



Tafas v. Doll – Round II: One Down, Three to Go

- *IP Law360*, March 24, 2009

Author(s): Charles R. Macedo, Marion P. Metelski

Introduction

On Friday, March 20, 2009, the U.S. Court of Appeals for the Federal Circuit (“the Federal Circuit”) weighed in on the controversial Final Patent Rules regarding Claims and Continuation Practice (“the Final Rules,” see Changes to Practice for Continued Examination Filings, Patent Applications Containing Patentably Indistinct Claims, and Examination of Claims in Patent Applications, 72 Fed. Reg. 46,716 (Aug. 21, 2007)), in *Tafas v. Doll*, No. 2008-1352 (Fed. Cir. Mar. 20, 2009) (“*Tafas III*”). In *Tafas III*, the Federal Circuit, in a three-way split panel, affirmed the grant of summary judgment invalidating one of the four Final Rules in question, reversed the grant of summary judgment for the other three Final Rules, and remanded the case to answer a series of specifically delineated questions left open by the Federal Circuit. In reaching its decision, the panel members expressed divergent views on whether the U.S. Patent and Trademark Office (“the USPTO”) possesses the rulemaking authority to promulgate the Final Rules (and other similar types of rules), and addressed questions that the Supreme Court has yet to provide its definitive views upon.

The implications of *Tafas III*, assuming it is not modified by the full Court en banc or by the Supreme Court on appeal, go well beyond the current set of controversial Final Rules, and may implicate the amount of authority the USPTO has to effectively rewrite Patent Practice Rules in the U.S.

Part I briefly reviews the background of the Final Rules and the proceedings leading up to the present appeal.

Part II briefly discusses the divergent views expressed by the panel members on the rulemaking authority of the USPTO, and its possible implications for other proposed rulemaking.

Part III explains the Court’s holdings with respect to the four specific Final Rules at issue, and discusses the issues that remain open for remand.

Part I: The Proposed Rules and Proceedings Leading to the Appeal

In January 2006, the Final Rules were first proposed by the USPTO under the Bush administration in the form of two related “notice and comment” rulemaking proceedings. The public provided considerable comments on the proposed rules, much of them critical of the proposed rules.



As part of the process, the USPTO modified the proposed rules, and on April 10, 2007, sent the modified proposed rules to the Office of Management and Budget (“OMB”) for approval. The modified rules were not made public at that time, and did not receive any public comment.

On August 21, 2007, the four Final Rules that are the subject of the *Tafas* proceedings were published (see Changes to Practice for Continued Examination Filings, Patent Applications Containing Patentably Indistinct Claims, and Examination of Claims in Patent Applications, 72 Fed. Reg. 46,716 (Aug. 21, 2007)). The Final Rules, which were originally due to be implemented on November 1, 2007, sought to change Patent Practice before the USPTO in three dramatic ways:

- Final Rule 78 – Limiting the number of continuation patent applications that could be filed by an applicant;
- Final Rule 114 – Limiting the number of Requests for Continued Examination (“RCE”) that could be filed by an applicant; and
- Final Rules 75 and 265 – Requiring a search to be conducted and an Examination Support Document to be filed when too many claims are submitted for examination.

For a detailed discussion of the Final Rules, see Charles R. Macedo and Marion P. Metelski, “New PTO Rules On Continuing Applications and Claim Examination Practice: Learning to Count to 2 (+1 RCE) and 5/25”, NYIPLA Bulletin, Sept./Oct. 2007 (available at www.arelaw.com/publications).

The public notice that issued with the Final Rules contained considerable discussion regarding the proposed implementation of the Final Rules, and was the subject of a public presentation made by the USPTO over the Internet. As a result of numerous critical comments as to the proposed application of the Final Rules, the USPTO revised this presentation.

The day after the Final Rules were published, the *Tafas* lawsuit was filed seeking to block the implementation of the Final Rules on the grounds that the issuance of these Final Rules was beyond the PTO’s rulemaking authority and violated the U.S. Constitution. See *Tafas v. Dudas et al.*, No. 07 Civ. 846 (E.D. Va. filed Aug. 22, 2007).

