

Patent Advisory: U.S. Patent and Trademark Office Rescinds Controversial Rules

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Patent applicants and attorneys breathed a collective sigh of relief on October 8, 2009, when the U.S. Patent and Trademark Office (PTO) announced that it had “rescinded” the claim and continuation rules which it had made final in August 2007 but never put into effect.

The continuation and claim rules would have limited the number of continuations and requests for continued examination (RCEs) that could be taken in a patent application. They also required an applicant who presented more than 25 total claims or five independent claims in a patent application to do a prior art search and make a written comparison of the references found by the search against the claims. In counting claims to see if the application has 25 total and five independent claims, the PTO would count not just claims actually present in the application but also “patentably indistinct” claims in other applications by the same applicant.

It was generally believed that the claim and continuation rules, had they gone into effect, would have made U.S. patent prosecution a good deal more costly for applicants, as well as potentially limiting the ability to present claims to all aspects of an applicant’s inventions. The PTO, in justifying the rules, noted its need to deal with the large number of patent applications being filed and stated that it could not do so by hiring more patent examiners.

GlaxoSmithKline and Triantafyllos Tafas, a founder of Ikonisys, Inc., sued the PTO in the Eastern District of Virginia to have the claim and continuation rules enjoined as beyond the PTO’s rulemaking authority. Just before the rules were slated to go into effect, the district court entered a preliminary injunction forbidding the PTO from applying the rules. The district court then entered final judgment enjoining the rules permanently, leading the PTO to appeal the decision.

A divided Federal Circuit panel reversed the district court as to the rules on claims. It, however, affirmed the district court’s decision that the continuation rules were beyond the PTO’s authority on the grounds that they were inconsistent with the relevant statutes. The en banc Federal Circuit vacated the panel’s decision, but had not reached its own decision by the time of the PTO’s announcement. The PTO, joined by GlaxoSmithKline, has asked the en banc court to dismiss the appeal and vacate the district court’s decision.

The PTO’s decision to rescind the claim and continuation rules removes the immediate threat of much higher prosecution costs that would have resulted if the en banc Federal Circuit had ruled in whole or in part in the PTO’s favor, allowing it to put those rules into effect. The PTO, however, is still free to eventually adopt other rules designed, like the August 2007 rules, to cope with the large number of application filings it receives. As PTO Director Kappos said, the PTO

will “work with the IP community on new ways to take on the challenges these regulations were originally designed to address.”

We will continue to watch and keep clients informed of developments in the PTO.

For assistance in this area, please contact one of the attorneys listed below or any member of your Mintz Levin client service team.

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