UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF VIRGINIA
(Alexandria Division)

TRIANTAFYLLOS TAFAS,

Plaintiff,

v.

JON DUDAS, in his official capacity as Under-Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office,

- and -

THE UNITED STATES PATENT AND TRADEMARK OFFICE,

Defendants.

CIVIL ACTION: 1:07 CV 846 JCC/TRJ

COMPLAINT

The Plaintiff, Dr. Triantafyllos Tafas ("Plaintiff" or "Dr. Tafas"), as and for his Complaint against Defendants Jon W. Dudas, in his official capacity as United States Under-Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office and Defendant, the United States Patent and Trademark Office, through his undersigned counsel, Kelley Drye & Warren LLP, alleges as follows:

PARTIES

1. Plaintiff Dr. Tafas is an individual residing in Rocky Hill, Connecticut. Dr. Tafas is an inventor on U.S. Patent Application Serial No. 11/266948 (the "Tafas Patent Application"). He is also an inventor on more than seventeen (17) patents pending and on eight (8) U.S. issued patents.

2. Defendant, the United States Patent and Trademark office (the "USPTO"), is an administrative agency of the United States Department of Commerce charged with, among other things, establishing regulations concerning the processing of patent applications including, without limitation, continuation applications. The address for the USPTO's headquarters is 600 Dulany Street - Alexandria, Virginia 22314 and the service addresses as set forth at 37 C.F.R. § 104.2(a)-(b) for the USPTO are c/o General Counsel, United States Patent and Trademark Office, P.O. Box 15677, Arlington, Virginia 22215 (by mail) or Office of the General Counsel, 10B20, Madison Building East, 600 Dulany Street, Alexandria, Virginia (by hand).

3. Defendant Jon W. Dudas is the present U.S. Under-Secretary of Commerce for Intellectual Property and the Director of the USPTO (the "Director" or "Dudas") and is being sued in his official capacity. The place of business and service address for Dudas is the same as for the USPTO as set forth in paragraph 2 above.

NATURE OF ACTION

4. This action is brought for a preliminary injunction; declaratory judgment pursuant to 28 U.S.C. § 2201 *et seq.* and for a *Writ of Mandamus.* More particularly, Dr. Tafas seeks: (1) to prevent Defendants from implementing Sections 1.75 and 1.78 of certain new federal regulations published by the USPTO at 72 Fed. Reg. No. 161 on August 21, 2007 (with an effective date of November 1, 2007) entitled "Changes to Practice for Continuing Examination Filings, Patent Applications Containing Patentably Indistinct Claims, and Examination of Claims in Patent Applications; Final Rule" (to be codified at 37 CFR Part 1 and sometimes collectively referred to herein as the "Revised Rules"); (2) to have the Revised Rules declared null, void and without legal effect as being beyond the rule making power of the USPTO and inconsistent with various federal statutes and Article I, Section 8, Cl. 8 and the Fifth Amendment to the United States Constitution; and (3) for the issuance of a *Writ of Mandamus*

requiring Defendants to comply with the requirements of the Administrative Procedure Act, 5 U.S.C. §§1 *et seq.* (the "APA") in promulgating any further rules in the future concerning the subject matter of the Revised Rules.

5. The Revised Rules require patent applicants who file multiple voluntary-divisional continuations, seeking differing inventions from the same initial application and continuation-in-part applications, to show that the third and subsequent continuing applications in the chain are necessary to advance prosecution. The Revised Rules also limit the right of a patent applicant to continue prosecution of applications related to a single invention (commonly known as a Request for Continuation Examination or "RCE").

6. Dr. Tafas is entitled to preliminary injunctive relief preventing the Revised Rules from taking effect on November 1, 2007 because they substantially change the regulatory landscape under which inventors, like Dr. Tafas, have traditionally operated and, once effective, will frustrate the purposes of the U.S. Patent laws by preventing Dr. Tafas and other similarly situated inventors from realizing the full economic potential of their work. The Revised Rules should be preliminarily and permanently enjoyed and declared null and void because, among other things, they violate: (1) Sections 2, 120, 131, 132 and 365 of the Patent Act (35 U.S.C. §§ 1 *et seq.)* by exceeding the rule making authority delegated to the Defendants by Congress; (2) Sections 553(c) and 706(2) of the APA (5 U.S.C. §§ 553(c) and 706(2)) by, among other things, purporting to enact rules with retroactive effect; failing to consider all the relevant matter presented as required by 5 U.S.C. § 553(c); and, by promulgating rules that are arbitrary, capricious, an abuse of discretion, otherwise not in accordance with law, contrary to Plaintiff's constitutional rights and in excess of the USPTO's statutory jurisdiction and authority; and (3) Article I, Section 8, Cl. 8 and the Takings Clause of the Fifth Amendment of the United States Constitution.

JURISDICTION AND VENUE

7. This Court has jurisdiction pursuant to 28 U.S.C. §§ 1331 and 1338, inasmuch as this is a civil action arising under the laws and Constitution of the United States, and relating to patents, including the United States Patent Act, 35 U.S.C. §§ 1 *et seq.*, the Declaratory Judgment Act, 28 U.S.C. § 2201 and the United States Constitution.

8. This Court also has jurisdiction pursuant to 28 U.S.C. § 1361, inasmuch as Dr. Tafas seeks a *Writ of Mandamus* requiring Defendants to comply with the APA in promulgating regulations.

9. Venue is proper in this District pursuant to 35 U.S.C. § 1(b) and 28 U.S.C. § 1391(e).

FACTS APPLICABLE TO ALL COUNTS

10. Under the law as it existed for over 100 years prior to the promulgation of the Revised Rules, an inventor was entitled to file an application to patent his original ideas and, if at some future time, the inventor discovered other patentable claims arising from his original application, the inventor could file an application for a continuation to patent those claims as well. There was no limit to the number of voluntary-divisional continuations an inventor could file prior to the promulgations of the Revised Rules.

11. The right to freely file multiple continuations is extremely valuable to inventors like Dr. Tafas, *inter alia*, because the continuation is deemed to relate back to the date of the inventor's original application. Thus, the continuation process provides the inventor with a priority right against all others concerning patented claims stemming from the inventor's original application.

A. THE PATENT ACT

12. The Patent Act of 1952, as amended, codified at 35 U.S.C. § 1, *et seq.* (the "Patent Act"), established the USPTO, which is responsible for the granting and issuing of patents and for disseminating information to the public with respect to patents. The USPTO Director administers the issuance of patents. 35 U.S.C. § 3.

13. Sections 2 and 3 authorize the Director to establish regulations that facilitate and expedite the processing of patents. 35 U.S.C. §§ 2(c), 3.

14. Sections 120 and 365(c) grant a patent applicant the benefit of the earlier filing date when filing a voluntary-divisional continuation patent application for an invention disclosed in a previously filed application but not claimed in the previously filed application and with respect to continuation-in-part applications. 35 U.S.C. §§ 120 and 365(c).

15. Section 131 requires the Director to cause an examination to be made of an application and the claimed new invention. 35 U.S.C. § 131.

16. Section 132 requires the Director "to provide for the continued examination of applications for patent" and to establish appropriate fees for the continued examination of applications (35 U.S.C. § 132(b)). No provision in Section 132 empowers the Director to deny a continued examination of an application or to promulgate regulations having the effect of denying an applicant a continued examination of an application. The Revised Rules are contrary to Section 132(b), which requires the Director to provide for the continued examination of patent applications at the request of the applicant. 35 U.S.C. § 132(b).

B. THE ADMINISTRATIVE PROCEDURE ACT (APA)

17. The APA defines "rule" as meaning "the whole or a part of an agency statement of general or particular applicability and future effect designed to implement, interpret, or prescribe law or policy or describing the organization, procedure, or practice requirements of

an agency...." 5 U.S.C. § 551(4) (emphasis added). As a federal administrative agency, the USPTO is bound to comply with the rule making procedures set forth in Section 553 of the APA. 35 U.S.C. § 2(b)(2)(B). Upon information and belief, the USPTO has failed to meet its obligations under the APA by, *inter alia*, failing to consider all the relevant matter presented as required by 5 U.S.C. § 553(c) and by promulgating rules that are arbitrary, capricious, an abuse of discretion, otherwise not in accordance with law, contrary to Plaintiff's constitutional rights and in excess of the USPTO's statutory jurisdiction and authority in violation of 5 U.S.C. § 706(2).

C. THE ENACTMENT BY THE USPTO OF THE REVISED RULES.

18. On January 3, 2006 the USPTO published two (2) notices of proposed rule making. The first was titled "Changes to Practice for Continuing Applications, Requests for Continuing Applications, Requests for Continued Examination Practice, and Applications Containing Patentably Indistinct Claims" ("Proposed Rule I"). 71 Fed. Reg. 48. The Second proposed rule was titled "Changes to Practice for the Examination of Claims in Patent Applications" ("Proposed Rule II"). 71 Fed. Reg. 61.

19. Comments on Proposed Rule I were solicited, however, the USPTO refused to hold formal public hearings. Upon information and belief, Proposed Rule I received the greatest number of extensively briefed negative comments of any proposed rule package by the USPTO in its history. Similarly, Proposed Rule II received a large number of negative comments.

20. In April 2007, it was widely reported that the USPTO was seeking to make final a substantially revised version of Proposed Rules I and II pending approval by the United States Office of Management and Budget. Irrespective of the reportedly substantial modifications made to Proposed Rules I and II, the USPTO refused to republish the rules for

further comment as required by law or to disclose any of its modifications to Proposed Rules I and II, notwithstanding, on information and belief, FOIA requests seeking this information filed by numerous interested parties.

21. On August 21, 2007, the USPTO published a Notice of Final Rule Making in the Federal Register purporting to issue final rules entitled "Changes to Practice for Continued Examination of Filings, Patent Applications Containing Patentably Indistinct Claims, and Examination of Claims in Patent Applications" which purported to implement 37 C.F.R. 1.75 (hereinafter referred to as "Revised Rule II") and 37 C.F.R. 1.78 (hereinafter referred to as "Revised Rule I") (collectively, the "Revised Rules"). (See 72 Fed. Reg. 161, Aug. 21, 2007). The Revised Rules have an effective date of November 1, 2007.

22. Revised Rule I requires that third or subsequent voluntary-divisional continuation application or continuation-in-part application, be supported by a showing as to why the amendment, argument, or evidence presented could not have been previously submitted. This substantially changes prior law which allowed for multiple continuations without explanation or showing of good cause.

23. Pursuant to Revised Rule I, the USPTO may deny an applicant the benefit of priority claimed to a prior application in all third or subsequent voluntary-divisional continuation or continuation-in-part application in the subjective discretion of the Director, regardless of whether the express statutory requirements for filing a continuing application have otherwise been met.

24. Revised Rule I also requires that patent applicants (or assignees) who file multiple patent applications having the same effective filing date, overlapping disclosure, and a common inventor include either an explanation of how the claims are patentably distinct, or a

terminal disclaimer and explanation as to why there are patentably indistinct claims in multiple applications.

25. Revised Rule I will retroactively effect patent applications filed before its effective date. An applicant will only be allowed two (2) voluntary-divisional continuations or continuation-in-part applications (or one of each) after the effective date of Revised Rule I unless the applicant meets the new requirements. If the applicant has already filed two voluntary-divisional continuations, or two continuation-in-part applications, or both a voluntary-divisional continuation and a continuation-in-part application prior to the effective date, the applicant is not entitled to file another without complying with the requirements of Revised Rule I.

