

PTO Press Release on Patent Rules Package
10/8/09

USPTO Rescinds Controversial Patent Regulations Package
Proposed by Previous Administration

Agency Files Joint Motion with Plaintiff GlaxoSmithKline to Dismiss
Lawsuit Related to Regulations Affecting the Ability to Secure Patent
Protection for Inventions

WASHINGTON – Under Secretary of Commerce for Intellectual Property and Director of the USPTO David Kappos has signed a new Final Rule rescinding highly controversial regulations, proposed by the previous administration, that patent applicants felt unduly restricted their capacity to protect intellectual property. The regulations, which addressed the number of continuation applications as well as the number of claims that could be included within each application, were published in the Federal Register in August 2007, but were enjoined and never came into effect.

The USPTO also announced that it will file a motion to dismiss and vacate the federal district-court decision in a lawsuit filed against the USPTO that sought to prevent the rules from taking effect. GlaxoSmithKline - one of two plaintiffs in the *Tafas v. Kappos* lawsuit - will join the USPTO's motion for dismissal and vacatur.

“The USPTO should incentivize innovation, develop rules that are responsive to its applicants’ needs and help bring their products and services to market,” Kappos said. “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.”

“We are grateful to GlaxoSmithKline for working with us to file this joint motion to both dismiss the appeal and vacate the district court’s decision. This course of action represents the most efficient way to formally and permanently move on from these regulations and work with the IP community on new ways to take on the challenges these regulations were originally designed to address.”

Background on Rules

In August 2007, the agency published new rules intended to help improve examination efficiency, enhance the quality of examination, and manage the growing backlog of unexamined applications.

Two regulations, commonly referred to as the “Continuation Rule” and the “RCE Rule,” would have permitted an applicant to file only two continuation applications and one request for continued examination (“RCE”) per application family as a matter of right. For a third or

subsequent continuation application or RCE, the applicant would have had to make a case to the USPTO to show why the additional filing was needed.

A third regulation, referred to as the "Claims Rule," would have permitted an applicant to file five independent claims and twenty-five total claims per application. If an applicant desired more than five independent claims or more than twenty-five total claims, then the Claims Rule would have required the applicant to supply information to the USPTO about the claimed invention to assist the Office's examination. The specific information that would have been required was outlined in another regulation, termed the "ESD Rule."

Many in the applicant community felt the combination of these new requirements would ultimately have had an effect that was at odds with their intended purposes.

History of Litigation

In the fall of 2007, GlaxoSmithKline and Dr. Tafas brought suit against the USPTO in the U.S. District Court of the Eastern District of Virginia and sought a preliminary injunction to stop the Claims and Continuations Rules from becoming effective, which the district court granted. In April 2008, the district court ruled in favor of GlaxoSmithKline and Dr. Tafas on the merits and permanently enjoined the rules, preventing the agency from implementing them. The agency appealed to the U.S. Court of Appeals for the Federal Circuit.

In March 2009, a panel of the Federal Circuit concluded that the Claims and Continuations Rules were all procedural in nature and within the agency's rulemaking authority. The Court also concluded that the rules, except for the Continuations Rule, were consistent with the patent law.

In 2009, the Federal Circuit vacated its earlier decision, granted rehearing en banc, and ordered additional briefing that would have commenced in the coming weeks.

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