

## FEDERAL CIRCUIT DECISION IN TAFAS REGARDING FINAL RULES

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On March 20, 2009, the U.S. Court of Appeals for the Federal Circuit (“Federal Circuit”) issued a decision regarding the Final Rules proposed by the U.S. Patent and Trademark Office (“USPTO”). The decision is *Tafas et al. v. Doll et al.*, case number 08-1352, hereinafter referred to as *Tafas III*.

In *Tafas III*, the Federal Circuit considered whether the USPTO had the authority to issue the Final Rules, and whether the Final Rules were inconsistent with provisions of the Patent Act. As outlined in more detail below, the Federal Circuit held that the Final Rules were within the rulemaking authority of the USPTO. However, the Federal Circuit decided that Final Rule 78, which is directed to continuation applications, is inconsistent with the provisions of 35 U.S.C. §120, which accords a continuation application the earlier filing date of its parent application.

### ***I. Final Rule 78 Regarding Continuation Applications Found To Be Within The USPTO’s Rulemaking Authority, But Invalid Under 35 U.S.C. §120***

Final Rule 78 provides that an applicant is entitled to file only two continuation applications as a matter of right. Under Final Rule 78, if the applicant wants to file more than two continuation applications, the applicant must file a petition showing that amendments, arguments or evidence sought to be entered in the subsequent continuation application could not have been filed during the prosecution of the prior-filed application. If this cannot be shown, the USPTO will accept the subsequent continuation application for examination, but the application will not be entitled to the earlier filing date of the parent application, as set forth in 35 U.S.C. §120. If the parent application has been published, the subsequent continuation application may then be subject to a prior art rejection over its own parent application.

In *Tafas III*, The Federal Circuit disagreed with the lower court’s ruling that Final Rule 78 was outside the scope of the USPTO’s rulemaking authority. Specifically, the Federal Circuit found that the requirement for applicants to provide all amendments, arguments or evidence during prosecution of the parent application or the first or second continuation applications would not prevent applicants from obtaining patent rights. However, the Federal Circuit agreed with the lower court that this requirement of Final Rule 78 is inconsistent with 35 U.S.C. §120. Therefore, the Federal Circuit held that Final Rule 78 is invalid.

***II. Final Rule 114 Regarding RCEs Found To Be Within The USPTO's Rulemaking Authority, And Thus, Valid***

Final Rule 114 provides that an applicant is entitled to file only one Request for Continued Examination (RCE), for each application family, as a matter of right. If the applicant wants to file an additional RCE, the applicant must file a petition showing that the amendment, argument or evidence sought to be entered in the additional RCE could not have been filed before the close of prosecution in the application.

The Federal Circuit disagreed with the lower court's ruling that Final Rule 114 was outside the scope of the USPTO's rulemaking authority, and held that the USPTO is allowed to limit the number of RCEs that can be filed. Furthermore, the Federal Circuit held that it is proper to limit the number of RCEs filed for each application family, as opposed to limiting the number of RCEs filed on a per application basis.

***III. Final Rule 75 Regarding Limitations On The Number Of Claims And Final Rule 265 Regarding Examination Support Documents Found To Be Within The USPTO's Rulemaking Authority, And Thus, Valid***

Final Rule 75 provides that an applicant who submits more than five independent claims or more than twenty-five total claims must submit an Examination Support Document (ESD), and Final Rule 265 provides the requirements for the ESD. Under Final Rule 265, the applicant is required to conduct a search of the prior art, and provide a list of the most relevant references to the USPTO. The applicant is also required to identify which limitations are disclosed by each reference, how each independent claim distinguishes over the references, and identify where in the specification each limitation is disclosed.

The Federal Circuit disagreed with the lower court's ruling regarding Final Rule 75 and Final Rule 265. Unlike the lower court, the Federal Circuit found that these rules do not in fact limit the number of claims an applicant may submit. Specifically, the Federal Circuit held that Rule 265 merely requires that an ESD be submitted if more than five independent claims or twenty-five total claims are included in a group of co-pending applications.

***Conclusion***

The Federal Circuit remanded several issues back to the lower court, including whether any of the Final Rules conflict with the Patent Act in ways not specifically addressed in the *Tafas III* decision. Therefore, litigation remains pending. In addition, the Federal Circuit may be asked to reconsider the appeal

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*en banc*, possibly resulting in a different decision. It is also possible that the Obama administration, by the new Director of the USPTO (who has not been chosen yet), may decide to modify or withdraw the Final Rules. With regard to implementation of the Final Rules, the USPTO will not implement the Final Rules at this time.