26. In addition, Revised Rule I creates the presumption that inventions are patentably indistinct if a patent applicant files multiple applications with the USPTO with the same filing date, or within two (2) months of such date, and the applications include common inventors and overlapping disclosures.

27. Revised Rule I requires that the applicant rebut the presumption with an explanation as to why the claims in the application are distinct or submit a terminal disclaimer and explain to the USPTO, to its satisfaction, why two or more pending applications should be maintained.

28. Revised Rule II requires that if an application contains more than a specified number of independent claims (five-(5)) or if the applicant wishes to have initial examination of more than a specified number of total claims (twenty-five (25), then the applicant must provide an examination support document that covers all of the claims. Such examination support document is onerous, and will require significant monetary outlays to prepare.

29. By virtue of the all the foregoing and as set forth below, Dr. Tafas has been injured and faces continuing irreparable injury due to the Revised Rules and, therefore, has standing to challenge the Revised Rules.

30. In November 2005, Dr. Tafas filed a patent application incorporating his new inventive concepts in the automotive arts. Dr. Tafas' invention pertains to capturing the heat from an automobile's internal combustion engine manifold. Once that heat is captured, it can be utilized in any number of ways to improve the automobile's performance. The proposed concept has the potential to improve fuel consumption by the automobile's engine with a significant effect in the miles-per-gallon performance. Additionally, acceptance of this concept by the automotive industry, will reduce exhaust gas emission and thus contribute in addressing concerns related to the rise of atmospheric carbon dioxide and global warming.

31. Dr. Tafas discloses multiple devices in which the captured heat may be utilized. Each potential use for the heat that is captured from the automobile's manifold would constitute a new invention. Under the present continuation application rules, Dr. Tafas would have been permitted to file unlimited voluntary-divisional continuation applications and continuation-in-part applications to claim these new inventions and each of those continuation applications would be deemed to relate back to the filing of his original patent application.

32. The Revised Rules concerning voluntary-divisional continuation applications and continuation in-part applications substantially and adversely change Dr. Tafas' rights concerning the filing of future continuation applications and adversely impair his ability to patent inventions that flow from his original invention. As such, the Revised Rules, among other things, create a disincentive for inventors like Dr. Tafas to continue inventing because there is a very real possibility that he will not be able to realize the full economic benefit of his work. These Revised Rules also create a disincentive for inventors like Dr. Tafas to reveal the full

scope of their work in a patent application because there is a very real possibility that their disclosed work and research could be cannibalized by others to their own economic benefit.

33. In an attempt to avoid these very real harms, in the first half of 2007 Dr. Tafas requested that new concepts be added to his original patent application through the filing of a continuation-in-part application. With the new Revised Rules potentially looming, Dr. Tafas was advised to file multiple continuation in-part applications. On August 10, 2007, Dr. Tafas made the decision, influenced heavily by his financial position, to file only three (3) continuation-in-part applications claiming priority to his original patent.

34. Under the legal regime existing before enactment of the Revised Rules, Dr. Tafas had the ability to file additional voluntary-divisional continuation applications or continuation-in-part applications in the future. If the new Revised Rules become effective on November 1, 2007, Dr. Tafas' right to file these additional continuations will disappear and he will lose potential patent rights to the numerous inventions that flow from his original work. Moreover, it will decrease Dr. Tafas' ability to raise funds for the development of products that stem from this concept, since a higher portion of the raised funds will have to be spent towards securing intellectual property rights. (See 72 Fed. Reg. No. 161 at page 46775 where the USPTO states that lack of funds is not a sufficient cause for a grant of a petition to file further voluntary-divisional continuations).

FIRST COUNT
(PRELIMINARY AND PERMANENT INJUNCTION)

35. Dr. Tafas realleges and incorporates by reference the allegations of paragraphs 1-34 as fully as if set forth at length herein.

36. Dr. Tafas is likely to succeed on the merits of his claims. In promulgating Revised Rules I and II, the Director and the USPTO have exceeded their rule making authority under the Patent Act, 35 U.S.C. § 2 by promulgating rules that are contrary to Sections 120,

132(b) and 365 of the Patent Act (35 U.S.C. §§ 2, 120, 132(b) and 365) by providing the Director with the discretion to deny an applicant's voluntary-divisional and continuation-in-part application despite the fact that each of these sections of the Patent Act requires the Director to allow such continuations.

37. Upon information and belief, the Director and USPTO have also violated Sections 553(c) and 706(2) of the APA (5 U.S.C. § 553(c) and 706(2)) by, among other things, failing to consider all relevant matter presented to them during the rule making process, purporting to enact Revised Rules with retroactive effect, and in promulgating rules that are arbitrary and capricious, an abuse of discretion, or otherwise not in accordance with law; contrary to constitutional rights and in excess of the USPTO's statutory jurisdiction and authority.

38. Finally, the Revised Rules are violative of Article I, Section 8, Cl. 8 of the United States Constitution by virtue of the USPTO, upon information and belief, failing to appropriately weigh the effect of its regulations on the promotion of the progress of science and the useful arts, and violative of the Takings Clause in the Fifth Amendment of the United States Constitution, by, upon information and belief, effectuating a taking of property without due process.

39. Dr. Tafas will suffer an irreparable injury if an injunction is not granted as he has disclosed all the research related to his invention in the Tafas Patent Application believing he would be able to file multiple voluntary-divisional continuations and continuation-in-part applications based on those inventive concepts. Under the Revised Rules Dr. Tafas may no longer rely on an absolute right to file such additional continuations and, upon information and belief, is likely to lose priority to the ideas he disclosed.

40. Dr. Tafas cannot be made whole by money damages because there is no way to calculate the value of potential inventions that could flow from Dr. Tafas' original application. Indeed, there could be a number of valuable inventions that flow from Dr. Tafas' original work for which he will not be able to claim priority under the Revised Rules and, as a result, will lose the economic benefits that he would have been entitled to but for the promulgation of the Revised Rules.

41. The granting of a preliminary injunction preventing the USPTO from implementing the Revised Rules will not substantially injure other interested parties as the injunction will simply maintain the *status quo* for the examination of patent claims *pendente lite*. Other interested parties will primarily consist of other inventors who would benefit from maintaining the *status quo*.

42. Defendants will not be prejudiced by the issuance of a preliminary injunction because it would simply maintain the *status quo* of continuation examination practice followed by the USPTO for many years pending a final decision on the merits.

43. The public interest will be furthered by the injunction as the public has an interest in new inventions and disclosure of research which promotes innovation and investment in new research, thereby benefiting the public.

SECOND COUNT
(DECLARATORY JUDGMENT)

44. Dr. Tafas realleges and incorporates by reference the allegations of paragraphs 1-43 as fully as if set forth at length herein.

45. An actual and substantial controversy exists between Dr. Tafas, as an inventor seeking patent protection for his works, and Defendants with regard to the propriety of the Revised Rules.

46. The Revised Rules are in direct contradiction to the examination requirements set forth in the Patent Act, were promulgated in violation of the rule making procedures set for in the APA, contrary to 35 U.S.C §§ 2, 120, 132 and 365 and further violate, among other things, the "Takings" Clause in the Fifth Amendment of the United State Constitution, and the Article I, Section 8 requirement that the promotion of the progress of science and the useful arts be taken into account in passing any regulation.

47. The Revised Rules also violate the APA (5 U.S.C. § 553(c) and 706(2)) by, among other things, failing to consider all relevant matter presented to them during the rule making process, purporting to enact Revised Rules with retroactive effect, and in promulgating rules that are arbitrary and capricious, an abuse of discretion, or otherwise not in accordance with law; contrary to constitutional rights and in excess of the USPTO's statutory jurisdiction and authority. (See also Motor Vehicle Mfrs. Ass'n of U. S., Inc. v. State Farm Mut. Auto Ins. Co., 463 U.S. 29, 43 (1983)).

48. Pursuant to 28 U.S.C. §§ 2201 and 2202, Dr. Tafas seeks a declaratory judgment by this Court that the Revised Rules, among other things, are beyond the scope of Defendants' authority, were improperly promulgated in violation of the APA and 35 U.S.C. §§ 120, 132 and 365, violate Article I, Section 8 of the U.S. Constitution and constitute a taking of Plaintiff's property without due process of law in violation of the Takings Clause of the Fifth Amendment of the United States Constitution and, as such, are void *ab initio* and null, void, voidable and without legal effect.

THIRD COUNT
(WRIT OF MANDAMUS)

49. Dr. Tafas realleges and incorporates by reference the allegations of paragraphs 1-48 as fully as it set forth at length herein.

50. In promulgating regulations such as the Revised Rules, the USPTO is required by to study the impact proposed regulations will have on, among others, small business and the effect of its proposed regulations on the promotion of the progress of science and the useful arts.

51. Upon information and belief, the USPTO failed, *inter alia*, to adequately research the impact of the Revised Rules on small entities and also failed to consider the effects of its pre-examination search report requirement and to comply with executive regulatory review standards.

52. Defendants also exceeded the scope of their statutory authority and the Revised Rules are contrary to 35 U.S.C §§ 2, 120, 132 and 365.

53. As a result, the Revised Rules are arbitrary, capricious, an abuse of discretion and otherwise not in accordance with the law. 5 U.S.C. § 706(2) .

54. Upon information and belief, Dr. Tafas' ability to freely submit patent continuation applications, and realize all of the benefits of his work, have been irreparably harmed.

55. A *Writ of Mandamus* should issue requiring the Defendants to comply in all respects with the APA and to prevent the Revised Rules from becoming effective until such time as the APA has been fully complied with.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff Dr. Tafas requests entry of judgment against Defendants as follows:

1. Preliminary and permanently enjoining the Defendants from enforcing or otherwise giving effect to the Revised Rules;

2. Declaring that the Revised Rules (37 C.F.R. §§ 175 and 178) exceed the authority delegated to the Defendants, by, *inter alia*, violating relevant provisions of the Patent

Act, the Administrative Procedure Act, Article I, Section 8, Cl. 8 and the Takings Clause of the Fifth Amendment of the United States Constitution.

3. Awarding Dr. Tafas costs and attorneys fees incurred in connection with this action pursuant to 28 U.S.C. §§ 1920 and 2412(a)(1), (b) and (d)(1)(A), along with such other further and different relief as the Court deems equitable, just and proper.

Respectfully submitted,

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Dated: August 22, 2007

UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF VIRGINIA
(Alexandria Division)

TRIANTAFYLLOS TAFAS,

Plaintiff,

v.

JON DUDAS, in his official capacity as Under-Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office and the UNITED STATES PATENT AND TRADEMARK OFFICE,

Defendants.

CIVIL ACTION: 1:07CV846

PLAINTIFF'S MEMORANDUM OF LAW IN SUPPORT OF MOTION FOR PRELIMINARY INJUNCTION

PRELIMINARY STATEMENT

Pursuant to Rule 65 of the Federal Rules of Civil Procedure, Plaintiff Dr. Triantafyllos Tafas ("Plaintiff" or "Dr. Tafas") respectfully submits this memorandum of law in support of his motion for a preliminary injunction.

