



Tafas v. Doll Federal Circuit Decision

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On March 20, 2009, the Court of Appeals for the Federal Circuit issued a decision in *Tafas v. Doll* (2008-1352, Fed Cir 2009) on the rule changes proposed by the U.S. Patent and Trademark Office (USPTO) in 2007. The proposed rules included:

(1) limitations on the number of continuation applications that an applicant could file as a matter of right;

(2) limitations on the number of requests for continuing examination (RCEs) that an applicant could file as a matter of right; and

(3) limitations on the number of claims that could be included in a single application (five independent and twenty-five total claims or the "5/25 rule") unless the applicant provides a complicated examination support document (ESD) to the examiner.

The Federal Circuit concluded that: (1) the rule limiting the filing of continuation applications was *invalid* because it conflicted with the Patent Act; (2) the rule limiting the number of RCEs that can be filed *may* be valid; and (3) the 5/25 rule *may* be valid. While still being analyzed, the decision appears to be a victory for Tafas (and his co-plaintiff, Glaxo SmithKline) and encouraging to patent applicants.

Given the finding that PTO cannot place limitations on the number of continuations filed, the rules that remain appear to *lose their harsh features*: If an RCE is not available a continuation can be filed instead; and—if an ESD is considered unattractive to pursue claims beyond the 5/25 rule—a continuation can likewise be filed instead. Note that this would not be a manipulation of loopholes as the applicant must pay a fee established by the USPTO for the services they are requesting each time such a continuation is filed.

Further, the Federal Circuit's decision is *not final*. Rather than reversing the trial court and finding the remaining rules valid, the Federal Circuit *remanded* this case to the trial court to decide, among other things, whether any of the surviving rules are arbitrary and capricious; whether any of the surviving rules conflict with the Patent Act in ways not specifically considered in the March 20th opinion; whether any of the surviving rules are impermissibly vague; and whether any of the surviving rules are impermissibly retroactive. Until these issues are resolved, we are in a wait and see mode before it becomes clear how and if these proposed new rules will be implemented and what their impact may be on U.S. patent practice.

Finally, given that an initial motivation for these rules was to manage excess numbers of application filings at the PTO and PTO backlog, the *recent hiring freeze* at the PTO resulting from a downturn in filings bears note. Reportedly, application filings are now down as much as 2 to 5%, with at least one source reporting that patent filings are down 16%. (See G. Quinn, "PTO hiring freeze and budget problems," www.ipwatchdog.com, March 2, 2009; "Patent Office budget hit by financial crisis," www.reuters.com, March 16, 2009; and "Patently-O Bits and Bytes: Economic downturn and the PTO," www.patentlyo.com, March 24, 2009). In addition, there is an increasing rate of abandonment of applications as patentees begin to view repeated battling with the PTO as futile (G. Quinn, *supra*). Hence, rather than stridently implementing rules to discourage the filing of continuations in order to reduce their workload during an economic downturn, the USPTO would be wise to consider applying its time, effort and extra capacity to encouraging application filings—including continuation filings—and substantively examining those filings on their merits.