

USPTO RESCINDS FINAL RULES

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The U.S. Patent and Trademark Office (“USPTO”) has rescinded the highly debated *Changes to Practice for Continued Examination Filings, Patent Applications Containing Patentably Indistinct Claims, and Examination of Claims in Patent Applications* (“Final Rules”), which were made final in August 2007 by the former administration of the USPTO. The present administration, led by Under Secretary of Commerce for Intellectual Property and Director David Kappos, issued a new Final Rule to rescind the regulations proposed in the Final Rules by the previous USPTO administration.

In a press release issued by the USPTO on October 8, 2009, Kappos is quoted as saying “The USPTO should incentivize innovation, develop rules that are responsive to its applicants’ needs and help bring their products and services to market. These regulations have been highly unpopular from the outset and were not well received by the applicant community. In taking the actions we are announcing today, we hope to engage the applicant community more effectively on improvements that will help make the USPTO more efficient, responsive, and transparent to the public.” (See, Press Release, 09-21, *USPTO Rescinds Controversial Patent Regulations Package Proposed by Previous Administration*, available at www.uspto.gov/news/09_21.jsp).

With regard to the pending litigation in *Tafas v. Dudas* (*sub nom. Tafas v. Kappos*), which was filed to prevent the USPTO from implementing the August 2007 Final Rules, the USPTO will file a motion to dismiss the lawsuit and vacate the federal district court decision granting summary judgment against implementation of the Final Rules (*Tafas v. Dudas*, 541 F.Supp.2d 805, 86 U.S.P.Q.2d 1623 (E.D. Va 2008)). In the April 2008 decision, the district court held that the USPTO did not have authority to make the August 2007 Final Rules, and permanently enjoined the USPTO from implementing the rules. On appeal, the Court of Appeals for the Federal Circuit held that the August 2007 Final Rules were within the rulemaking authority of the USPTO (*Tafas v. Dudas sub nom. Tafas v. Doll* (559 F.3d. 1345 (Fed.Cir. 2009))), but later agreed to rehear the issues en banc regarding the August 2007 Final Rules. The motion to dismiss and vacate, if granted, would effectively end further litigation in this case and vacate the holding that the USPTO did not have proper rulemaking authority.

GlaxoSmithKline, one of the two plaintiffs in *Tafas v. Kappos*, will join the USPTO in filing the motion to dismiss and vacate. However, attorneys for Party Tafas have indicated concern over the motion to vacate, suggesting that while Tafas supports the motion to dismiss, he will likely object to the motion to vacate the federal district court’s decision in order to establish that the district court’s

precedential decision should be maintained to limit the USPTO's substantive rulemaking power (See, www.law360.com/articles/127342).

Thus, the Final Rules proposed August 2007 will not take effect and Applicants no longer need to consider strategies to avoid the negative impact of these Final Rules.