

# **DING DONG, THE RULES ARE DEAD!\* – AND OTHER UPDATES ON US PATENT LAW**

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- \*Credit to Dennis Kettleberger for “Ding Dong, ...!”

# OUTLINE

1. PIUG NEW BRUNSWICK UPDATE
2. THE RULES ARE DEAD! (WHY?)
3. RULE, RULES, AND MORE RULES!  
RICK N. - BPAI, IDS, MARKUSH
4. JUDICIAL DEVELOPMENTS
5. CONGRESS, WHITHER ART THOUGH?

# 1. PIUG NEW BRUNSWICK UPDATE

- REEXAM RESPONSE FILED CIRCA 9/2007 IRT KSR REJECTION
- NO SUBSTANTIVE ACTION YET (OLD REEXAM, IN GROUP)
- HOWEVER, NEW REEXAMS, 2 YEARS TO TERMINATION!

## 2. THE RULES ARE DEAD!

- Tafas v. Dudas and GSK v. Dudas  
(**GSK**)!
- FINAL RULES PACKAGE NULL AND VOID!
- *WHY?* - EXAMINE GSK OPINION TO FIND OUT

# IN GSK, THE COURT DETERMINED THAT

- THE 5/25 AND 2+1 RULES EFFECTIVELY SHIFTED THE BURDEN OF EXAMINATION TO THE APPLICANT
- 5/25 – CLAIMS LIMITATIONS
- 2+1 – CONTINUATIONS LIMITATIONS
- ESD AND OTHER PENALTIES FOR VARIOUS ACTIONS; BURDENSOME

# IN GSK, THE COURT STATED

"After thorough examination..., the Court finds that the Final Rules are ***substantive in nature*** and ***exceed the scope of the USPTO's rulemaking authority under 35 U.S.C. § 2(b)(2)***. Consequently, the Court will grant summary judgment to GSK and Tafas and void the Final Rules as 'otherwise not in accordance with law' and '***in excess of statutory jurisdiction [and] authority.***' ***5 U.S.C. § 706(2)***." EMPHASIS ADDED.

# WHAT DO THESE MEAN?

- A. “the Final Rules are **substantive** in nature”?
- B. “exceed the scope of the USPTO’s rulemaking authority under **35 U.S.C. § 2(b)(2)**.”?
- C. “‘otherwise not in accordance with law’ and ‘in ***excess of statutory jurisdiction [and] authority***.’ *5 U.S.C. § 706(2)* .”?

## A. “the Final Rules are **substantive** in nature”?

- Chrysler Corp. v. Brown, 441 U.S. 281, 302, 60 L. Ed. 2d 208, 99 S. Ct. 1705 (1979) (“In order for a regulation to have the “force and effect of law,” it must be a “substantive” or “legislative-type” rule *affecting individual rights and obligations ...*”) EMPHASIS ADDED.
- SUBSTANTIVE RULE IS ONE THAT AFFECTS *INDIVIDUAL RIGHTS AND OBLIGATIONS*

# IMPACT OF “the Final Rules are *substantive* in nature”

- THE FINAL RULES AFFECT INDIVIDUAL RIGHTS AND OBLIGATIONS
- BUT VIRTUALLY ALL RULES AFFECT INDIVIDUAL RIGHTS AND OBLIGATIONS
- CONSEQUENCE: USPTO MUST *APPEAL TO CLARIFY WHAT RULES ARE SUBSTANTIVE!*

## B. “the scope of the USPTO’s rulemaking authority under 35 U.S.C. § 2(b)(2).”?

“35 U.S.C. 2 Powers and duties. (b) SPECIFIC POWERS.— The Office [THE USPTO] — (2) may establish regulations, not inconsistent with law, which — (A) *shall govern the conduct of proceedings* in the Office; ... [and] (C) shall facilitate and expedite the processing of patent applications....”

INTERPOLATION AND EMPHASIS ADDED.

C. “‘otherwise not in accordance with law’ and ‘in excess of statutory jurisdiction [and] authority.’ **5 U.S.C. § 706(2)** .”?

**5 U.S.C. § 706(2) – PROVIDES STATUTORY AUTHORITY FOR COURT TO REVIEW AND MODIFY IMPROPER AGENCY ACTION**

# 5 U.S.C. § 706(2)

5 USC 706(2): To the extent necessary to decision ...  
[T]he reviewing court shall (2) **hold unlawful and set aside agency action**, findings, and conclusions found to be –

(A) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law;

(B) contrary to constitutional right, power, privilege, or immunity;

(C) ***in excess of statutory jurisdiction, authority***, or limitations, or short of statutory right; .... EMPHASIS SUPPLIED.

# 5 U.S.C. § 706(2)

- WHEN IS AGENCY ACTION “*in excess of statutory jurisdiction, authority*”?
- Chrysler Corp. v. Brown
- SUPREME COURT WAFFLES ON THIS ISSUE

# ***“in excess of statutory jurisdiction, authority”***

- Chrysler Corp. v. Brown, 441 U.S. 281, 302, 60 L. Ed. 2d 208, 99 S. Ct. 1705 (1979) “The ... exercise of quasi-legislative authority by governmental departments and agencies must be rooted in a ***grant of such power by the Congress*** and subject to limitations which that body imposes. ... ***This is not to say that*** any grant of legislative authority to a federal agency by Congress must be ***specific*** before regulations promulgated pursuant to it can be binding...” Emphasis supplied.