On August 21, 2007, the Defendants, the United States Patent and Trademark Office (the "USPTO"), an administrative agency that is part of the United States Department of Commerce, and Jon Dudas ("Dudas"), in his official capacity as United States Under-Secretary of Commerce for Intellectual Property and Director of the USPTO ("Director") (collectively the "Defendants"), published certain new regulations at 72 Fed. Reg. No. 161 entitled "Changes to Practice for Continued Examination of Filings, Patent Applications Containing Patentably Indistinct Claims, and Examination of Claims in Patent Applications; Final Rule."

Defendants exceeded their Congressionally delegated authority and violated provisions of the U.S. Constitution by enacting Section 1.75 (37 C.F.R. § 1.75 and hereinafter referred to as "Revised Rule II") and Section 1.78 (hereinafter referred to as "Revised Rule I") (sometimes referred to collectively as the "Revised Rules"). In this action, Plaintiff seeks a declaratory judgment that the Revised Rules are null and void, along with a preliminary and permanent injunction prohibiting the USPTO from putting the Revised Rules into effect, because they are inconsistent with the United States Constitution and other federal law including, without limitation, the following:

> (1) the Patent Act (35 U.S.C. §§ 2, 120, 132 and 365), inasmuch as they exceed the rule making authority delegated to the Defendants by Congress and are contrary to statute; and,
>
> (2) the Administrative Procedure Act, 5 U.S.C. §§ 553(c) and 706(2), inter alia, because the USPTO failed to consider all relevant matter presented during the rule-making process and promulgated rules that are arbitrary, capricious, an abuse of discretion, not in accordance with law, in excess of the USPTO's statutory jurisdiction and authority, and contrary to the U.S. Constitution; and,
>
> (3) the United States Constitution, Article I, Section 8, Cl. 8 by failing to take in consideration in its rule-making the promotion of "the progress of science and useful arts;" and the Fifth Amendment to the United States Constitution, which prohibits the federal government from taking property without due process of law.

RELEVANT FACTUAL AND PROCEDURAL BACKGROUND

Plaintiff Dr. Tafas is an individual inventor on Patent Application Serial Nos. 11/266,948, 11/837,066, 11/837,075, and 11/837,085 (the "Tafas Patent Applications"). (See Declaration of Dr. Triantafyllos Tafas dated August 21, 2007 at ¶ 3) (hereinafter the "Tafas Decl.," a copy of which is being simultaneously filed herewith). In 1991, Dr. Tafas received a PhD. in Biological Sciences from the University of Athens in Greece. (Id., at ¶ 4.) He authored

his first patent that same year. (Id., at ¶ 4.) He dedicated his research to microscopy, leading him to start a company in 1999 named Ikonisys, Inc. headquartered in New Haven, Connecticut (the "Company"). (Id., at ¶¶ 6-8)

During the next several years, Dr. Tafas traveled back and forth to the United States, while serving as a Visiting Professor at the University of Connecticut and seeking to raise venture capital to continue his microscopy research. (Tafas Decl., at ¶ 6.) After Dr. Tafas personally invested a great deal of time and money in Ikonisys, the Company started to flourish as a result of promising research. (Id., at ¶ 13.) It is believed that the Ikonisys automated microscope will enable the diagnosis of conditions more rapidly than conventional microscopy and could change the world of cancer research and therapies. (Id., at ¶ 15.)

In addition to his innovative microscopy work, Dr. Tafas has also developed an interest in the automotive arts. (Tafas Decl., at 19.) On November 4, 2005, Dr. Tafas caused a patent application to be prepared incorporating his new inventive concepts in the automotive arts. (Id., at ¶ 20.) In the first half of 2007, Dr. Tafas requested that new concepts be added to his patent application through the filing of a continuation-in-part application. Dr. Tafas was advised to file multiple continuation applications based on the USPTO's proposed rules. (Id., at ¶ 27.) Dr. Tafas chose to file three (3) continuation-in-part applications claiming priority to his original patent, relying on 35 U.S.C. § 120 to provide for further continuations as needed once he was financially able to file the same. (Id., at ¶ 27.). Such filings were finally effectuated on August 10, 2007.

THE LONG-STANDING PRIOR LAW REGARDING CONTINUATION FILINGS FOR PATENT APPLICATIONS

The Patent Act specifically sanctions the filing of voluntary-divisional continuation applications, continuation-in-part applications, and requests for continuing

examination of applications. Specifically 35 U.S.C. §§ 120 and 365 allow for the filing of voluntary-divisional continuation applications and continuation-in-part applications, while 35 U.S.C. § 132 allows for the filing of requests for continued examination ("RCEs").

A continuation application is an application that relates back to the filing date of a prior pending patent application filed by the same applicant for purposes of setting the date (the so-called "priority date") from which the inventiveness of elements of the claims will be adjudged. Prior to the Revised Rules, a continuation application could be framed as a voluntary or involuntary-divisional application, that is, respectively, an application which was caused to be filed by an applicant on the applicant's own volition, or an application which was caused to be filed by an applicant pursuant to a USPTO determination that the application contained more than one invention (a "restriction requirement"). A divisional-continuation application must include at least some portion of the text preceding the claims (the so-called "specification") of the parent application. If the entire text preceding the claims of the parent application is included in the divisional-continuation application, without the addition of any more text, the application has been referred to as a "continuation application" or "divisional application." If the entirety of, or part of, the text preceding the claims of the parent application is included in the divisional-continuation application, with the addition of other text, then the application is referenced as a "continuation-in-part application." A voluntary-divisional continuation application, which under the Revised Rules are defined as a "continuation application" (redefining the term "divisional" to exclude voluntary divisionals), may seek in its claims subject matter which was not originally sought to be patented in the parent application, but which finds support in the specification of the parent application.

Except under limited circumstances not applicable here, 35 U.S.C. §§ 120 and 365(c) confirm a patent applicant's right to file as many voluntary-divisional continuation applications and continuation-in-part applications as an applicant deems necessary and grants a patent applicant the benefit of the earlier filing date when filing an application for an invention disclosed, but not specifically claimed, in a previously filed application.

35 U.S.C. § 132 allows for the filing of a request for continuing examination ("RCE") of an application, that is a request for continuing the examination of a pending patent application so long as the claims are directed to substantially the same subject matter as originally submitted. 35 U.S.C. § 132(b) requires that the "[USPTO] Director shall prescribe regulations to provide for the continued examination of applications for patent at the request of the applicant." (emphasis added). No right, however, is granted in 35 U.S.C. § 132(b) authorizing the USPTO Director to limit the number of requests for continued examination.

THE RULE MAKING PROCESS FOR AND
ENACTMENT OF THE NEW REVISED RULES

On January 3, 2006 the USPTO published two (2) notices of proposed rule making titled "Changes to Practice for Continuing Applications, Requests for Continuing Applications, Requests for Continued Examination Practice, and Applications Containing Patentably Indistinct Claims" ("Proposed Rule I") and "Changes to Practice for the Examination of Claims in Patent Applications" ("Proposed Rule II") (collectively the "Proposed Rules").[1] See 71 Fed. Reg. No. 1, 48 and 61.

[1] While proffering a number of town meetings to discuss its Proposed Rules, the USPTO specifically declined to hold any public hearings on its new proposals, such action flying in the face of In re Henriksen, 399 F.2d 253, 158 USPQ 224 (CCPA 1968), wherein that court noted "that it is for the Congress to decide with the usual opportunity for public hearing and debate, whether such a restriction [i.e., on continuation procedures] ... is to be imposed." Id. at 262. (emphasis added).

On August 21, 2007, the USPTO published its final rules in the Federal Register, which were a substantially modified version of the above referenced Proposed Rules at 72 Fed. Reg. No. 161 at 46716. The specific rules being challenged by Plaintiff are found at 37 C.F.R. § 178 ("Revised Rule I") and 37 C.F.R. § 175 ("Revised Rule II") (again, sometimes collectively the "Revised Rules"), which will become effective, unless preliminarily enjoined, as of November 1, 2007.

The Revised Rules require that patent applicants who file multiple voluntary-divisional continuation applications (seeking differing inventions flowing from the same initial application) and/or continuation-in-part applications must show to the satisfaction of the Director that the third and following applications in the chain are necessary to advance prosecution. Id. The Revised Rules also limit the right of an applicant to continue prosecution related to a single invention (a so-called "request for continuing examination" or "RCE"). Id.

Specifically, Revised Rule I requires that a third voluntary-divisional continuation application or a continuation-in-part application, be supported by showing by the applicant demonstrating why the amendment, argument, or evidence presented could not have been previously submitted. 37 C.F.R. § 1.78. Pursuant to Revised Rule I, the USPTO will deny an applicant the benefit -- as of right -- of a prior application in all third or subsequent voluntary-continuation application, or continuation-in-part application. Id. The Director is given the ability to deny the voluntary-divisional continuation application or the continuation-in-part application in his subjective discretion, even if the statutory requirements for filing a continuation application have been met. Id. Revised Rule I also limits applicants to only one (1) RCE.

Revised Rule I is retroactive and, as such, affects certain applications filed before the November 1, 2007 effective date of the Rule. 37 C.F.R. § 1.78. An applicant is only allowed two (2) continuations or continuation-in-part applications (or one of each) as of right after the effective date unless the applicant meets the requirements specified in Revised Rule I. Id. Outside of these limits, an applicant must petition the USPTO Director to file any other voluntary-divisional-continuations or continuation-in-part applications. See 72 Fed. Reg. No. 161, pp. 46776-46778. During the USPTO's town meeting on the Proposed Rules I and II, Commissioner Doll indicated that good cause for such petitions would be very limited.[2]

In addition, Revised Rule I creates the presumption that inventions are patentably indistinct if an applicant files multiple applications with the same filing date, or within two (2) months of such date and the applications include common inventors and overlapping disclosures. Revised Rule I requires that an applicant rebut this presumption with an explanation as to how the claims in the application are distinct or submit a terminal disclaimer explaining, to the satisfaction of the Director, why two (2) or more pending applications should be maintained. Id. If the Director does not accept such a rebuttal, one or more applications are not examined.

Revised Rule II requires persons filing applications containing more than five (5) independent claims (72 Fed. Reg. No. 161, pp. 46718) or twenty-five (25) total claims (Id.) must

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[2] Only three examples (3) were provided of when a petition to file a third continuation would be approvable: (1) a showing that an interference was being declared in an application containing both claims corresponding to the count(s) and claims not corresponding to the count(s), and the APJ suggests that the claims not corresponding to the count(s) be canceled and pursued in a separate application; (2) a showing that the provision of data necessary to support "unexpected results" just became (emphasis added) available to overcome a final rejection under 35 U.S.C. §103 and (emphasis added) the data is the result of a lengthy experimentation that was started after applicant received the rejection for the first time (n.b., this assumes the data was available before the office abandons an application due to the failure to file a continuation application during the pendency of the parent application); and (3) a showing that the final rejection contains a new ground of rejection that could not have been anticipated by the applicant and the applicant seeks to submit evidence which could not have been submitted earlier to overcome this new rejection.

provide the USPTO with an examination support document that addresses all of the claims.[3] 72 Fed. Reg. No. 161, p. 46724.

Due to the new rules concerning voluntary-divisional continuation applications, continuation-in-part applications, requests for continued examination practice, and the retroactivity under Revised Rule I, Dr. Tafas has been injured and has legal standing to bring this action. Dr. Tafas would not have disclosed all of his research in his previously filed and pending patent applications had he known the irreparable harm the Revised Rules would cause him in severely restricting both his legal right and practical ability to file future continuation applications. (Tafas Decl., ¶¶ 24-26).