On October 9, 2007, another lawsuit challenging the Final Rules was filed by SmithKline Beecham Corp. See *SmithKline Beecham Corp. v. Dudas et al.*, No. 07 Civ. 1008 (E.D. Va. filed Oct. 9, 2007). The *SmithKline* Complaint challenged the Final Rules as *ultra vires*, because the USPTO lacked the authority to issue substantive rights in the area (count I); the Final Rules were contrary to the Patent Act (count II (continuations), count IV (number of claims), count V (RCE)); the Final Rules were impermissibly retroactive (count III); the Final Rules were procedurally defective in the manner that they were adopted (count VI); the Final Rules were improperly vague (count VII); and the Final Rules were unconstitutional (count VIII). The *Tafas* and *SmithKline* cases



were consolidated, and assigned to Judge Cacheris of the U.S. District Court for the Eastern District of Virginia.

Needless to say, the Final Rules were the subject of extensive controversy concerning the manner in which the Final Rules were adopted, the substance of the Final Rules, the need for the Final Rules, and the retroactive effect the Final Rules were intended to have on then pending patent applications.

A groundswell of public opposition was expressed against the Final Rules, and more than a dozen amici submissions were made, generally seeking to have the Final Rules struck down.

On the day before the Final Rules were due to take effect, the District Court granted a preliminary injunction enjoining the USPTO from implementing the Final Rules. See *Tafas v. Dudas*, 511 F. Supp. 2d 652 (E.D. Va. Oct. 31, 2007) (“*Tafas I*”).

With the Final Rules stayed, the USPTO produced the administrative record of the rulemaking process, and the District Court set a schedule for the briefing and argument of motions for summary judgment. The plaintiffs sought summary judgment that the Final Rules were invalid, and a permanent injunction against their enforcement. Their motion argued that “the Final Rules were impermissibly substantive, inconsistent with law, arbitrary and capricious, incomprehensibly vague, impermissibly retroactive, and procedurally defective.” *Tafas III*, slip op. at 4 (Prost, C.J.).

The District Court found that the Final Rules were “substantive rules that change existing law and alter the rights of applicants such as [Appellees] under the Patent Act.” *Tafas v. Dudas*, 541 F. Supp. 2d 805, 814 (E.D. Va. 2008) (“*Tafas II*”). Specifically, the District Court found that the Final Rules created limits on continuation applications, RCEs, and claims which were inconsistent with several sections of the Patent Act, as well as Federal Circuit precedent. The District Court held that, because the USPTO lacked substantive rulemaking authority, the Final Rules exceeded the USPTO’s statutory jurisdiction in violation of 5 U.S.C. § 706(2). *Tafas II*, 541 F. Supp. 2d at 814. The District Court summarized its holding as follows:

“After thorough examination of the parties’ briefs, the arguments of roughly two dozen amici curiae, and the extensive administrative record, the Court finds that the Final Rules are substantive in nature and exceed the scope of the USPTO’s rulemaking authority under 35 U.S.C. § 2(b)(2). Consequently, the Court will grant summary judgment to GSK and *Tafas* and void the Final Rules as ‘otherwise not in accordance with law’ and ‘in excess of statutory jurisdiction [and] authority.’ 5 U.S.C. § 706(2).”

Tafas II, 541 F. Supp. 2d at 811. Thus, the District Court granted plaintiffs’ motion for summary judgment that the Final Rules were invalid. For a detailed discussion of the *Tafas II* decision, see Charles R. Macedo and Marion P. Metelski, “*Tafas Verdict Is A Setback For Patent Office*”, IP Law360, April 9, 2008 (available at www.arelaw.com/publications).

It is the District Court’s decision in *Tafas II* that is the subject of the appeal in *Tafas III*.



Part II: The USPTO's Rulemaking Authority

of the discussion in *Tafas III* is directed to the scope of the USPTO's rulemaking authority and the deference that courts are required to provide to the USPTO's interpretation of the U.S. Patent Act.

