

Battle Over Patent Rules Will Rage On

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Wednesday, Apr 02, 2008 --- The patent community cheered the decision by a federal judge Tuesday to strike down a set of highly controversial rules crafted by the U.S. Patent and Trademark Office. That particular fight may be won, but experts caution that the court's decision is only likely to open up new battlefields.

Judge James C. Cacheris of the U.S. District Court for the Eastern District of Virginia voided the agency's new rules Tuesday, saying the agency did not possess the proper authority to make substantive changes to regulations. The judge handed a victory to plaintiffs GlaxoSmithKline and inventor Triantafyllos Tafas, eliciting sighs of relief from patent practitioners.

The lawsuits filed by GlaxoSmithKline and Tafas were a last-ditch effort to block regulations that many considered draconian.

The new rules aimed to limit the number of claims and continuations that could be filed with a patent application. Previously, applicants could file an unlimited number of continuations and, in principle, their applications could have an unlimited number of claims.

Critics of the rules claimed that the changes would severely impact the ability of inventors to protect complicated inventions.

The patent office has long argued that the changes it proposed were necessary in order to streamline the patent application process and help clear a growing backlog of applications that has overwhelmed the agency and significantly slowed the process of granting patents to inventors.

The USPTO said in a statement issued late Tuesday that it was still considering its next steps, but an appeal of the district court's decision to the U.S. Court of Appeals for the Federal Circuit is certainly a real possibility.

The patent office is also likely to seek help from Congress in order to win the necessary authority to create substantive rules. And after Tuesday's loss, the patent office may be more inclined to keep out of the courts, and turn their attention to lawmakers.

"If I were them, I'd rather work with Congress to acquire substantive rulemaking authority," said James G. Gatto, partner at Pillsbury Winthrop Shaw Pittman LLP.

Patent reform legislation is pending on Capitol Hill, and the House version of the bill does grant the office expanded powers. Whether the USPTO would have any success convincing the Senate to do the same is an open question, but after Tuesday's ruling the agency is now widely expected to make the attempt.

"I think there's more danger lurking in the Senate right now than in the Federal Circuit," said Brian Del Buono, director of Sterne, Kessler, Goldstein & Fox PLLC.

The USPTO rules struck down by the district court Tuesday were fiercely fought by scores of patent law practitioners, with hundreds of written comments sent to the agency during the rule-making process.

A temporary restraining order issued by Judge Cacheris on Oct. 31 came the day before the rules were set to go into effect, but many patent practitioners had already made significant preparations, educating both themselves and their clients on the implications of the new rules.

But the long and arduous process has at least inspired the patent community to begin thinking about how to make the application process more efficient, even if many did not agree with the USPTO's proposed solutions, said Paul Rivard, a partner at Banner & Witcoff.

"I think it has caused us to rethink how we're going to present claims," Rivard said.

Others agreed that the contentious rule-making process hadn't been an entirely wasted effort because it allowed the patent community to take a closer look at its methods and further educate clients.

"It forced us to examine collectively what it is that we're trying to accomplish in filing a patent application," said Del Buono.

As the patent community digests the details of Tuesday's ruling, lawyers may also be inspired to launch attacks on other patent office rules they have found objectionable, experts said.

Steven Rubin, counsel in the intellectual property group of WolfBlock LLP, said the patent community has seemingly felt powerless to fight many prior rules pushed by the patent office, but Tuesday's ruling could change that.

"It was a very empowering day for patent attorneys," Rubin said. "I think, as a consequence, there's going to be a lot more lawsuits challenging rules promulgated by the patent office."

Judge Cacheris defined a "substantive rule" as one that would affect individual rights and obligations. Rubin said that broad definition could encourage some to try their luck in the courts with other rules.

"I can easily see people grabbing at almost any rule and saying, 'Well, of course that's going to affect our rights and obligations,'" Rubin said.

Even as the patent community applauded the district court's decision, several patent attorneys also expressed hope that the increased attention on the patent system would inspire more thoughtful reforms.

James G. Gatto, partner at Pillsbury Winthrop Shaw Pittman LLP, and a former patent examiner, said creating a greater cooperative environment between patent examiners and patent attorneys would benefit both sides.

"What we need is measured changes. We need to tweak the system, not make drastic changes like the PTO was proposing," Gatto said. "And I think the best way to do this is through Congress in order to work out something that's reasoned and takes into account all the relevant issues."

Still, the impending presidential election has the potential to significantly alter any course the USPTO chooses to take, be it an appeal, a plea to Congress or some combination of the two.

Charles E. Miller, an IP partner at Dickstein Shapiro LLP, said that if the USPTO does in fact decide to appeal, a decision is unlikely to be handed down until a new administration is in office. And any new administration could decide to swap out top officials at the patent office or make policy changes.

"They could simply say to the patent office, 'Withdraw the proposed rules and let's start from scratch,'" Miller said.