ARGUMENT

PLAINTIFF SATISFIES THE PRELIMINARY INJUNCTION STANDARD

Preliminary injunction motions are decided pursuant to the framework established in Blackwelder Furniture Co. v. Seilig Mfg. Co., 550 F.2d 189 (4th Cir. 1977). In assessing such motions, "the district court must balance the hardships likely to befall the parties if the injunction is, or is not, granted." Hoeschst Diafoil Co. v. Nan Ya Plastics Corp., 174 F.3d 411,416-17 (4th Cir. 1999) (citing Blackwelder, 550 F.2d at 196). Specifically, the court must consider the following factors: "(1) the likelihood of irreparable harm to the plaintiff if the preliminary injunction is denied;(2) the likelihood of harm to the defendant if the requested relief is granted;

[3] The examination support document must set forth: (1) a statement that a pre-examination search was conducted, including identification of the USPTO field of search by class and sub-class, the date of the search, the databases used, and an identification of the search logic or chemical structure or sequence used as the query; (2) provide an Information Disclosure Statement ("IDS") in compliance with Section 1.98 citing the reference or references deemed most closely related to the subject matter of each independent claim; (3) an identification of all the limitations of the independent claims that are disclosed by the references cited; (4) a detailed explanation of how each of the independent claims are patentable over the reference cited; and (5) a showing of where each limitation of the independent claims finds support under 35 U.S.C. § 112, in the written description of the specification. 72 Fed. Reg. No. 161, at p. 46718.

(3) the likelihood that the plaintiff will succeed on the merits; and (4) the public interest." Id. at 417 (citations omitted).

Under the Blackwelder framework, the movant's likelihood of harm or lack thereof if the injunction is not granted relative to the harm, or lack thereof, to the non-movant if the injunction is granted affects the showing the movant must make with respect to it likelihood of success on the merits of its claims. That is to say, in instances as in the case before this Court now, where the potential harm to the movant is great if the preliminary injunction is not granted and the potential harm to the non-movant is slight if the injunction is granted, "it is enough that grave or serious questions [on the merits] are presented; and plaintiff need not show a likelihood of success." Blackwelder, 550 F.2d at 195-196. Compare Hoechst Diafoil, 174 F.3d at 417 (court may not grant preliminary injunction "where it is legally impossible for a plaintiff to succeed on the merits of its underlying claim . . . no matter how severe or irreparable an injury").

As set forth more particularly below, Plaintiff satisfies all four (4) of the Blackwelder factors and should, therefore, be entitled to a preliminary injunction preventing the Revised Rules from becoming effective *pendente lite*.

A. Plaintiff Is Likely to Succeed on the Merits of His Case

1. Defendants Exceeded The Statutory Authority Delegated To Them Under The Patent Act By Enacting The Revised Rule

a. The Applicable Statutes Mandate Unfettered Continuation Procedure

The Revised Rules exceed the scope of the USPTO's authority as conferred by Congress and are a *prima facie* violation of statutory law. The USPTO's sole authority for the Revised Rules is 35 U.S.C. § 2(b)(2), which provides that in certain instances the USPTO "may establish regulations, not inconsistent with law." 35 U.S.C. § 2(b)(2). Neither this general grant of rule-making authority nor any other statutory provision bestows any authority upon the

USPTO to limit the number of voluntary-divisional continuation or continuation-in-part filings or requests for continuing examination that may be filed with the USPTO.

More than 150 years ago, in Godfrey v. Eames, 68 U.S. 317, 323-325 (1863), the U.S. Supreme Court recognized the ability of an applicant to file a revised version of a patent application and withdraw the original while still retaining the original filing date. 35 U.S.C. § 120 codifies this principle as follows:

> An application for patent for an invention . . . filed by an inventor or inventors named in the previously filed application shall have the same effect, as to such invention, as though filed on the date of the prior application, if filed before the patenting or abandonment of or termination of proceedings on the first application or on an application similarly entitled to the benefit of the filing date of the first application and if it contains or is amended to contain a specific reference to the earlier filed application.
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> * * * *

35 U.S.C. § 120.

So long as other conditions of patent application filing are met, a patent application "shall have" or "shall be" entitled to the benefit of the filing date of previously filed patent applications. 35 U.S.C. § 120. The mandatory "shall have" and "shall be" language in Section 120 is similarly utilized in 35 U.S.C. § 365(c), which also mandate that the benefit of the filing date of an earlier filed application is mandatory -- not optional at the discretion of the USPTO.

Under the Revised Rules, the USPTO will "refuse to enter, or will delete if present" the benefit of priority claimed to prior applications, in all third or subsequent voluntary-divisional divisional and continuation-in-part applications if a showing is not made to the satisfaction of the Director that such claimed subject matter could not have been pursued earlier. 37 C.F.R. § 1.78(d)(1). Thus, these Revised Rules imply that the USPTO has some

inherent authority to constrict and substantively limit long-standing continuation practice. However, as noted in In re Hogan, 559 F.2d 595, 194 USPQ 527 (CCPA 1977), "a limit upon continuation applications is a matter of policy for the Congress." Id. at 604 n.13 (quoting In re Henriksen, 399 F.2d 253, 262, 158 USPQ 224 (CCPA 1968)).

35 U.S.C. § 131 requires the Director to cause an examination to be made of the application and the alleged new invention. 35 U.S.C. § 131. Only under certain specifically enumerated limited circumstances, as specified in the Patent Act, may the USPTO deny an application. See e.g., 35 U.S.C. § 101 *et seq*. If the patent is rejected, or any objection or requirement is made, Section 132(a) of the Patent Act requires the Director to notify the applicant of the reasons for such rejection, objection or requirement. No provision is made in the Patent Act for the Director to examine only certain patent applications. Instead, the Patent Act clearly states that "the Director shall cause an examination to be made of the application and the alleged new invention...and if on such examination it appears that the applicant is entitled to patent under the law, the Director shall issue a patent therefore." 35 U.S.C. § 131. There is nothing that authorizes the USPTO Director to cause an examination to be made only upon a prior showing that the reasons for patentability could not have been made in an earlier filed application.

Under Revised Rule I, the USPTO creates a rebuttable presumption of patentably indistinct claims in two (2) or more applications that: (1) are filed on the same date; (2) name at least one inventor in common; (3) are owned by the same person; and (4) contain substantially overlapping disclosures. 37 C.F.R. § 1.78(f)(2). The rebuttable presumption arises without consideration of the claims in the respective applications. The USPTO does not have statutory authority to promulgate a rebuttable presumption. The patent examining process is a creature of

statute, premised on the notion that the inventor is entitled to a patent if the statutory requirements are met. 35 U.S.C. § 101 *et seq*. The Federal Circuit has ruled that "the examiner bears the initial burden, on review of the prior art or on any other ground, of presenting a *prima facie* case of unpatentability.... If examination at the initial stage does not produce a *prima facie* case of unpatentability, then without more the applicant is entitled to grant of the patent." In re Oetiker, 977 F.2d 1443, 1445, 24 USPQ2d 1443 (Fed. Cir. 1992).

As such, a decision to substantively limit continuation practice is one that may only be made by Congress. In 2005, Congress considered changes similar to the Revised Rules. H.R. 2795, 109th Cong. § 123 (2005). The bill provided express language that would have expressly granted the USPTO Director the right to limit the circumstances under which a continuation application may be filed. Id. While a subsequent version of the bill eliminated this language, its original inclusion, however, provides support for the notion that only Congress has the authority to enact the Revised Rules and that Congress did not consider it appropriate to grant such authority to the Director.

In early August 2007, a bill was introduced in the House of Representatives which would add a new provision to 35 U.S.C. § 2 authorizing the USPTO to issue regulations concerning the quality and timeliness of applications and their examinations and "specifying the circumstances under which an application for patent may claim the benefit under Sections 120, 121, and 365(c) of the filing date of a prior filed application for patent." H.R. 1908, 110th Cong. (1st Sess. 2007). This further supports that the USPTO lacks the necessary statutory authority to promulgate the Revised Rules absent an express Congressional authorization.

b. Any Power Granted To The USPTO "To Advance Prosecution" of Applications Is Circumscribed By The Law As Interpreted By The Courts.

Pointing to the recently discovered doctrine of patent prosecution laches by several Federal Circuit panels, the USPTO has asserted that the Director has inherent authority under 35 U.S.C. § 2 to ensure that laches does not occur with respect to any patent application. The USPTO then seeks to bootstrap off this to suggest that prevention of laches empowers the USPTO to limit the number of continuing applications an applicant may file. 71 Fed. Reg. 48, 50. The USPTO asserts that In re Bogese II, 303 F.3d 1362, 64 USPQ2d 1448 (Fed. Cir. 2002) ("Bogese") "stands for the broad proposition that 35 U.S.C. § 120 does not give applicants *carte blanche* to prosecute continuing applications in any desired manner." 71 Fed. Reg. 48, 50.

Contrary to the USPTO's position, a careful reading of Bogese indicates that the majority of the three-member panel did not conclude that the USPTO has unfettered power to limit continuation practice under 35 U.S.C. § 120 et seq. Instead, the Bogese panel merely found that the USPTO has the power to reject an application in a case of an unreasonable delay in prosecution (*i.e.*, prosecution laches) as long as the applicant is afforded notice and an opportunity to correct the delay. Bogese, 303 F.3d at 1369. The three-member panel specifically distinguished the applicant in Bogese from an applicant who "maintain[s] pendency of an application . . .while competitor's products appear on the market. . ." implicitly accepting the later practice as being sanctioned under the law. Id. at 1369. In Bogese, the applicant had acted egregiously by repeatedly filing continuations as a procedural ruse to circumvent the need to respond to USPTO actions without ever amending the pending claims in any substantive manner. Significantly, the dissenting judge argued against even the limited power urged by the majority stating "nowhere however, has an agency been authorized to impose, in its discretion,

restrictions contrary to the statute that governs agency action." Id. at 1371 (Newman, J., dissenting).

The USPTO asserts that the Revised Rules serve to remedy abuses of unlimited continuation practice. 71 Fed. Reg. 48, 49. Continuing application filings are, however, already limited. Applicants cannot file an unlimited number of continuing applications. For example, under 35 U.S.C. § 154(a)(2) utility patents are limited to a term "beginning on the date on which the patent issues and ending 20 years [or sooner] from the date on which the application for the patent was filed in the United States...." 35 U.S.C. §154(a)(2).

As noted in the case of Ricoh Company Ltd. v. Nashua Corp., 185 F.3d 844, at 3, 1999 WL 88969, at 3 (Fed. Cir. 1999). "Section 120, governing continuation applications, does not contain any time limit on an applicant seeking broadened claims." (Unpublished, non-precedential decision). The Ricoh court approvingly cited to In re Hogan, 559 F.2d 595, 604 n.13, 194 USPQ 527, 536 (CCPA 1977) "[A] limit upon continuing applications ... is a matter of policy for Congress, not for us." Id.

The Patent Act expressly grants patent applicants the right to file continuation applications. As such, the Revised Rules substantively circumscribing those statutory rights are *ultra vires* and plainly exceed the delegation of rulemaking authority delegated to the USPTO by Congress.