In this regard, Judge Prost agreed with “the district court that § 2(b)(2) ‘does not vest the USPTO with any general substantive rulemaking power.’” *Tafas III*, slip op. at 7 (Prost, C.J.) (quoting *Tafas II*, 541 F. Supp. 2d at 811). Thus, Judge Prost rejected “the USPTO's argument that the substantive/procedural distinction is immaterial in this case.” *Tafas III*, slip op. at 8 (Prost, C.J.).

Judge Prost further found that “[w]hile we do not purport to set forth a definitive rule for distinguishing between substance and procedure in this case, we conclude that the Final Rules challenged in this case are procedural. In essence, they govern the timing of and material that must be submitted with patent applications. The Final Rules may ‘alter the manner in which the parties present ... their viewpoints’ to the USPTO, but they do not, on their face, ‘foreclose effective opportunity’ to present patent applications for examination.” *Tafas III*, slip op. at 14 (Prost, C.J.) (citations omitted).

Thus, having determined that the Final Rules were procedural, rather than substantive, Judge Prost's analysis focused on whether the Final Rules are consistent with the Patent Act. In Judge Prost's analysis, taking the Final Rules as procedural, a higher level of deference was provided to the USPTO's interpretation of the Patent Act. *Tafas III*, slip op. at 20-21. This highly deferential analysis resulted in Judge Prost finding that three of the four Final Rules at issue were not inconsistent with the Patent Act, as discussed in Part III herein, despite the fact that these rules significantly changed current patent practice.

Judge Rader, in his concurring and dissenting opinion, took issue with this holding, and offered a substantially more limited level of deference for the USPTO's rulemaking authority with respect to the Final Rules.

Judge Bryson focused on a different inquiry: “In my view, the question whether the [USPTO] is authorized to promulgate particular regulations does not turn on an abstract inquiry into whether a particular rule can be characterized as substantive, procedural, or interpretative. Instead, it calls on us to ask what Congress has empowered the [USPTO] to do through rulemaking.” *Tafas III*, slip op. at 1 (Bryson, C.J.)

PART III: The Federal Circuit's Disposition of the Four Final Rules

All three judges on the panel agreed that Final Rule 78 was properly stricken since, on its face, the rule was contrary to the relevant statutory scheme. Judges Prost and Bryson did not find the other three Final Rules — Final Rules 75, 114, and 265 — to be contrary to the relevant statutory scheme, and thus reversed the District Court's grant of summary judgment as to those Final Rules. Judge Rader concurred in part and dissented in part, and would have found



all four of the Final Rules at issue contrary to the relevant statutory scheme and beyond the USPTO's rulemaking authority.

The various findings on each of these Final Rules are discussed in turn in this Part III.

A. Final Rule 78: Limiting Continuing Applications

Under the current statutory framework, a later filed application can claim the benefit of the filing date of an earlier filed application (commonly known as a “parent” application)—either in whole (referred to as a “continuation” application) or in part (referred to as a “continuation-in-part” or “CIP” application)—as long as certain requirements are met:

The parent application and the later-filed application (e.g., continuation or CIP application) must have at least one inventor in common;

- The parent application and the later-filed application must have a common disclosure, at least in part;
- The later-filed application must be filed while the parent application is pending; and
- The later-filed application must contain a specific reference to the parent application.

35 U.S.C. § 120. If the benefit of the filing date of the parent application is properly claimed, then any prior art that is published or becomes publicly available after the filing date of the earlier application, but before the filing date of the later application, is not available as prior art against the later-filed application.

Final Rule 78 limited to two the number of continuation patent applications (whether a continuation patent application or a continuation-in-part patent application) that may be filed claiming priority to an initially filed nonprovisional patent application as a matter of right. See 37 C.F.R. § 1.78. The initially filed patent application and its continuation and CIP applications constitute an “application family.” 72 Fed. Reg. at 46,716.

