Court Hears Summary Judgment Motions on Challenge to New PTO Rules

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Today, Senior Judge James Cacheris of the US District Court in Alexandria, Virginia, held another hearing in two consolidated cases, *Tafas v. Dudas* and *Smithkline Beecham Corp. v. Duda*s, to decide whether the US Patent and Trademark Office's (PTO) proposed new rules, limiting the number of claims and continuation applications filed by an applicant, could go into effect. After a morning of oral argument, the judge took the matter under advisement and said he would issue a decision as soon as possible. Court was adjourned for the day.

The proposed new rules would greatly reduce the number of claims and applications that an inventor could present. The PTO published the rules in August 2007, and they were scheduled to take effect on November 1, 2007. Tafas, an individual inventor, and Smithkline Beecham Corp. (GSK) challenged the rules, and on October 31, 2007, Judge Cacheris granted a preliminary injunction barring the rules from going into effect. In granting the preliminary injunction, Judge Cacheris found that GSK had shown (1) a likelihood of success on the merits of the case; (2) that irreparable harm would result without an injunction; (3) that a balance of hardships weighed in favor of an injunction; and (4) that the public interest supported an injunction.

After the preliminary injunction was granted, both sides said that there were no material disputed facts, and moved for summary judgment. Briefs were filed on December 20, 2007. GSK argued that Congress has never given the PTO substantive rulemaking authority, that the final rules are substantive in nature and that promulgation of the rules thus exceeded the PTO's authority. GSK also argued that the retroactivity of the rules is an unconstitutional, arbitrary and capricious taking of GSK's patent, i.e., property, rights, and that specific rules were vague and procedurally flawed.

The PTO position is that the rules are procedural and within the PTO's authority, and that deference should be given to the PTO's action. In addition, the PTO said the rules would make the patent system more efficient. Responding to GSK, the PTO asserted that the rules are not retroactive and would not result in an improper taking of a property right.

More than 25 amicus briefs were filed in support of GSK's position, by local, national and international intellectual property law organizations such as the American Intellectual Property Law Association and the Intellectual Property Owners Association; industry trade groups such as the Biotechnology Industry Organization; and individual companies, such as General Mills, Elan Pharmaceuticals, Inc., Monsanto Company and Nano Terra, Inc. Some amicus briefs argued

against the totality of the rules while others focused on more specific issues raised by the PTO rules, such as retroactivity.

An amicus brief in support of the PTO position was filed by a coalition of consumer advocacy and public interest groups, including the Public Patent Foundation; the Computer & Communications Industry Association; AARP; the Consumer Federation of America; Essential Action; the Foundation for Taxpayer and Consumer Rights; the Initiative for Medicines, Access & Knowledge; Knowledge Ecology International; Prescription Access Litigation; Public Knowledge; Research on Innovation; and the Software Freedom Law Center. The coalition brief said that public interest supports the PTO's final rules because the rules would curtail abuse of continuation applications and a large number of claims, help the PTO improve patent quality and increase PTO efficiency.

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