients on patent infringement and validity issues as well as prepared and prosecuted patent applications in a variety of technology fields such as control systems, wireless networks, video games, electronic entertainment devices, electric motors, bicycles, and fishing reels. He earned his B.S. (1997) from Purdue University and his J.D. (2001) from Indiana University School of Law .



Susan E. Chetlin
Director
303.291.3211
schetlin@fclaw.com



David J. McCrosky
Associate
303.291.3208
dmccrosky@fclaw.com

For more information, contact Sue, David, or:

Bruce E. Dahl 303.291.3205

Rodney J. Fuller 602.916.5404

Susan Stone Rosenfield 602.916.5317