# ***“in excess of statutory jurisdiction, authority”***

- Chrysler Corp. v. Brown, CONCLUDES  
“What is important is that *the reviewing court reasonably be able to conclude that the grant of authority contemplates the regulations issued.* [Emphasis added.]”
- TALK ABOUT JUDICIAL DISCRETION!

# PUTTING IT ALL TOGETHER

## GSK COURT CONCLUDED:

- THE RULES PLACED BURDEN OF EXAMINATION ON THE APPLICANT
- CONGRESS HAD NO INTENT TO PLACE THE BURDEN OF EXAMINATION ON THE APPLICANT
- THEREFORE...

# UNANSWERED QUESTION

- WILL GSK STAND ON APPEAL?
- WHAT PTO RULES ARE NOT SUBSTANTIVE?
- PROPOSED IDS RULES PROBABLY **DEAD**
- PROPOSED MARKUSH RULES PROBABLY **DEAD**
- PROPOSED BPAI RULES IN EX PARTE APPEALS ARE **NOT** DEAD

# 3. RULE, RULES, AND MORE RULES!

- PROPOSED BPAI RULES IN EX PARTE APPEALS
- FINAL RULES TO BE PROMULGATED VERY SOON

# PROPOSED BPAI RULES IN EX PARTE APPEALS

- CURRENT APPEALS SITUATION IS AWFUL!
- AS PUBLISHED, PROPOSED APPEALS RULES TOO COMPLICATED!
- CAPJ RECENTLY SAW THE LIGHT
- CURRENTLY PROPOSING TO SIMPLY
- LIMIT APPEALS TO (1) APPEAL BRIEF, (1) ANSWER, AND (1) REPLY BRIEF

# PROPOSED BPAI RULES IN EX PARTE APPEALS

## IMPACT OF REVISED RULES PROPOSAL:

- APPEAL BRIEF BURDEN - SUBSTANTIALLY MORE COMPLICATED (CLAIM CHARTS, FORMATTING, PAGE LIMITS, ETC)
- INSTEAD OF REQUIREMENT TO CORRECT THE BRIEF, A DEFECTIVE BRIEF MAY RESULT IN A LOSS ON THE MERITS AND/OR SANCTIONS

# PROPOSED BPAI RULES IN EX PARTE APPEALS

IMPACT OF REVISED RULES PROPOSAL:

- BUT REVISED PROPOSED RULES WILL RESULT REDUCE THE DURATION OF PING PONG BEFORE AN APPEALED CASE GETS TO THE BOARD, TO WELL UNDER 2 YEARS

# PROPOSED BPAI RULES IN EX PARTE APPEALS

## PATENT TERM ADJUSTMENT ISSUE

- PTA – DURATION OF APPEAL
- 37 CFR1.704(c)(7) – PTA REDUCTION FOR REFLING PAPER TO CORRECT AN OMISSION IN ORIGINAL
- 37 CFR1.704(c)(7) APPLIES TO APPEALS
- USPTO CURRENTLY *NOT APPLYING*

## 4. JUDICIAL DEVELOPMENTS

### SUPREME COURT

- Quanta Computer, Inc. v. LG Elecs., Inc. , pending, (Did sale of licensed product by licensee exhaust patent right, when license required licensee to notify third parties that the license did not extend to them?)
- First sale exhaustion doctrine/license/conditional sale doctrine – are downstream users liable?)

# 4. JUDICIAL DEVELOPMENTS

## SUPREME COURT

- Biomedical Patent Mgmt. Corp. v. Cal. Dep't of Health Servs., pending, (State 11th amendment immunity from a patent in which it intervened in a prior suit on the same patent?)
- Medellin v. Texas, decided, (When are treaty obligations self implementing/ provide Court jurisdiction?) - Relevant to PCT, Paris, Madrid)

# 4. JUDICIAL DEVELOPMENTS

## CAFC

- GSK, pending
- In re Bilski, pending, argued 5/8, (scope of 101 patent eligible subject matter)(Question 5, whether to *overrule* State Street and AT&T?)

# 4. JUDICIAL DEVELOPMENTS

## CAFC

- In re Kubin, pending, appeal from Ex parte Kubin, pending, (does a functional claim without disclosed correlation of function to structure that performs the function fail the written description requirement)
- Miller v. Brand, decided, (BPAI cannot substitute its own knowledge for evidence of record; interference case.)

# 4. JUDICIAL DEVELOPMENTS

## BPAI (PRECEDENTIAL DECISIONS)

- Ex parte Fu, (species of disclosed genus not per se patentable) (not new law)
- Ex parte Letts, (generally, procedural failure of appeals that provides a basis for affirmance of merits of a rejection will result in affirmance)

# 4. JUDICIAL DEVELOPMENTS

## BPAI (PRECEDENTIAL DECISIONS)

- Ex parte Nehls, (101/112 and 103 issues relating to biotech and computers)
- Held 1: Claims to a computer system for identifying nucleic acid fragments homologous to other sequences that fails to demonstrate *substantial and specific utility* unpatentable
- Held 2: Data processed by that computer system is non functional descriptive material if it does not functionally affect the process performed by the computer system; such data does not provide patentable non obviousness

## 5. CONGRESS, WHITHER ART THOUGH?

- CONGRESSIONAL ACTION *STILL* PENDING
- MAY LEGISLATIVELY OVERRULE GSK
- MAY AUTHORIZE USPTO TO REQUIRE PRE FILING SEARCH AND ANALYSIS
- HOST OF OTHER CHANGES PENDING, INCLUDING FIRST TO FILE, POST GRANT OPPOSITIONS

# THE END THANK YOU!

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