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After Packed Hearing, Judge Ponders PTO Rules

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Friday, Feb 08, 2008 --- A federal judge said he would issue an order "relatively soon" after hearing arguments over whether a new set of controversial U.S. Patent and Trademark Office rules are substantial or merely procedural changes to patent law.

U.S. District Judge James C. Cacheris of the U.S. District Court for the Eastern District of Virginia heard arguments on Friday for summary judgment regarding the new USPTO rules, which would place limits on continuing patent applications and claims.

Judge Cacheris had imposed an injunction in October that stopped the USPTO from implementing the rules pending resolution of the case, a consolidation of cases separately filed by pharmaceutical giant GlaxoSmithKline and individual inventor Triantafullos Tafas.

Paul M. Rivard, a patent attorney at Banner & Witcoff who attended the hearing, said Judge Cacheris noted that the courtroom was "packed" with members of the patent bar and USPTO members interested in the case.

Rivard said that although the judge did not issue a ruling from the bench, he said the case would probably be disposed of on summary judgment.

Nancy Pekarek, a spokeswoman for GlaxoSmithKline, said there were no surprises in arguments, which closely followed the parties' briefs for summary judgment.

John Desmarais, an attorney for GlaxoSmithKline, argued that the USPTO overstepped its legal bounds in rule making by attempting to impose substantive changes.

Reuters reported that at one point in the hearing, Judge Cacheris told Desmarais "Your client is correct, they're substantive," in an effort to speed arguments along.

"If you conclude they're substantive, the case is over," Desmarais replied, according to Reuters.

Tafas' attorney, meanwhile, claimed that the patent office didn't go through proper administrative procedures in implementing the rules, according to Rivard.

Rivard said the USPTO's attorney, U.S. Attorney Lauren Wetzler, offered a more “polished” argument from its summary judgment briefs.

Wetzler argued that the rules were procedural, comparing the filing of multiple continuing applications to filing multiple requests for reconsideration before a tribunal, which can be regulated. Wexler also asserted that changes in patent rules were not substantive because patent applications were not retroactive and did not involve the transfer of property rights, Rivard said.

She told the court,"These rules do not alter eligibility" for getting a patent, according to Reuters. "This is a case about an agency that is trying to improve efficiency for the good of the public."

However, Rivard still said he agreed with the plaintiffs' arguments. The new rules would “really limit statutory rights under the Patent Act,” he said.

Judge Cacheris said he was not prepared to issue a ruling from the bench on Friday, but would issue one shortly, according to those who attended the hearing.

Rivard guessed that the court would either issue the injunction permanently or remand the rules back to the patent office for alteration.

Judge Cacheris imposed the preliminary injunction on Oct. 31, a day before the rules were set to go into effect.

GlaxoSmithKline and Tafas have received support from a diverse group, including the American Intellectual Property Law Association, IBM, and research organization Roskamp Institute.

Meanwhile, the USPTO has gained support from groups such as the AARP, the Public Patent Foundation and the Software Freedom Law Center.

The USPTO introduced the new rules in the face of a growing backlog of pending patent applications, arguing that they will make the process more effective and efficient.

The rules allow for applicants to file only two new continuing applications and one request for continued examination unless they can provide a convincing argument for why the additional information in question was not previously submitted.

The new rules also limit applications to 25 claims, including no more than five independent claims, unless the applicants can demonstrate why the additional claims are necessary.

Applicants can currently file an unlimited number of continuations, and, in principle, their applications could have an unlimited number of claims.

“The final rules are also vague, arbitrary and capricious, and prevent GSK

from fully prosecuting patent applications and obtaining patents on one or more its inventions," GlaxoSmithKline said in its complaint. "The USPTO's promulgation of the final rules will damage specific GSK patent applications and inventions."

GlaxoSmithKline is represented in the matter by Kirkland & Ellis LLP.

Tafas is represented in this matter by Kelley Drye & Warren LLP and Collier Shannon & Scott PLLC.

The case is Tafas v. Jon W. Dudas et al., case number 1:07-cv-00846 in the U.S. District Court for the Eastern District of Virginia.

--Additional reporting by Sara Stefanini and Jacqueline Bell