2. The Revised Rules Violate The APA

a. The Revised Rules Violate the APA as They Are Retroactive Rule Making Without Express Statutory Authority.

(1) Changes in Agency Rules Are Only to Have Future Effects

The APA defines a "rule" as:

> the whole or part of an agency statement of general or particular applicability and future effect designed to implement, interpret, or

> prescribe law or policy or describing the organization procedure, or practice requirements of an agency....

5 U.S.C. § 551(4) (emphasis added). The underlined phrase above explicitly suggests that rules must have legal consequences only for the future. The Supreme Court has disapproved of administrative agencies promulgating retroactive rules without express statutory authority to do so:

> Retroactivity is not favored in the law. Thus congressional enactments and administrative rules will not be construed to have retroactive effect unless their language requires this result...By the same principle, a statutory grant of legislative rulemaking authority will not, as a general matter, be understood to encompass the power to promulgate retroactive rules unless that power is conveyed by Congress in express terms. See Brimstone R. & Canal Co. v. United States, 276 U.S. 104, 122 (1928). ("The power to require readjustment for the past is drastic. It...ought not to be extended so as to permit unreasonably harsh action without very plain words"). Even where some substantial justification for retroactive rulemaking is presented, courts should be reluctant to find such authority absent an express statutory grant.

Bowen v. Georgetown Univ. Hosp., 488 U.S. 204, 208 (1988) ("Bowen"). As Justice Scalia noted in his concurring opinion in Bowen, "a rule that has unreasonable secondary retroactivity – for example, altering future regulation in a manner that makes worthless substantial past investment incurred in reliance upon the prior rule – may for that reason be 'arbitrary' or 'capricious'... and thus invalid." Id. at 220.

(2) The Revised Rules Are Inequitable and Unreasonable Because They Retroactively Affect An Applicant's Substantial Investment

The Revised Rules apply to applications filed prior to the effective date of the Revised Rules and their retroactive application that essentially renders worthless, or at least substantially diminishes, the considerable past investments expended by Dr. Tafas in reliance on the prior continuation rules reflected in the Patent Act.

The Revised Rules have legal consequences both for existing practice and pending patent applications now before the USPTO. Under the prior continuation rules, applicants were free to liberally disclose as much information as possible about an invention, including tangentially related information which might also be separately patentable. Applicants were able to file as many voluntary-divisional continuations and continuation-in-part applications as necessary to claim various embodiments of their invention. Under the Revised Rules, however, it is up to the Director's subjective discretion to determine whether an applicant will get the benefit of a prior application in a third or subsequent voluntary-divisional-continuation and continuation-in-part applications. 37 C.F.R. § 1.78. The Revised Rules effectively bar patent applicants from claiming such embodiments and, therefore, adversely affect applications filed prior to the Rules' effective date to the serious detriment of applicants.[4]

b. The Revised Rules Violate the APA as They Are Arbitrary and Capricious

(1) In Enacting the Revised Rules Defendants Failed to Adequately Consider USPTO-Induced Reasons for Multiple Continuation Filings

Section 553(C) of the APA requires the USPTO to consider all relevant factors and information submitted to it as part of the rule-making process. 5 U.S.C. § 553(C). Section 706(2) of the APA provides that a reviewing court should find any agency action unlawful if the action is arbitrary, capricious, an abuse of discretion or otherwise not in accordance with the law. 5 U.S.C. § 706(2)(A). An agency's decision is arbitrary and capricious under the APA if the agency has relied on factors which Congress has not intended it to consider, entirely failed to consider an important aspect of the problem, offered an explanation for its decision that runs counter to evidence before the agency or is so implausible that it could not be ascribed to

[4] Again, an administrative rule that is applied retroactively against individuals who complied with the law is not appropriate. See In re Bogese II, 303 F.3d 1362, 1372 (Fed. Cir. 2002) (Newman, J. dissenting).

difference in view. Motor Vehicle Mfrs. Ass'n of U.S., Inc., v. State Farm Mut. Auto. Ins. Co., 463 U.S. 29, 43 (1983). In making its determination as to whether rule making by an administrative agency is arbitrary, capricious, an abuse of discretion or otherwise not in accordance with the law, a court should consider whether the agency's decision was based on an evaluation of the relevant factors and whether there has been a clear error of judgment. Bowman Transp., Inc. v. Arkansas-Best Freight Sys., Inc., 419 U.S. 281, 285 (1974).

Here, the USPTO failed to consider several very relevant factors in its rule making activities including, without limitation, substantial evidence submitted in response to the Proposed Rules that is contrary to the USPTO's assertions and findings in support of the Revised Rules.

One reason for RCEs and voluntary-divisional-continuations is the failure of a significant number of USPTO patent examiners to address new arguments of an applicant, but instead routinely copying and pasting prior office actions to make a new "count."[5] In the face of such an office action (generally after the first go around between the applicant and the examiner), the applicant has only two (2) choices – appeal the final rejection or refile a continuation application or RCE. As patent appeal practice is quite expensive, and the Board of Patent Appeals and Interferences has a backlog of cases, many applicants in the past have chosen to utilize continuation practice. The "count system" of the USPTO and the time allotted for review of each application (which has led to extremely overworked Examiners), has been widely criticized as incentivizing Examiners to spend less than an adequate time in reviewing

[5] An article published in Intellectual Property Today, titled "Hampering Ingenuity Through Changes in the Rules, The New USPTO Proposed Regulations" Intellectual Property Today, April 2006, 33-38, discusses a review of 24 randomly selected patent files where two or more office actions had issued. Of these 24 files, 11 of the files (nearly 46%) had office actions that were nearly identical, or substantially the same as one another (80% or more of the office action write-up was identical to a previous office action).

applications and applicants' responses to office actions (in fact, examiners are often given an impossible task to review long and complex applications within a small modicum of time). Although the USPTO could have investigated what percentage of three (3) or more voluntary-divisional continuations and RCEs were filed due to inappropriate Examiner office actions, the USPTO decided to turn a blind eye to the issue.

The USPTO also attempts to justify in part the limit on the number of voluntary-divisional applications, RCEs, and continuation in-part applications to, by blaming the practices of patent attorneys and agents: "The Office also notes that not every applicant comes to the Office prepared to particularly point out and distinctly claim what the applicant regards as his invention." 71 Fed. Reg. 48, 49.

However, the USPTO failed to consider whether the deficiencies of which it complains are due to its own failure in protecting the public from inadequately prepared practitioners. In particular, the USPTO failed to consider the inadequacy of its own examination procedures in admitting attorneys and agents to practice before it. In sharp contrast to the regulations of many foreign countries, there are no internships or practical training requirements required in order to practice before the USPTO. Many newly "USPTO qualified" attorneys and agents have little or no practical experience in claim drafting. They need only to pass a multiple choice test (that may be taken multiple times) to be registered by the USPTO as qualified to work on behalf of the general public. The USPTO has turned a blind eye to its inadequate admission policy.

The USPTO also failed to consider the number of continuation-in-part applications, RCEs, and amendments that are being filed due to imprecision in the English language (in fact, the imprecision in any language). For example, it is not uncommon for

continuation-in-part applications to be filed at the urging of the Examiner to include new definitions, or RCEs filed to clarify what is meant by a term or phrase.[6]

(2) Defendants Failed to Adequately Research The Impact of the Revised Rules on Small Entities (Individuals, Small Companies, and Research Universities)

5 U.S.C. § 605(h) requires any administrative agency to certify to the Chief Counsel for Advocacy of the Small Business Administration that changes to its regulations will not have a significant economic impact on a substantial number of small entities.

The USPTO failed to make an appropriate certification because it relied on a flawed statistical analysis to conclude that small entity filers would not be disproportionately impacted over large entity filers. First, instead of looking at multiple years prior to proposing its regulations, the USPTO choose to base its entire statistical analysis in the Proposed Rules on one isolated year, 2005. 71 Fed. Reg. No. 11, p. 57. In the Revised Rules, the USPTO chose to base its entire statistical analysis on one isolated year, 2006. 72 Fed. Reg. No. 161, p. 46760, 46788. No attempt was made to determine in either case whether such year was a typical filing year. Second, the USPTO choose to consider all applications used in their statistical analysis as having been filed by separate and distinct filers (irrespective of the fact that numerous large entities file hundreds, if not thousands, of patent applications a year). Third, the USPTO failed to check each applicant listed on an application to determine whether some of the applicants filing as "large

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[6] For example, a patent practitioner might assert as an element in a claim a "circumferential band." In drafting such element, the practitioner might well be envisioning a circular encircling strip of material. This interpretation is wholly within the bounds of the definitions of the words "circumferential." However, the Examiner might note a reference that includes a square-shaped strip of material. As one of the definitions of "circumference" includes "the external boundary or surface of a figure or object," there is an argument that the Examiner is correct in citing such art. A new filing would typically be required to more clearly specify what was intended.

entities" were truly "small entities" under the law.[7] Fourth, the USPTO in its statistical analysis failed to separate RCE practice, where the continuing practice relates to identical subject matter being claimed as in the parent application, from continuation practice, where the continuation application claims subject matter that is distinct from that claimed in a parent application.

The USPTO also failed to adequately assess the negative effect the Revised Rules will have on research universities, which are classified as small entities under 35 U.S.C. §§ 201, *et seq*. In its May 3, 2006 comments to the Proposed Rules, the Office of General Counsel of the University of Texas System stated that it disagreed with the USPTO's assessment that "a small percentage of university applicants use the continuation and CIP [continuation-in-part] practice."[8] The University of Texas surveyed the USPTO's own public records and found that approximately 32% of the total number of patents filed by the 19 most prolific research universities are continuations or CIP's.[9] Implementing the Revised Rules will consequently stifle innovation, sharply increase patent prosecution costs, reduce the incentive to fund research programs, and ultimately, "slow the transfer of new lifesaving drugs from universities to patients."[10]

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[7] As the USPTO knows, many attorneys file patent applications for their small entity clients under "large entity" status to avoid the possibility that the status of the client might change (due to a recognition by such attorneys that a failure to correct status might lead to the invalidity of a patent issuing from the application).

[8] Letter to Robert A. Clarke, Commissioner for Patents, from BethLynn Maxwell, Ph.D., J.D., Office of General Counsel, the University of Texas System (May 3, 2006), page 3.

[9] Id. These universities are the University of California, MIT, University of Texas System, Cal Tech, University of Wisconsin, Cornell Research, University of Florida, University of Michigan, University of Minnesota, Iowa State, Columbia University, University of Pennsylvania, State University of NY, Harvard, Duke University, Michigan State University, University of Washington, North Carolina, and Stanford.

[10] Id. at 4.

(3) Defendants Failed to Adequately Research the Effects of Its Pre-Examination Search Report Requirement

The USPTO relied on flawed statistics in enacting its pre-examination search report requirement for applicants identifying more than a specified number of claims for examination. The USPTO points to a 2003 AIPLA economic survey as providing support for the proposition that in 2006 a patent search of the scope required for a pre-examination search would be about $2,500. 71 Fed. Reg. No. 1, p. 66. Such statement, however, was made without any investigation into standard patent novelty search practice in 2002 which forms the basis of the 2003 AIPLA economic survey.

