

March 23, 2009

Federal Circuit Reverses Course on 2007 Patent Rules

On March 20, 2009, the United States Court of Appeals for the Federal Circuit, in *Tafas v. Doll*, affirmed in part, vacated in part and remanded a 2008 Eastern District of Virginia ruling that invalidated the United States Patent and Trademark Office's (USPTO) 2007 patent rules on limiting the number of continuation applications, claims and requests for continued examination. Preliminarily, the Federal Circuit found the 2007 patent rules to be procedural rather than substantive, and, thus, the USPTO had the ability to issue the rules. Thereafter, the Federal Circuit addressed each of the proposed 2007 patent rules, affirming the finding that the rule relating to the number of continuation applications is invalid, but vacating and remanding the findings as to the rules relating to the number of claims and the number of requests for continued examination. Importantly, in affirming the invalidity of the rule limiting the number of continuation applications, the Federal Circuit may have effectively eroded the limiting nature of the upheld rules.

Briefly, the 2007 patent rules included the following significant changes:

1. Claims Limited in Each Application to 25 Total and Five Independent Claims (37 C.F.R. § 1.75)

The Federal Circuit found this rule to be procedural and within the USPTO's rulemaking authority. This rule, referred to as the "25/5 rule," limits the number of claims that may be presented in an application to 25 total and five independent claims. This rule also applies to closely related applications that contain patentably indistinct claims. For example, if an applicant files two applications with patentably indistinct claims, the number of claims for both applications is limited to 25 total and five independent. In view of the 25/5 rule, it is likely that the scope of protection available for inventions within a given patent application will be limited from that which was previously available.

However, applicants may exceed this 25/5 limit by filing an examination support document (ESD), which requires a full patentability search and explanation similar to the current requirements for accelerated examination. The preparation of an ESD will increase the cost of an application and potential allegations of inequitable conduct, and should typically be avoided.

2. One Request for Continued Examination Per Application Family (37 C.F.R. § 1.114)

The Federal Circuit also found this rule to be procedural and within the USPTO's rulemaking authority. The rule imposes a limit of one request for information (RCE) per application family without filing a petition. An RCE allows applicants to continue examination after a final rejection without having to appeal the final rejection. The number of RCEs is not limited on a "per application" basis, but, rather, to the entire application family, including continuations and continuation-in-part applications. Divisional applications are treated as a separate application family. This rule was to apply retroactively.

3. No Limits on Continuation Applications (37 C.F.R. § 1.78)

Although the Federal Circuit also found this rule to be procedural, the rule was invalid for violating statute. This rule improperly added requirements to continuation applications that are foreclosed by 35 U.S.C. § 120. Thus, the limit of two continuation applications is invalid. This is important because, under most circumstances, an applicant may file a continuation application instead of an RCE, thus potentially obviating the limit on RCEs discussed above. Also, this would allow an applicant to file multiple continuation applications to obtain additional patentably distinct claims beyond those contemplated under the 25/5 rule.

The 2007 patent rules also contained a burdensome requirement on applicants to identify all other pending applications or patents that have the same filing or priority date, that have a common inventor, and are assigned to the same entity. This requirement was part of the limits on the continuation applications. The Federal Circuit did not address this requirement separately, but found the entire rule on continuation applications to be invalid.

Summary

There are still many pending issues that the district court and USPTO will need to address before these rules are implemented. In addition, because a new director of the USPTO has yet to be named by the current administration, this may also affect the course and speed at which one or more of these 2007 patent rules will be implemented.

For additional information on these 2007 patent rules and the Federal Circuit's decision, please contact one of the following Katten Muchin Rosenman LLP patent attorneys:

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