

## The New Rules Train is Off the Tracks! *USPTO Loses at District Court, Glaxo Injunction Made Permanent*

On April 1, 2008, Judge Cacheris of the Eastern District of Virginia permanently enjoined the USPTO from implementing the final rules package as published on August 21, 2007 and set to take effect November 1<sup>st</sup> (the "Final Rules"). In a 26-page opinion, the Court found that the USPTO does not have substantive rule-making authority and that the proposed Final Rules were substantive rule changes, not procedural rule changes as the USPTO had argued.

"Because the USPTO's rulemaking authority under 35 U.S.C. § 2(b)(2) does extend to substantive rules, and because the Final Rules are substantive in nature, the Court finds that the Final Rules are void as 'otherwise not in accordance with law' and 'in excess of statutory jurisdiction [and] authority.' 5 U.S.C. § 706(2)."  
Slip Op., pg 25.

### Permanent Injunction Findings

The Court kept its ruling and analysis simple, straightforward and consistent with its prior decision on the Preliminary Injunction that the Final Rules were beyond the statutory authority of the USPTO. The Court found that the 2+1 limits on continuations, the 5/25 limits on the number of claims, the limits on the number of Requests for Continuing Examinations (RCEs), and the requirements for Examination Support Document (ESD), all shift "the examination burden onto applicants, [and] constitute a drastic departure from the terms of the Patent Act as they are presently understood." Slip Op., pg 18. The Court did not agree with the USPTO that the limits on the number of continuations and claims in the Final Rules were not hard limits. Relying on both case law and statutory provisions, the Court found that such hard limits are not permitted under the Patent Act. On the rules for the ESD, the Court 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." Slip Op., pg 24.

### What's Next

The USPTO has up to 60 days to file a notice of appeal to the Court of Appeals for the Federal Circuit. If appealed, it is likely that the Federal Circuit would take up the case on an expedited schedule and a decision on appeal might happen before the end of the year. If not appealed, the question remains as to what other steps the USPTO will take to address the backlog issue.

Most likely, the focus for patent attorneys and inventors will turn to the Patent Reform Act currently pending in the Senate that is reportedly up for consideration and debate on the Senate floor in April or May. The USPTO also has a set of proposed rules updating the requirements for submitting an Information Disclosure Statement (IDS). Speculation was that the USPTO was holding off on releasing the final version of the IDS Rules until after the District Court had issued its ruling in the Glaxo case. How the USPTO will react to the Glaxo decision in terms of promulgating the IDS Rules, as well as other proposed rules on appeals and restriction requirements, or perhaps fee increases for more claims or more continuations, will be the subject of speculation in the near term.

For now, patent attorneys and inventors can breathe a collective sigh of relief and continue business as usual in terms of freedom to submit unlimited numbers of claims and continuations. But none of us should expect the patent landscape to remain stable for long.

Visit [www.ptslaw.com/uspto.cfm](http://www.ptslaw.com/uspto.cfm) for more information on the New Rules and ongoing updates on future developments.

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