As would be known to anyone of skill in the art, patentability searches as described in the AIPLA report, have absolutely no correlation to the type of pre-examination search report being imposed by the USPTO. The USPTO's estimate that the burden of its change would equate to an additional 1 minute and 48 seconds to 12 hours of work for applicants, inclusive of all the search time on each claim, analysis of references uncovered, placing the same into the required report, filing the IDS, etc., 71 Fed. Reg. 48, 58, is simply a flight of fantasy having no basis in statistics or reality. The USPTO's Revised Rules indicate only that an analysis of the final rule's impact on small entities was made, and that this new analysis suggested a cost of $2,563 to $13,121 for the average small entity filer. 72 Fed. Reg. No. 161, p. 46798. No basis for such an analysis is set forth. The USPTO appears to have completely ignored the effect of the Revised Rules on large entity filers and the total effect of its Revised Rules on the progress of the sciences and useful arts.

The Small Business Administration Office of Advocacy has stated that the Revised Rules "are likely to have a significant economic impact on a substantial number of small entities, including small businesses and small independent inventors" and that "[c]ontrary to the

PTO's estimates...completion of an examination support document could cost from $25,000 to $30,000 – a significant outlay."[11] In the biotechnology and pharmaceutical sectors, where patent applications generally require more than ten (10) representative claims to accurately address the entire scope of the invention, a single examination support document is estimated to cost $50,000 – $100,000.[12] Small to mid-sized biotechnology and pharmaceutical companies, as well as independent inventors, generally cannot afford to regularly prepare these support documents and consequently, will be forced to accept less patent coverage than they are entitled to under the patent laws.[13] The result of such choices will be to inhibit investment in research and development.[14]

3. **The Revised Rules Violate The United States Constitution**

a. **Defendants Violated Article I, Section 8, Cl. 8, of the United States Constitution in That They Failed to Adequately Consider Whether the Revised Rules Interfered with the Promotion of Science and the Useful Arts**

The Constitution of the United States gives Congress the power to enact laws relating to patents, in Article I, Section 8, which reads "Congress shall have power . . . to promote the progress of science and useful arts, by securing, for a limited time, to authors and inventors the exclusive right to their respective writings and discoveries." U.S. Const. Art. 1, § 8. In exercising its patent power, Congress may not overreach the restraints imposed by the stated constitutional purpose. Graham v. John Deere Co. of Kansas City, 383 U.S. 1, 5-6 (1966) ("Graham"). Of all the powers granted to Congress pursuant to Article I of the Constitution, only the power in Section 8 is specifically limited to a particular purpose. In Graham, the

[11] SBA comments at 71 Fed. Reg. 61, page 3 (April 28, 2006).

[12] Zymogenetics, Inc. comments at 71 Fed. Reg. 61, page 1 (May 3, 2006).

[13] Id. at 2.; Amalyin Pharmaceuticals, Inc. comments at 71 Fed. Reg. 61, pages 1-2 (May 3, 2006).

[14] Id.

Supreme Court noted that "Innovation, advancement, and things which add to the sum of useful knowledge are inherent requisites in a patent system which by constitutional command must 'promote the progress of useful arts.'" Id. at 6 (emphasis added).

Congress may delegate its power to make rules and regulations to an administrative agency. See Bowen, 488 U.S. at 208. However, the rule-making authority delegated to administrative agencies by Congress is limited by the statute conferring the power, and ultimately limited by Congress's Article I powers. Id. When enacting administrative rules, governmental agencies must act within constitutional parameters and consistent with existing statutes. A reviewing court must hold unlawful and set aside any agency actions not in accordance with the law, 5 U.S.C.A. § 706(2)(A), whether the law is statutory-based or constitutional-based.

Here, the USPTO's power to establish regulations that are not inconsistent with the law stems from 35 U.S.C. § 2. Therefore, because Congress established the USPTO to issue patents on behalf of the government, the USPTO must specifically consider the impact of its regulations on the progress of science and the useful arts when enacting regulations. Nowhere in the comments published by the USPTO concerning either the Proposed Rules or Revised Rules is there any indication that the USPTO performed an adequate and reasoned weighing of the pros and cons of its Revised Rules in light of the present statutory and regulatory framework, critically and expressedly considering whether the Revised Rules actually "promote the Progress of Science and Useful Arts" as required by the Constitution.

The primary reason for the Revised Rules is not to promote the progress of science and useful arts, but instead to simply reduce the USPTO's workload by reducing the volume of applications it receives. This is evidenced by the USPTO's statement in its Comments

on the Revised Rules that: "The former unrestricted continued examination practice was impairing the office's ability to examine new applications. As a result, the office is modifying continued examination practice in this final rule to address the backlog of unexamined new applications." 72 Fed Reg. No. 161 at p. 46790.

The USPTO's admitted reason for altering continuation practice simply does not fulfill the constitutional mandate that the USPTO consider the effects of its regulations on the promotion of the progress of science and the useful arts. The USPTO's failure to hire examiners appropriately in the past to deal with an increase in patent application filings simply does not justify restricting continuation practice, which does not promote and, in fact, retards the promotion of the progress of science and the useful arts.[15]

The USPTO's constitutional duty with respect to its regulations is much more than simply mimicking back the purpose of the patent system, but instead to promote the progress of science and the useful arts. It is not enough for the USPTO to merely cite to some perceived abuses which it feels need to be addressed, but also to actually investigate and weigh in a detailed manner whether its proposed regulations interfere with the progress of science and

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[15] Illustrative of this is that the University of Texas System presented data in opposition to the Proposed Rules asserting that only one of the eight most currently used cancer drugs would be on the market under the Proposed Rules (which allow only one (1) continuation or RCE application as of right). Only Epogen is protected by patents having only one continuation, RCE or continuation-in-part and containing ten or fewer claims, as originally proposed in Proposed Rule I. The remaining seven drugs – Procrit/Eprex, Eloxatin, Gleevec/Glivec, Gemzar, Lupron, Taxotere, and Herceptin – are protected by patents that resulted from more than one continuation, RCE or continuation-in-part and contained more than ten (10) claims. These seven drugs have helped countless numbers of patients and account for approximately 37% of the cancer market. See University of Texas System Comments to 71 Fed. Reg. 48 and 61, page 2 (May 3, 2006). Even under the more liberal standards set forth in Revised Rule I (however, with the USPTO reserving the right to further constrict continuation practice at its will), three (3) of these drugs, Herceptin, Procrit/Eprex, and Gemzar, may not have received the extent of patent protection necessary for their respective developers to undertake the clinical investment necessary to bring the products to market.

the useful arts in contradiction to Constitutional and statutory mandates. The USPTO failed in that duty in enacting the Revised Rules.

b. Defendants Violated the Fifth Amendment of the United States Constitution in That the Application of the Revised Rules is Retroactive

It is well established under statutory and common law that the possessor of an issued patent has property rights in that patent. 35 U.S.C. § 261 ("[P]atents shall have the attributes of personal property."); see also Consol. Fruit-Jar Co. v. Wright, 94 U.S. 92, 96 (1876) ("A patent for an invention is as much property as a patent for land."); Florida Prepaid Postsecondary Educ. Expense Bd v. Coll. Sav. Bank, 527 U.S. 627, 642 (2002) ("Patents, however, have long been considered a species of property."); Cammeyer v. Newton, 94 U.S. 225, 226 (1876) ("the right of the [patent] holder is as much entitled to protection as any other property"). As property, patents are subject to the Fifth Amendment of the United States Constitution which states that no person shall be "deprived of life, liberty, or property, without due process of law." U.S. Const. amend. V.

Based on the regulations prior to the Revised Rules and as required by patent law, Dr. Tafas fully disclosed his original ideas in the Tafas Patent Application with the reasonable expectation of filing as many voluntary-divisional and continuations, and requests for continuing examinations and continuations-in-part as might prove necessary to secure patents on his work. (Tafas Decl., ¶¶ 16-17). The retroactive application of the Revised Rules effectively denies Dr. Tafas the ability to claim priority to all his patentable ideas back to the original filing date of the Tafas Patent Application. In short, Defendants have severely limited and/or destroyed the rights of Plaintiff (and other similarly situated inventors) to patent their original ideas and thus deprived Plaintiff of his property without due process of law in violation of his Fifth Amendment rights.

"Although Congress is not required to create intellectual property rights at all, once it has done so, there may be some constitutional constraint upon retroactive modification to those rights . . . The Supreme Court has long recognized that the federal government, as well as the states, ought not change expectations retroactively, particularly to impair previously conferred benefits supported by investment-backed expectations." Price, PROPERTY RIGHTS Ch. 4, at 8 (ABC-CLIO, 2003).

In determining whether a taking has occurred, courts consider three factors: (1) the economic impact of the regulation on the claimant; (2) the extent to which the regulation has interfered with distinct investment-backed expectations; and (3) the character of the governmental action. Penn Central Transportation Co. v. City of New York, 438 U.S. 104, 124 (1978). By retroactively denying Dr. Tafas his right to file multiple continuation applications, Defendants have effected a taking that satisfies these three (3) factors. The Revised Rules clearly have interfered with Dr. Tafas's reasonable and distinct investment-backed expectation that he would be able to file multiple continuation applications and patent his ideas in the future.

In Ruckelshaus v. Monsanto Co., 467 U.S. 986, 1003 (1984), the Supreme Court found that there are property rights in many forms of intangible property, including trade secrets, liens and contracts, and that such property rights are protected by the Fifth Amendment. The Court held that a retroactively applied law which allowed a government agency to consider or disclose an entity's trade secrets constitutes a taking under the Fifth Amendment. Id.

In exchange for the public disclosure of ideas and the benefits that such disclosure brings to society, the government grants a patentee the right of exclusion in his patent. See Kewanee Oil Co. v. Bicron Corp., 416 U.S. 470, 480-81 (1974). In disclosing his ideas, which until disclosed by Dr. Tafas were held as trade secret (and in which he maintained a property

right), Dr. Tafas relied on the exclusivity that results from the *quid pro quo* between a patent applicant and the federal government. Dr. Tafas met his part of the *quid pro quo* bargain by fully disclosing his ideas in his patent applications. However, as a result of the Revised Rules, Dr. Tafas will be unable to pursue each claim filed in his original application.

B. Plaintiff Will Suffer Irreparable Injury If the Injunction Is Not Granted.

Dr. Tafas will suffer irreparable injury if this court does not grant a preliminary injunction restraining the effectiveness of the Revised Rules *pendente lite*. In reliance on the law and regulations prior to the enactment of the Revised Rules, Dr. Tafas disclosed all the research related to his invention in the Tafas Patent Applications, reasonably believing he would be able to file multiple continuation applications based on the inventive concepts broadly disclosed therein. Since the Revised Rules purport to apply retroactively to currently pending patent applications filed prior to the effective date of the Revised Rules, Dr. Tafas has been injured because he is no longer able to rely on an ability to file additional voluntary-divisional continuations, RCEs, or continuation-in-part applications to protect his right to patent his inventions.

As discussed in the Tafas Declaration, continuation practice is very much a necessity for individual inventors such as Dr. Tafas, as well as for small corporations and research universities. Again, frequently these types of entities cannot afford to pursue each of their ideas simultaneously. Having obtained patent protection on their core ideas, they later file continuation applications to patent other inventive concepts covered in their initial disclosures. In this way, they are able to spread their legal costs and increasingly expensive USPTO filing fees over several years, while simultaneously ensuring their right of first priority to their ideas.