Tafas II found that Final Rule 78 imposed a substantively different rule of law for continuation applications than the statutory scheme adopted by Congress under 35 U.S.C. § 120:

“Though Final Rule 78 does not completely prohibit applicants from filing more than two continuation or continuation-in-part applications, because the USPTO intends to deny additional applications in almost all circumstances, see 72 Fed. Reg. at 46769-77, the “could not have been submitted” standard of the petition and showing requirement effectively imposes a hard limit on additional applications.”

* * *

“Instead, Final Rule 78 and the hard limit it imposes changes existing law and deprives



applicants of their valuable rights under 35 U.S.C. § 120 to an unlimited number of continuation and continuation-in-part applications as a matter of right. By so doing, it may also impact applicants' rights under Sections 102 and 103 and result in the denial of otherwise meritorious patents."

Tafas II, 541 F. Supp. 2d at 814-15 (footnote omitted).

On appeal, Judge Prost focused her analysis on the District Court's conclusions that:

- "Final Rule 78 was inconsistent with the statutory mandate that qualifying applications 'shall have' the benefit of the priority date of the initial application." *Tafas III*, slip op. at 21-22 (Prost, C.J.) (citing *Tafas II*, 541 F. Supp. 2d at 814).
- The Federal Circuit's predecessor held that "there is no statutory basis for fixing an arbitrary limit to the number of [continuing] applications." *Tafas III*, slip op at 22 (Prost, C.J.) (quoting *Tafas II*, 541 F. Supp. 2d at 814) (quoting *In re Henriksen*, 399 F.2d 253, 254 (CCPA 1968) (alteration provided by the district court))).
- The Federal Circuit's predecessor also held that "a limit upon continuing applications is a matter of policy for the Congress[.]" *Tafas III*, slip op at 22 (Prost, C.J.) (quoting *Tafas II*, 541 F. Supp. 2d at 814) (quoting *In re Hogan*, 559 F.2d 595, 604 n.13 (CCPA 1977)).
- "In light of the USPTO's presumed 'inten[t] to deny additional applications in all circumstances,' the district court found that Final Rule 78 set forth a 'mechanical rule' that 'changes existing law and deprives applicants of their valuable rights under 35 U.S.C. § 120 to an unlimited number of continuation and continuation-in-part applications as a matter of right.'" *Tafas III*, slip op. at 22 (Prost, C.J.) (quoting *Tafas II*, 541 F. Supp. 2d at 815).

Judge Prost found that "[w]e agree with the district court that Final Rule 78 is inconsistent with § 120, although we rely upon narrower grounds." *Tafas III*, slip op. at 22 (Prost, C.J.). In particular, Judge Prost's analysis focused on the statutory language "shall" in the phrase "shall have the same effect, as to such invention, as though filed on the date of the prior application" in 35 U.S.C. § 120 to conclude that "[t]he use of 'shall' indicates that these are the exclusive requirements, and that all applications that meet these requirements must receive the benefit provided by § 120. ... Thus, Rule 78 is invalid because it attempts to add an additional requirement – that the application not contain amendments, arguments, or evidence that could have been submitted earlier – that is foreclosed by the statute." *Tafas III*, slip op. at 22-23 (Prost, C.J.) (citation omitted).

Judge Prost rejected arguments by amici that ambiguity in Section 120 gives the USPTO rulemaking authority to adopt the Final Rule 78, but noted that the ambiguity recognized in prior case law did not relate to the portion of Section 120 that Final Rule 78 contravened. *Tafas III*, slip op. at 23-24 (Prost, C.J.).



Judge Prost also rejected the USPTO's arguments that Final Rule 78 was consistent with its authority, as recognized by the Federal Circuit in *In re Bogese*, 303 F.3d 1362 (Fed. Cir. 2002). Judge Prost found the Court's decision in *Bogese* "does not extend ... beyond the boundaries of prosecution history laches" which did not have "firm guidelines". *Tafas III*, slip op. at 24-25 (Prost, C.J.). Thus, Judge Prost held, "[w]e need not address the precise boundaries of the USPTO's authority to promulgate rules under *Bogese* because Final Rule 78 is far too restrictive to fall within the scope of prosecution history laches." *Tafas III*, slip op. at 25 (Prost, C.J.).

