



March 24, 2009

Mixed Results in Appeal of Patent Office Rules
Federal Circuit Upholds Patent Office Rulemaking Authority for Some Rules; One Rule Determined to Exceed Scope

On March 20, 2009, in a split panel decision, the Court of Appeals for the Federal Circuit (Federal Circuit) held that three of four rules recently promulgated by the U.S. Patent and Trademark Office (Patent Office) were within the scope of the Patent Office's rulemaking authority, while the remaining rule exceeded that authority. In *Tafas v. Doll*, ___ F.3d ___, 2008-1352 (Fed. Cir. 2009), the Federal Circuit reviewed a district court's decision granting summary judgment that the four rules (rules 75, 78, 114, and 265) were substantive in nature rather than procedural, and therefore exceeded the scope of the Patent Office's rulemaking authority. The Federal Circuit vacated the decision of the district court for three (rules 75, 114, and 265) of the four rules, affirmed the grant of summary judgment for one rule (rule 78), and remanded other issues to the district court for additional consideration.

Rule 78 - Number of Continuations: Federal Circuit AFFIRMS grant of Summary Judgment that the Patent Office exceeded authority

Rule 78 as promulgated entitles an applicant to file two continuation applications as a matter of right. If an applicant wishes to pursue more than two continuation applications, the applicant must file a petition showing that the amendment, argument, or evidence sought to be entered could not have been submitted during the prosecution of the prior-filed application. If the applicant cannot make this showing, the Patent Office will examine the application, but will not allow a reference to the prior-filed application. The Federal Circuit concluded that rule 78 was inconsistent with section 120 of the Patent Act, which requires that qualifying applications have the benefit of the priority date of the initial application upon the applicant satisfying enumerated requirements.

For more information, contact:

Dawn-Marie Bey
(202) 626-8978
dbey@kslaw.com

Eric L. Sophir
(202) 626-8980
esophir@kslaw.com

King & Spalding
Washington, DC
1700 Pennsylvania Ave NW
Washington, DC 20006
Tel: (202) 737-0500
Fax: (202) 626-3737

www.kslaw.com



Rule 114 - Number of Requests for Continued Examination: Federal Circuit VACATES grant of Summary Judgment, holding that the Patent Office acted within scope of authority

Rule 114 as promulgated allows an applicant to file one request for continued examination (RCE) as a matter of right. For each additional RCE, the applicant must file a petition showing that the amendment, argument, or evidence sought to be entered could not have been submitted prior to the close of prosecution in the application. The limitation on the number of RCEs is based on the application family, not the individual application. The Federal Circuit states, “[w]e do not find that § 132 unambiguously dictates that its provisions be applied on a per application basis.” Slip Op. at 26. Accordingly, the court deferred to the Patent Office’s “reasonable interpretation of the statute” and concluded that “Final Rule 114 can properly be applied on a per family basis.” Id.

Rules 75 and 265 - Number of Claims: Federal Circuit VACATES grant of Summary Judgment, holding that the Patent Office acted within scope of authority

Rule 75 requires an applicant who submits either more than five independent claims or 25 total claims to provide the examiner with an examination support document (ESD). Rule 265 sets forth the requirements for an ESD: an applicant must conduct a pre-examination prior art search, provide a list of the most relevant references, identify which limitations are disclosed by each reference, explain how each independent claim is patentable over the references, and show where in the specification each limitation is disclosed in accordance with 35 U.S.C. §112, paragraph 1. The Federal Circuit found that the ESD does not limit the number of claims that can be filed in an application. Also, the court found no reason to prohibit the Patent Office’s request for information, even if the applicant has the burden to provide it. Although rules 75 and 265 require a prior art search and a report on the patentability, the burden does not shift from the examiner to establish a *prima facie* case of patentability.

The Federal Circuit held that section 2(b)(2) of the Patent Act gives the Patent Office authority to establish regulations, not inconsistent with the law, which: govern proceeding in the Patent Office; facilitate and expedite patent prosecution; and govern the recognition and conduct of those acting before the Patent Office. Further, section 132(b) requires the Patent Office to “prescribe regulations to provide for the continued examination of applications for patent at the request of the applicant.” Slip Op. at 6. But, the court determined that Congress did not intend to give the Patent Office “substantive” rulemaking authority, so promulgated rules are appropriate only if they are “procedural.” Although the Federal Circuit declined to extend the *Chevron* deference with respect to the question of whether the Patent Office has substantive rulemaking authority, the court gave *Chevron* deference to the Patent Office’s interpretation of statutory provisions that relate to the exercise of delegated authority.

In determining whether the promulgated rules were substantive or procedural, the court concluded that the rules were procedural, stating: “[i]n essence, [the rules] govern the timing of and materials that must be submitted with patent applications.” Slip Op. at 14. Although the rules may “alter the manner in which the



Intellectual Property Practice Group

parties present ... their viewpoints,” the rules do not, on their face, “foreclose effective opportunity” to present patent applications for examination. *Id.*

In view of the complexity of the case, the Federal Circuit remanded the following undecided issues to the district court: (1) whether any of the rules either on their face or as applied in any specific circumstances, are arbitrary and capricious; (2) whether any of the rules conflict with the Patent Act in ways not specifically addressed in this opinion; (3) whether all Patent Office rulemaking is subject to notice and comment rulemaking under 5 U.S.C. §553; (4) whether any of the rules are impermissibly vague; and (5) whether the rules are impermissibly retroactive.

Judge Prost wrote the opinion for the court. Judge Bryson concurred with the opinion, but opined that the substantive or procedural distinction was unnecessary because the proper analysis is whether Congress empowered the Patent Office to promulgate these regulations. With respect to Rule 78, Judge Bryson noted that the court’s holding was narrow and suggested that the revised rule only address serial continuation applications. Judge Rader concurred with respect to the continuations rule but dissented from the panel’s opinion with regard to the other rules, finding that all of these rules were substantive and exceeded the Patent Office’s rulemaking authority.

King & Spalding is an international law firm with more than 880 lawyers in Abu Dhabi, Atlanta, Austin, Charlotte, Dubai, Frankfurt, Houston, London, New York, Riyadh (affiliated office), San Francisco, Silicon Valley and Washington, D.C. The firm represents half of the Fortune 100 and in Corporate Counsel surveys consistently has been among the top firms representing Fortune 250 companies. For additional information, visit www.kslaw.com.

This alert provides a general summary of recent legal developments. It is not intended to be and should not be relied upon as legal advice.