As Dr. Tafas has already filed two (2) or more continuation-in-part applications, and must petition the Director to file a third application on the basis of lack of funds to have filed such applications in the past, it is clear that Dr. Tafas will suffer irreparable harm from the Revised Rules, among other reasons, because the USPTO makes clear in its Revised Rules that a lack of funds will not support a petition for further filing. 71 Fed. Reg. No. 161, p. 146775.

C. An Injunction Will Not Substantially Injure Other Interested Parties.

Granting a preliminary injunction in this matter will not substantially injure other potentially interested parties. A patent applicant's right to file continuation applications was first recognized by the United States Supreme Court in Godfrey v. Eames, 68 U.S. 317 (1863) and is statutorily protected under 35 U.S.C. § 120. The issuance of a preliminary injunction in this case will simply maintain the existing standards for the examination of patent claims -- standards that American researchers and inventors have relied upon for many, many years -- until a final judgment on the merits of the present action.

D. The Issuance of Preliminary Injunction Will Further the Public Interest.

Following the original publication of the Proposed Rules in the Federal Register on January 3, 2006, approximately five hundred (500) organizations and individuals issued public comments to the USPTO arguing against their implementation, including, without limitation, an advisory group of the U.S. Small Business Administration, the American Intellectual Property Law Association, the Intellectual Property Law Section of the American Bar Association, and the Patent Public Advisory Committee of the United States Patent and Trademark Office (the "PPAC"). The negative comments received overwhelmingly outweighed the few positive comments. It is believed no proposed regulations in USPTO history have ever received so much negative comment. The general outcry against the enactment of the Revised

Rules among members of the patent community and patent bar further demonstrates that the enactment of the Revised Rules is detrimental to the public interest. More importantly, given the magnitude and gravity of the proposed change after more than 150 years of expansive and guaranteed continuation practice, it is in the public interest that the status *quo ante* be maintained until a final decision on the merits of Plaintiff's underlying claims.

The USPTO asserts the Revised Rules are a reaction to a continuing "abusive" examination practice by many supposedly careless applicants who rely "on an unlimited number of continued examination filings to correct deficiencies in claims and disclosures that applicant or applicant's representative have not adequately reviewed." 71 Fed. Reg. 48, 49. However, as the PPAC publicly commented, the USPTO has failed to demonstrate such stringent limitations on all patent applications are necessary, given that only a few "truly burden the Office in an inordinate way."[16] The PPAC further commented that the Revised Rules in their proposed form would "subject applicants to an unreasonable risk of loss of right ... simply as a consequence of the administrative process...."[17] In any event, even assuming *arguendo* that the liberal scope of continuation practice expressly afforded to patent applicants by express Congressional legislative enactment is being abused by some applicants, only Congress -- not the USPTO -- has the authority to amend 35 U.S.C. §§ 120, 132 and 365 so as to substantively circumscribe long-standing continuation rights.

Continuation practice promotes a public good in allowing inventors to disclose their inventions at the earliest possible time, without fear that such disclosure will count against them in any subsequent applications. The issuance of a preliminary injunction prohibiting the

[16] Letter to the Honorable Jon Dudas from Rick D. Nydegger, Chair of the Patent Public Advisory Committee of the United States Patent and Trademark Office, May 3, 2006, at page 5.

[17] Id. at 19.

enactment of the Revised Rules will permit inventors and researchers freely to disclose all their research, confident that they will receive the benefit of their earliest filing date on all subsequent iterations of their work. Again, full disclosure promotes innovation and investment in new research, and thus benefits the public. Allowing the implementation of the Revised Rules will be detrimental not only to Dr. Tafas and thousands of inventors like him, but to the public in general. The resulting loss of rights to full patent protection will act as a disincentive to investment in research, particularly in the biotechnology and pharmaceutical fields, with serious consequences for public access to new drugs and medical procedures.

CONCLUSION

WHEREFORE, Plaintiff respectfully requests that the Court enter an Order in the proposed form included herewith, enjoining Defendants from implementing the Revised Rules and maintaining the *status quo* pending a final judgment of this Court on the merits, along with such, other, further and different relief as the Court deems just, equitable and proper.

Respectfully submitted,

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August 22, 2007

UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF VIRGINIA (Alexandria Division)

TRIANTAFYLLOS TAFAS, **Plaintiff,** **v.** **JON W. DUDAS, in his official capacity as Under-Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office, *et al*.,** **Defendants.**	**CIVIL ACTION: 1:07-CV-00846-JCC-TRJ**

PLAINTIFF'S NOTICE OF WITHDRAWAL
OF MOTION FOR PRELIMINARY INJUNCTION & HEARING ON SAME

Plaintiff, Dr. Triantafyllos Tafas ("Plaintiff" or "Dr. Tafas"), filed an Amended Complaint dated September 7, 2007 (the "Amended Complaint") pursuant to Fed. R. Civ. P. 15(a). Plaintiff's Motion for Preliminary Injunction dated August 22, 2007 (the "Motion for Preliminary Injuction") was predicated on the superseded allegations in Plaintiff's original complaint. Consequently, Plaintiff hereby serves notice, through its undersigned counsel, that it is withdrawing the Motion for Preliminary Injunction, *without prejudice*, and the hearing on the same.

Respectfully submitted,

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Dated: September 7, 2007

CERTIFICATION OF SERVICE

The undersigned hereby certifies that on this 7th day of September, 2007, he caused to be served true and correct copies of the foregoing with the Clerk of the Court using the CM/ECF system, which will then send a notification of such filing (NEF) to the following:

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UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Alexandria Division

TRIANTAFYLLOS TAFAS, Plaintiff, v. JON W. DUDAS, in his official capacity as Under Secretary of Commerce and Director of the United States Patent and Trademark Office and The UNITED STATES PATENT AND TRADEMARK OFFICE, Defendants.	)	CIVIL ACTION NO. 1:07cv846

MEMORANDUM IN SUPPORT OF
DEFENDANTS' PARTIAL MOTION TO DISMISS

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UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Alexandria Division

TRIANTAFYLLOS TAFAS, Plaintiff, v. JON W. DUDAS, in his official capacity as Under Secretary of Commerce and Director of the United States Patent and Trademark Office and The UNITED STATES PATENT AND TRADEMARK OFFICE, Defendants.	)	CIVIL ACTION NO. 1:07cv846

MEMORANDUM IN SUPPORT OF
DEFENDANTS' PARTIAL MOTION TO DISMISS

Defendants United States Patent and Trademark Office and Jon W. Dudas, in his official capacity as Under Secretary of Commerce for Intellectual Property and Director of the U.S. Patent and Trademark Office (collectively, "the USPTO" or "the Office"), respectfully move to dismiss most of the claims in Plaintiff's First Amended Complaint for Declaratory and Injunctive Relief and Petition for Review of Rulemaking ("Amended Complaint"). Specifically, USPTO seeks dismissal of every claim in Count One except that alleged in paragraph 56(i); all claims in Count Two; and the claims in paragraphs 71(c), (e), and (f) of Count Three.[1]

[1] The USPTO has provided tables summarizing its arguments for dismissal at Exhibit 1. Table 1 summarizes the USPTO's arguments for dismissal by Count. Table 2 breaks down the arguments for dismissal of Count One by final rule.

INTRODUCTION

In an effort to improve the quality of patent examinations and reduce a growing backlog of patent applications, in January 2006, the USPTO issued Federal Register notices proposing changes to the patent application process. The USPTO held "town hall" meetings around the country to better inform the public of its proposed rules and ultimately received more than 500 comments. After carefully considering those comments and making some adjustments to the proposed rules, on August 21, 2007, the USPTO issued a 127-page Federal Register notice setting out its final rules and explaining the rules in exhaustive detail.

The next day, Plaintiff Triantafyllos Tafas filed a Complaint challenging the new rules. Plaintiff simultaneously filed a motion for a preliminary injunction. On September 7, 2007, however, Plaintiff withdrew his preliminary injunction motion and filed an Amended Complaint.

Plaintiff's Amended Complaint dramatically expanded the scope of his claims, putting at issue virtually every aspect of the new rules, without regard to whether these rules actually affect him. Plaintiff now alleges that the final rules violate no fewer than seventeen separate sections of the Patent Act, 35 U.S.C. § 1, et seq. (Count One); that they violate Article I, § 8, cl. 8 and the Fifth Amendment of the Constitution (Count Two); that they violate the Administrative Procedures Act ("APA"), 5 U.S.C. §§ 553, 701-706, because some of the final rules are allegedly retroactive and/or not a "logical outgrowth" of the proposed rules (Count Three); and that the USPTO violated the Regulatory Flexibility Act, 5 U.S.C. §§ 601-612 (Count Four). Plaintiff seeks declaratory and injunctive relief.

In launching an omnibus attack on the rules, Plaintiff has lost sight of two bedrock jurisdictional principles: standing and ripeness. Before Plaintiff asks this Court to decide, among other things, whether the final rules violate the Patent Act in fourteen separate ways, see Am.

Compl. ¶ 56, and whether they violate the APA for at least nine different reasons, see id., ¶ 71, the USPTO seeks to narrow Counts One and Three by moving to dismiss many of the claims in those Counts for lack of jurisdiction.[2] See Fed. R. Civ. P. 12(b)(1).

As to Count One, all but one of the claims in paragraph 56 of the Amended Complaint should be dismissed because these claims focus on types of applications and submissions that Plaintiff has not filed, that he cannot file, or that he may never file. As a result, the challenged rules do not cause Plaintiff any concrete and actual or imminent harm sufficient to establish constitutional standing. In seeking to assert not only his own interests, but also those of other inventors, Plaintiff further runs afoul of the prudential standing doctrine prohibiting a litigant from raising the rights of third parties. Moreover, many of Plaintiff's claims are unripe, as they are unfit for review and Plaintiff will suffer no hardship from the Court declining to hear them at this time. Plaintiff has the burden to establish that the Court has jurisdiction to hear his claims. He has not done so. Accordingly, the Court should dismiss all but one of Plaintiff's claims under Count One (Am. Compl., ¶ 56(i)) on jurisdictional grounds.

The Court should also dismiss the claims in paragraphs 71(c), (e), and (f) of Count Three for lack of standing. Like all but one of the claims in paragraph 56 of Count One, the claims in paragraphs 71(c), (e), and (f) relate to types of applications and submissions that Plaintiff does not have and may never have. Plaintiff may not raise procedural APA challenges with respect to

[2] On September 24, 2007, the Court entered the parties' Stipulation and Consent Order, which sets a briefing schedule for this motion and the parties' forthcoming cross-motions for summary judgment. Dkt. No. 16. The USPTO agreed to this expedited briefing schedule in order to avoid Plaintiff filing another preliminary injunction motion. The USPTO is filing this Motion to Dismiss with the hope that the Court will issue an Order significantly narrowing the claims in this case before the USPTO must file its cross-motion for summary judgment on November 20, 2007. In doing so, the Court would enable the USPTO to submit a streamlined brief that addresses only those issues over which the Court has jurisdiction and that state a claim. To this end, the attached proposed order respectfully proposes that the Court first issue an Order identifying the dismissed claims and later issue a Memorandum Opinion explaining its ruling.

rules that do not threaten any actual concrete interest.