While both Judges Bryson and Rader concurred with the conclusion that Final Rule 78 was inconsistent with Section 120, their views of how it is inconsistent were not identical. Judge Bryson believes that Rule 78 is inconsistent with Section 120 because Section 120 prohibits the USPTO from adopting rules that limit the number of continuation applications that can be filed based on a pending original application. He left open the issue of whether the USPTO could adopt a rule that prohibits serial continuations based on a no longer pending original application. *Tafas III*, slip op. at 7 (Bryson, C.J., concur.) Judge Rader found Final Rule 78 to be clearly in contravention of the USPTO's rulemaking authority and contrary to 35 U.S.C. § 120. *Tafas III*, slip op. at 8-9 (Rader, C.J., concur in part, dissent in part).

B. Final Rule 114: Limiting RCEs

Under current patent practice, as an alternative to filing a continuation application, applicants often choose to respond to a final office action in an application by filing a request for continued examination ("RCE"). See 37 C.F.R. § 1.114. Under this procedure, upon the timely filing of a submission by the applicant (e.g., an information disclosure statement, an amendment, a new argument, or new evidence), the PTO will withdraw the final Office Action and will enter and consider the submission. The statutory authority for RCE practice is found in 35 U.S.C. § 132, which provides in pertinent part, "[w]henever, on examination, any claim for a patent is rejected ... if after receiving such notice, the applicant persists in his claim for a patent, with or without amendment, the application shall be reexamined."

Final Rule 114 modified this prior practice by limiting the number of RCE applications that may be filed as of right to one per "application family." See 37 C.F.R. § 1.114.

The District Court held that Final Rule 114 imposed a substantively different rule of law on RCEs in two ways:

1. "First, it places a limit on RCEs as of right on the basis of application family, rather than on the basis of each individual application, whether it be a parent application or a continuation or continuation-in-part application. See 72 Fed. Reg. at 46,737. While there is no case law interpreting the scope of Section 132, limiting RCEs based on application family is a clear departure from the plain language of the statute, which states that the USPTO must provide for the continued examination of each application." *Tafas II*, 541 F. Supp. 2d at 815.



2. “Second, and most importantly, the words ‘shall’ and the phrase ‘at the request of the applicant’ in Section 132(b) are best read as evidence that Congress intended to allow for an unlimited number of RCEs and intended to commit the invocation of the continued examination process to the discretion of the applicant, not the USPTO. In contrast to this mandate, Final Rule 114 limits the number of RCEs per application family to one as a matter of right. Additionally, Final Rule 114’s ‘petition and showing’ requirement is identical to Final Rule 78’s in that it imposes the same type of hard limit on the filing of further RCEs. As a result, Final Rule 114 significantly changes existing law and alters applicants’ rights under 35 U.S.C. § 132 to an unlimited number of RCEs per application at their discretion.” *Tafas II*, 541 F. Supp. 2d at 815 (footnote omitted).

Judge Prost found that Section 132 did not unambiguously dictate “that its provisions be applied on a per application basis,” as the District Court found; “be unlimited and subject only to the applicant’s discretion,” as GlaxoSmithKline argued; or require the USPTO to continue examination if “the applicant persists in his claim for a patent,” as *Tafas* argued. In each instance, the Court recognized there was ambiguity in the governing statute, and thus deferred to the USPTO’s interpretation. *Tafas III*, slip op. at 26-28 (Prost, C.J.).

In his dissent, Judge Rader found Final Rule 114 to contravene the American Inventor’s Protection Act of 1999, which states that the RCE provisions “shall apply to all applications” filed on or after June 8, 1995. Judge Rader found “[t]he Act did not impose or contemplate a restrictive RCE practice. To the contrary, subject to the doctrine of prosecution laches, applicants could file an RCE as a matter of right.” *Tafas III*, slip op. at 9 (Rader, C.J., concurring in part, dissenting in part). To support his conclusion, Judge Rader outlined a series of reasonable scenarios where the restrictions on filing RCEs would “significantly affect patent practice.” *Tafas III*, slip op. at 9-10 (Rader, C.J., concurring in part, dissenting in part).

