

PTO Rules on Continuations and Claims Defeated at Summary Judgment

In an anxiously awaited decision, a federal judge in the Eastern District of Virginia has granted summary judgment against the U.S. Patent & Trademark Office (PTO) and has permanently enjoined the PTO from implementing the new "continuation and claims" rules published August 21, 2007.

The new rules limit the number of continuing applications and Requests for Continued Examination an applicant may file as a matter of right. They also limit the number of claims an applicant may present and require extensive additional substantive responsibilities for applicants who exceed the limit. The rules were slated to become effective on November 1, 2007, but were put on hold as a result of a preliminary injunction granted in a consolidated lawsuit brought by GlaxoSmithKline (GSK) and Triantafyllos Tafas. GSK and Tafas argued that the rules are an unlawful agency action and exceed the PTO's rule-making authority because they effect substantive changes to the patent laws.

On April 1, 2008, District Court Judge Cacheris found that the rules are not merely procedural as the PTO contends, but rather substantive rules which "change existing law and alter the rights of applicants." Specifically the Court held:

On April 1, 2008, District Court Judge Cacheris found that the new PTO "continuation and claims" rules are not merely procedural as the PTO contends, but rather substantive rules which "change existing law and alter the right of applicants."

"Because the USPTO's rulemaking authority under 35 U.S.C. § 2(b)(2) does not extend to substantive rules, and because the Final Rules are substantive in nature, the Court finds that the Final Rules are void as 'otherwise not in accordance with law' and 'in excess of statutory jurisdiction [and] authority.' 5 U.S.C. § 706(2)."

While most patent applicants will be pleased that the implementation of the rules has been prevented, the Court's decision is, unfortunately, unlikely to be the last we hear of the issue. The PTO may appeal the ruling to the Court of Appeals for the Federal Circuit. In addition, pending Patent Reform Legislation (e.g., S.1145, H.R.1908) may provide the PTO with the necessary substantive rule-making authority and/or implement sweeping changes directly through legislation.

It is also worth noting that the George Washington University School of Business has partnered with the PTO for its 2008

International Business Case Competition, in which 18 teams of MBA students from around the world will present proposed solutions to the problems of patent pendency and backlog at the PTO. It remains to be seen whether any changes ultimately resulting from these avenues will be more or less palatable than the rules rendered void in Judge Cacheris' decision.

For more information, contact *Lisa Treannie* at ltreannie@mbbp.com.

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