



**TAFAS V. DOLL:**  
**Vacated and Set for an En Banc Hearing**

The Federal Circuit will soon review a decision that will test the nature and extent of the U.S. Patent and Trademark Office's rulemaking authority. On July 6, 2009, the U.S. Court of Appeals for the Federal Circuit vacated its previous decision, Tafas v. Doll, 559 F.3d 1345 (Fed. Cir. 2009), in order to hear the case en banc.<sup>1</sup> The case relates to new rules promulgated by the Patent Office that limit the number of claims a patent application may contain and the number of times a patent application may be continued. On a practical level, the en banc hearing will test the authority of the Patent Office to implement the rules at issue. On a more fundamental level, however, the en banc hearing will test the nature and extent of the Patent Office's general rulemaking authority.

**I. The Vacated Decision**

In the vacated decision, the Federal Circuit reversed-in-part and affirmed-in-part the order of the District Court for the Eastern District of Virginia granting summary judgment that the Patent Office exceeded its authority in promulgating four rules: Rules 75, 78, 114, and 265.<sup>2</sup> Whether the Rules fell within the Patent Office's authority turned on two issues: whether the rules were procedural and whether the rules were inconsistent with the law.

Rules 78 and 114 relate to continuation applications and Requests for Continued Examination ("RCEs").<sup>3</sup> Rule 78 would limit an applicant to filing two continuation applications (including continuation-in-part applications) per patent family. Rule 114 would limit an applicant to one RCE per patent family. Under these Rules, the applicant could exceed the imposed limitations only by filing 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."

Rules 75 and 265 relate to the number of independent and total claims submitted in an application.<sup>4</sup> Rule 75 would require an applicant who submits either more than 5 independent or more than 25 total claims to also submit an examination support document ("ESD") as provided in Rule 265. To comply with Rule 265, an applicant would have to (1) conduct a preexamination prior art search, (2) provide a list of the most relevant references, (3) identify which limitations are disclosed by each reference, and (4) show where in the specification each limitation is disclosed in accordance with 35 U.S.C. § 112, ¶ 1.<sup>5</sup>

The majority found that all four rules were within the Patent Office's rulemaking authority, but that Rule 78 was inconsistent 35 U.S.C. § 120 by imposing additional restrictions before an application could claim priority to an earlier application.<sup>6</sup> Accordingly, the Federal Circuit affirmed the invalidity of Rule 78, but vacated the district court's grant of summary judgment as to the Rules 75, 114, and 265 and remanded the case for further consideration.

On remand, five issues remained for the district court's determination: (1) whether any of the Rules are arbitrary and capricious; (2) whether any of the Rules conflict with patent law in ways not addressed by the Federal Circuit; (3) whether the Patent Office rulemaking requires notice and comments; (4) whether any of the Rules are impermissibly vague; and (5) whether the Rules are impermissibly retroactive.<sup>7</sup>

## **II. The En Banc Petitions**

The positions of both *Tafas* and *GlaxoSmithKline* boil down to one argument: the new rules should be rejected because their practical effect is to limit an applicant's ability to fully



claim an invention. This argument is premised on the law that rules limiting an applicant's ability to fully claim an inventions affect substantial individual rights and obligations, and are, thus, not procedural rules and outside Patent Office's rule making authority.

With respect to Rule 114, GlaxoSmithKline focuses on an applicant's ability to comply with the Rule and the Patent Office's implementation of the Rule. GlaxoSmithKline argues that submitting all possible amendments, arguments, or evidence prior to or in a first RCE is impractical because "the need to file an RCE [is] inextricably tied to the specific events that occur during examination of each patent."<sup>8</sup> Furthermore, as GlaxoSmithKline argues, the Patent Office plans "to deny the overwhelming majority of petitions" to exceed the one-RCE rule.<sup>9</sup> The combination of an applicant's inability to foresee the need for an RCE and the Patent Office's disfavor of allowing applicants to exceed the one-RCE effectively "limits the ability of an inventor to obtain the full measure of patent rights to which the inventor is entitled under the statute."<sup>10</sup>

With respect to Rule 75 and 265, the parties focus on the excessive burden placed on the applicant to exceed 5 independent and 25 total claims. *Tafas* focuses on the financial burden, arguing that preparing even a "bare bones" ESD to exceed the 5/25 Rule costs about \$25,000, which may multiply if the examiner requires supplemental ESDs for amended claims.<sup>11</sup> GlaxoSmithKline focuses on the legal burden, arguing that the Rule "provides no concrete guidance" to preparing an ESD, which raises the specter of inequitable conduct if an applicant's ESD is later found to be inadequate.<sup>12</sup> The practical implication is that applicants will limit themselves to the 5/25 rule to avoid the substantial yet uncertain additional costs and legal risks. Such "an arbitrary limit on the number of claims in an application drastically affects an



applicant's rights and obligations under the Patent Act."<sup>13</sup>

### III. Implications

The decision of the en banc panel will have both practical and fundamental implications. As a practical matter, if the Federal Circuit's original decision is reversed, the new Rules are dead in the water. If the panel affirms the decision, the case will be remanded to the district court, likely to consider the five issues listed in the Federal Circuit's original decision. Should the new Rules survive the en banc decision, they will likely not go into effect until at least next year, if ever.

The fundamental issues are more far-reaching. If the en banc panel reverses the Federal Circuit's original opinion, it is setting precedent that the Patent Office cannot promulgate rules that impose any non-statutory burdens on an applicant. Affirming the decision, however, sets a precedent that the Patent Office may impose rules that require an application to take additional, and possibly costly, step in seeking a patent. In essence, the en banc panel will not only decide the fate of the particular rules at issue, but the scope of the Patent Office's rulemaking authority.

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<sup>1</sup> *Tafas v. Doll*, No. 2008-1352, 2009 U.S. App. LEXIS 14611 (Fed. Cir. July 6, 2009).

<sup>2</sup> *Tafas v. Doll*, 559 F.3d 1345, 1349 (Fed. Cir. 2009).

<sup>3</sup> *Tafas*, 559 F.3d at 1350; 37 C.F.R. §§ 1.78(d)(1)(i), 1.114(f).

<sup>4</sup> *Tafas*, 559 F.3d at 1350; 37 C.F.R. § 1.75(b)(1).

<sup>5</sup> *Tafas*, 559 F.3d at 1350; 37 C.F.R. § 1.265(a).

<sup>6</sup> *Tafas*, 559 F.3d at 1360-61.

<sup>7</sup> *Tafas*, 559 F.3d at 1365.

<sup>8</sup> GlaxoSmithKline En Banc Petition at 11. The En Banc Petitions are available at <http://www.merchantgould.com/CM/Articles/GlaxoSmithKlineEnBancPetition.pdf> <http://www.merchantgould.com/CM/Articles/TafasEnBancPetition.pdf>

<sup>9</sup> GlaxoSmithKline En Banc Petition at 11.

<sup>10</sup> GlaxoSmithKline En Banc Petition at 11-12.

<sup>11</sup> *Tafas* En Banc Petition at 7.

<sup>12</sup> GlaxoSmithKline En Banc Petition at 13-14.

<sup>13</sup> GlaxoSmithKline En Banc Petition at 13-14 (quoting *Tafas*, 559 F.3d at 1372 (J. Rader, dissenting)).

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