C. Final Rules 75 and 265: Requiring Mandatory Patent Searches and an ESD when Too Many Claims Are Filed

Under current PTO practice, an applicant is entitled to submit as many claims as he desires (and is willing to pay for) in a patent application. If the applicant submits more than 3 independent claims or 20 total claims for examination in an application, the applicant must pay additional filing fees. 37 C.F.R. § 1.16(b)-(c).

Final Rule 75 provides that the number of claims that can be presented in a single patent application as of right, without having to conduct a patent search and submit an Examination Support Document (“ESD”), is limited to no more than 5 independent claims and no more than 25 total claims. (In certain circumstances, this limit on the number of claims takes into account the number of claims presented in related, co-pending applications.) The requirements for the new ESD are found in Final Rule 265.



The District Court in *Tafas II* found that Final Rules 75 and 265 imposed a substantively different rule of law on the number of claims an applicant can present and on the type of search that an applicant is required to perform. In particular, *Tafas II* found that “the ESD requirement changes existing law and alters the rights of applicants under the current statutory scheme by shifting the examination burden away from the USPTO and onto applicants. Final Rule 265 demands that applicants conduct a broad search of patents, patent applications, and literature, and provide, among other things, a ‘detailed explanation’ of ‘how each of the independent claims is patentable over the cited references.’ 72 Fed. Reg. at 46842; 37 C.F.R. § 1.265(a). However, the Federal Circuit has stated that applicants have ‘no duty to conduct a prior art search’ and ‘no duty to disclose art of which an applicant could have been aware.’” *Tafas II*, 541 F. Supp. 2d at 816 (citations omitted). Thus, *Tafas II* found these Final Rules improperly changed substantive law by shifting the burden of examination and the burden of making a prima facie case of unpatentability from the USPTO to the applicant. *Tafas II*, 541 F.Supp. 2d at 816-17.

Judge Prost took issue with the suggestion that Final Rules 75 and 265 imposed a limit on the number of claims that an applicant would be allowed to file in a particular patent application: “we need not decide whether the USPTO may impose a limit on the number of claims an applicant can pursue because we do not find that the ESD requirement creates any such limit. Rather, it simply requires that an ESD be submitted if more than five independent or twenty-five total claims are included in certain sets of copending applications.” *Tafas III*, slip op. at 28-29 (Prost, C.J.). Judge Prost also rejected the argument that the Federal Circuit’s precedent that there is “no duty to conduct a prior art search” was a barrier to the new rules: “[w]e agree with the USPTO that these cases do not speak to whether the USPTO may impose such a duty by regulation.” *Tafas III*, slip op. at 29 (Prost, C.J.).

Finally, with respect to the District Court’s conclusion that the ESD requirement improperly shifted the burden of patent examination away from the Examiner and onto the applicant, Judge Prost wrote, “[w]e agree with the district court that the USPTO bears the initial burden of proving unpatentability, but disagree that the ESD requirement shifts that burden. ... [W]hile creating an additional procedural step for the submission of applications, the ESD requirement does not alter the ultimate burdens of the examiner or applicant during examination.” *Tafas III*, slip op. at 30 (Prost, C.J.).

Judge Rader also dissented with respect to Final Rules 75 and 265. With respect to Final Rule 75, Judge Rader found that “[p]lacing an arbitrary limit on the number of claims in an application drastically affects an applicant’s rights and obligations under the Patent Act. To be specific, this rule alters obligations under 35 U.S.C. §§ 102, 103, 112, and 131.” *Tafas III*, slip op. at 10-11 (Rader, C.J., concurring in part, dissenting in part). Judge Rader drew the analogy of a rule imposing a five page limit on applications, and rejected the argument that such a rule is merely procedural.

