NEWS ALERT

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The PTO's Final Rules: It's Not Over Yet

Recent News

The Final Rules, as explained in our previous Alert in October, were set to take effect on November 1, 2007. However, they have been temporarily blocked by a preliminary injunction.[1] In an attempt to keep the injunction from becoming permanent, the U.S. Patent & Trademark Office (PTO) has maintained the propriety of the rules by asserting, among other arguments, that promulgating the Final Rules was within its Congressionally given authority.

The court that granted the preliminary injunction has set February 15, 2008, for hearings on whether to grant summary judgment for either party. If the PTO prevails, the Final Rules may make a comeback (unless one of the Plaintiffs appeals to the Federal Circuit). However, even if the Plaintiffs prevail, the PTO will certainly promulgate a new set of rules in the near future.

Background

On January 3, 2006, the PTO proposed changes to its rules to effectively limit the number of claims filed in each patent application and to limit the number of continuation applications following an original patent application. After a four-month public comment period during which the PTO received more than 500 written comments (many expressing disapproval), the PTO published the Final Rules on August 21, 2007, which were set to go into effect on November 1, 2007.

In an effort to stop the new rules, an individual inventor, Tafas, and a large pharmaceutical company, Smithkline Beecham Corporation (GSK), both sued the director of the patent office in Federal district court in Virginia. These two cases were consolidated and on October 31, 2007, the district court granted the request for a preliminary injunction.

The district court reasoned that there was a genuine possibility that GSK would succeed on a number of issues, including (i) that the limitation on the number of continuation and divisional applications violated the Patent Act; (ii) that the Final Rules improperly operated retroactively; and (iii) that the examination support document (ESD) requirements were unconstitutionally vague.

What's Going to Happen?

While no one knows whether the PTO or GSK will ultimately prevail in the lawsuit, it is clear that the basic problem the PTO was trying to address, a backlog of pending applications, will continue to worsen. Accordingly, it is likely that the PTO will attempt to bring back some of these same rules, modified to comply with any district court ruling. For example, it appears one of GSK's strongest arguments is that the limits on continuations are improper. Therefore, it is likely that there will be no limits on continuations in the near future. However, the PTO may still be able to implement limits on claims and RCEs.

Because it is impossible to predict in what form an altered version of new PTO rules may eventually emerge, we cannot at this time provide any hard-and-fast recommendations. We will, however, continue to closely monitor these important events and keep you apprised as conditions change.

[1] See Tafas v. Dudas, 2007 U.S. Dist. LEXIS 80474 (E.D. Va. Oct. 31, 2007).

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