Judge Rader’s dissent on this point included a warning: “This court today forgets that an



inventor's incentive to disclose is commensurate with the protection available. With less ability to claim myriad methods of making, methods of use, species and intermediates, and more, an inventor will have less incentive to disclose the full dimension of the technological advance. Final Rule 75 frustrates the quid pro quo contemplated by the Patent Act." *Tafas III*, slip op. at 12 (Rader, C.J., concurring in part, dissenting in part).

Judge Rader found that "Final Rule 265 goes too far, however, by requiring an applicant to 'conduct a broad search of patents, patent applications, and literature, and provide, among other things, a "detailed explanation" of "how each of the independent claims is patentable over the cited references.'" *Tafas III*, slip op. at 12 (Rader, C.J., concurring in part, dissenting in part) (quoting *Tafas II*, 541 F. Supp. 2d at 816 (quoting 37 C.F.R. § 1.265(a))). Judge Rader further found that "the ESD requirement improperly shifts the burden of proving patentability onto the applicant – a direct conflict with this court's interpretation of section 102." *Tafas III*, slip op. at 13 (Rader C.J., concurring in part, dissenting in part).

D. The Proceedings on Remand

Judge Prost clearly delineated the issues that were "not decided" on appeal, and that the Federal Circuit believes "remain for the district court on remand":

- Whether any of the Final Rules, either on their face or as applied in any specific circumstances, are arbitrary and capricious;
- Whether any of the Final Rules conflict with the Patent Act in ways not specifically addressed in this opinion;
- Whether all USPTO rulemaking is subject to notice and comment rulemaking under 5 U.S.C. § 553;
- Whether any of the Final Rules are impermissibly vague; and • Whether the Final Rules are impermissibly retroactive.

Tafas III, slip op. at 31 (Prost, C.J.).

The concurring opinion by Judge Bryson also raised an issue that, in his view, remains open. As described earlier herein, although Judge Bryson concurred that Final Rule 78 "is contrary to the plain language of [35 U.S.C.] section 120, which provides that such a co-pending continuation 'shall' be given the same priority date as the original application and which contains no restriction on the numbers of such applications that are permitted," he left open the question of whether "a revised rule that addressed only serial continuances and limited such continuances to only two – the first co-pending with the original application and the second co-pending with the first – would be struck down as reflecting an impermissible interpretation of [35 U.S.C.] section 120." *Tafas III*, slip op. at 7 (Bryson, C.J., concurring).



Conclusion

The implications of *Tafas III* on patent practice go well beyond the questionable rules at issue on this appeal. The high level of deference (while not unlimited) provided to the USPTO is likely to embolden the USPTO to take a more aggressive view of its rulemaking authority in the future.

The three-way split of the Federal Circuit in its review, and the sensitive issues regarding the USPTO's rulemaking authority, suggest that this case may be an appropriate case for the full court of the Federal Circuit to take up en banc, if not the Supreme Court. One may wonder, in view of the change in administrations, whether the Obama Administration will want to continue to push these highly unpopular, and some would suggest of questionable merit, Final Rules.

Having overturned the highly critical District Court decision in *Tafas II* (thus removing its precedential value), one prudent course for the USPTO might be to withdraw the unpopular Final Rules and start over, thereby eliminating the risk that the en banc Federal Circuit, or perhaps the Supreme Court, might adopt the more preclusive views set forth in *Tafas II* and in Judge Rader's Opinion in *Tafas III*.

[Charles R. Macedo](#) is a Partner, and [Marion P. Metelski](#) is a Senior Counsel at Amster, Rothstein & Ebenstein LLP. Their practices specializes on intellectual property issues including litigating patent, trademark and other intellectual property disputes, prosecuting patents before the U.S. Patent and Trademark Office, and other patent offices throughout the world, registering trademarks and service marks with U.S. Patent and Trademark Office, and other trademark offices throughout the world, and drafting and negotiating intellectual property agreements. They may be reached at cmacedo@arelaw.com and mmetelski@arelaw.com.