Finally, the USPTO seeks dismissal of all of Plaintiff's constitutional claims in Count Two for failure to state a claim. *See* Fed. R. Civ. P. 12(b)(6). As explained below, the USPTO could not have violated the "Patent and Copyright Clause" of the Constitution, U.S. Const. art. I, § 8, cl. 8, for numerous reasons. The USPTO also could not have violated the Fifth Amendment because Plaintiff has no cognizable property interest. The Court should thus dismiss Count Two for failure to state a claim upon which relief may be granted.[3]

BACKGROUND

I. PATENT APPLICATION PROCESS

An inventor who seeks to protect an invention may file a patent application with the USPTO. The first application the inventor files for a given invention is known as the **"parent"** (or "initial") application. A patent application is, essentially, a draft patent. It contains two primary parts: (1) a **"specification"**; and (2) one or more **"claims."** The specification describes the invention for which a patent is sought as well as how to make and use the invention. See 35 U.S.C. § 112, first paragraph. The claims identify what the applicant regards as his invention, i.e., the scope of legal protection the applicant believes his or her invention is entitled to receive. See id., second paragraph; In re Vamco Mach. & Tool, Inc., 752 F.2d 1564, 1577 n.5 (Fed. Cir. 1985) ("[C]laims are not technical descriptions of the disclosed inventions but are legal documents like the descriptions of lands by metes and bounds in a deed").

A patent claim may be in **"independent"** or **"dependent**" form. An independent claim, as the name suggests, stands on its own, reciting all the limitations of the invention. See 35

[3] To the extent the Court grants the USPTO's Partial Motion to Dismiss, the claims remaining for summary judgment would be: Paragraph 56(i) of Count One; Paragraph 68 and Paragraphs 71(a), (b), (d), (g), (h), and (i) of Count Three; and Count Four.

U.S.C. § 112, third paragraph. By contrast, a dependent claim incorporates the limitations of the independent claim and recites one or more further limitations of the invention. See id., fourth paragraph. Similar to a dependent claim, a **"multiple dependent claim"** incorporates the limitations of two or more claims in the alternative and recites one or more further limitations.[4] See id., fifth paragraph; see also U.S. Pat. & Trademark Off., Manual of Patent Examining Procedure ("MPEP") § 608.01(n) (8th ed. 2001, rev. Aug. 2006).

When a patent applicant files an application with the USPTO, a patent examiner determines whether the claimed invention meets the statutory requirements found in Title 35 of the United States Code. See 35 U.S.C. §§ 101, 102, 103 & 112. If the examiner finds that a claim does not comply with the statutory patentability requirements, the examiner will reject the claim and issue an **"Office action"** setting forth the reasons for the rejection. 35 U.S.C. § 132(a); 37 C.F.R. § 1.104(a) (2006). In response, the applicant may (i) amend the claims; (ii) argue against the rejection; or (iii) present evidence to show why the claimed invention is believed to be patentable. 37 C.F.R. § 1.111 (2006). The examiner may then "allow"—that is, authorize for patenting—some or all of the claims or issue another rejection. The back-and-forth exchange that occurs between an applicant and an examiner is commonly referred to as the **"prosecution"** of an application.

Upon receipt of a final rejection, an applicant has three choices: (1) appeal to the Board of Patent Appeals and Interferences ("Board") and from there to the Federal Circuit, 35 U.S.C.

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[4] For example, Claims 1 and 2 below are independent claims; Claim 3 is a dependent claim; and Claim 4 is a multiple dependent claim.

1. An automobile comprising: a chassis; an engine; and four wheels.
2. An automobile comprising: a chassis; an engine; four wheels; and four doors.
3. The automobile of claim 1 wherein the engine is an internal-combustion engine.
4. The automobile of claims 1 or 2 wherein the engine has eight cylinders.

§§ 134, 141; (2) file a "**request for continued examination**" of the application, which typically extends examination of the application for two more rounds with the examiner, 35 U.S.C. § 132(b); 37 C.F.R. § 1.114 (2006); or (3) file a **"continuation"** or a "**continuation-in-part"** application of the initial application.[5]

An applicant files a "continuation" application when the applicant wants to amend the claims, offer additional evidence on patentability, or further argue why the claims are patentable. A continuation uses the same specification as the pending parent application, must name at least one of the same inventors as the parent application, and enjoys the benefit of the filing date (a.k.a. **"priority date"**) of the parent application. See 35 U.S.C. § 120; MPEP § 201.07.

A continuation-in-part application is similar to a continuation application in that it repeats some portion of the specification of the parent application. The difference is that it includes additional new subject matter that was not disclosed or claimed in the parent application. Claims drawn to the repeated subject matter in a continuation-in-part application are entitled to the benefit of the filing date of the parent application, but claims drawn to new subject matter are entitled to the benefit of only the new filing date. See 35 U.S.C. § 120; MPEP § 201.08.

Sometimes, an applicant may disclose and claim more than one independent or distinct invention in the initial application. In such cases, an examiner may require the applicant to separate the multiple independent or distinct inventions into one or more **"divisional"** applications,[6] each claiming only a single invention. See 35 U.S.C. § 121. This is called a

[5] The applicant need not await a final rejection to file a continuation or continuation-in-part application. As discussed infra, Plaintiff himself has filed four continuation-in-part applications off of his parent application, even though he has not received a final rejection of his parent application.

[6] Plaintiff uses the terms "voluntary-divisional continuation patent application" or a "voluntary divisional" throughout the Amended Complaint. When he does so, Plaintiff is referring to a continuation or continuation-in-part application and not an application filed

"restriction requirement." In response to a restriction requirement, the applicant must choose one of his or her claimed inventions to prosecute in the initial application and is authorized to file separate "divisional" applications to protect each of other inventions. Like a continuation application, a divisional application claims the priority date of the parent application.[7] See id.; MPEP § 201.06.

By statute, a patent application must be published eighteen months from the earliest effective filing date of the application—that is, the filing date of the earliest application to which the application claims priority. See 35 U.S.C. § 122(b)(1); 37 C.F.R. § 1.211 (2006). An applicant can, however, prevent his or her application from publishing by filing a non-publication request. See 35 U.S.C. § 122(b)(2)(B)(i); 37 C.F.R. § 1.213 (2006). If the applicant agrees not to file his or her application in a foreign country that publishes applications, the USPTO must maintain the application in confidence until a patent issues.

After an application issues as a patent, a patentee may realize that he or she claimed more or less than he or she had a right to claim or that the patent is inoperative or invalid due to an unintentional error. The patentee may surrender the patent to the USPTO and file a "**reissue application**" to correct the error. See 35 U.S.C. § 251. A "reissue application" is examined like

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pursuant to a restriction requirement under 35 U.S.C. § 121. As explained in the Manual of Patent Examining Procedure, a "divisional" application under 35 U.S.C. § 121 can be filed only if a restriction requirement has first been issued. See MPEP § 804.01 ("The 35 U.S.C. 121 [entitled "Divisional Applications"] prohibition applies only where the Office has made a requirement for restriction. The prohibition does not apply where the divisional application was voluntarily filed by the applicant and not in response to an Office requirement for restriction." (emphasis added)). The term "voluntary divisional" is not based in Title 35, the corresponding regulations, or agency guidance; instead, it is a term loosely used by patent applicants and practitioners in referring to a filing that is really a continuation application. See Ex. 3, Young Decl. ¶ 33. To be clear, Plaintiff's use of the term "voluntary divisional" is misleading; "continuation" or "continuation-in-part" is the correct term.

[7] Collectively, a "continuation," a "continuation-in-part," and a "divisional" are commonly referred to as **"continuing applications."** See 37 C.F.R. § 1.53(b) (2006).

any other application. See 37 C.F.R. § 1.176 (2006); MPEP § 1440.

In some cases, the federal government may support research and development efforts to bring forth new inventions and may have patent rights in inventions made with federal assistance. See 35 U.S.C. §§ 200, 203. If so, then the federal agency may, under some circumstances, exercise **"march-in rights"** and require the contractor who invented the invention or the assignee or exclusive licensee of the invention to grant a license to the invention. See id. § 203.

II. HISTORY OF THE FINAL RULES FOR CONTINUATION AND CLAIMS PRACTICE

Over the past decade, the growing number of continuing applications, as well as the increasing number and complexity of claims in patent applications, have crippled the Office's ability to examine newly-filed applications.[8] See Changes To Practice for Continued Examination Filings, Patent Applications Containing Patentably Indistinct Claims, and Examination of Claims in Patent Applications; Final Rule, 72 Fed. Reg. No. 46716, 46718 (Aug. 21, 2007) (Ex. 2) ("Final Rules"). Consequently, in January of 2006, the USPTO proposed new rules for filing continuing applications and for presenting claims. See Changes to Practice for Continuing Applications, Requests for Continuing Applications, Requests for Continued Examination Practice, and Applications Concerning Patentably Indistinct Claims, 71 Fed. Reg. 48-61 (Jan. 3, 2006); Changes to Practice for the Examination of Claims in Patent Applications, 71 Fed. Reg. 61-69 (Jan. 3, 2006) (collectively "Proposed Rules") (Ex. 3). The USPTO solicited public comments to the Proposed Rules and provided a four month comment period. Id. at

[8] The growing number of continuing applications are attributable to a variety of factors, including: (1) applicants filing deficient initial applications and relying on the availability of an endless stream of continuing applications to work out issues of patentability; (2) applicants using the availability of continuing applications to delay the conclusion of examination so as to buy time to figure out what their commercially viable invention is or to monitor marketplace developments for similar inventions which may fall within the scope of yet-to-be-presented claims; (3) applicants filing literal or machine-translated documents as patent applications and using continuing applications to correct avoidable mistakes. See Ex. 2 at 46719.

46717. The USPTO received more than 500 written comments. Id. It then spent more than a year carefully analyzing and considering the feedback. Id.

In response to suggestions from the public, the USPTO modified the proposed rules for both continuing applications and claims. In making these modifications, the USPTO sought to promulgate reasonable rules that would accomplish the goals of increasing application quality, reducing the backlog, and improving examination efficiency while allowing the public ample opportunity to claim their inventions. Id. at 46719.

III. OVERVIEW OF FINAL RULES REGARDING CONTINUATION AND CLAIMS PRACTICE

On August 21, 2007, the USPTO published final rules concerning the filing of continuing applications and claims. See Ex. 2 at 46843.

A. Final Rules 78 and 114 Permit An Applicant to File Two Continuation or Continuation-In-Part Applications and One Request for Continued Examination Without a Petition and Showing.

The Final Rules allow an applicant to file two continuation or continuation-in-part applications, plus a single request for continued examination, after an initial application as a matter of right (i.e., a total of three filings after an initial application). See Ex. 2 at 46718; see also 37 C.F.R. § 1.78(d)(1)(i), (ii), & (iii) (**"Final Rule 78"**); 37 C.F.R. 1.114(f) (**"Final Rule 114"**). If an applicant wants to engage in more prosecution at the examiner level, the Final Rules allow an applicant to file any third or subsequent continuation or continuation-in-part application and any second or subsequent request for continued examination with a **"petition and showing"** of need.[9] See Ex. 2 at 46719; see also 37 C.F.R. §§ 1.78(d)(1)(vi), 1.114(g). That is, to justify a

[9] In his Amended Complaint, Plaintiff refers to the provisions for continuing applications found in the Final Rules as "Revised Rule I." See Am. Compl. at ¶ 12. The USPTO shall refer to the rules applicable to continuation practice generally as "Final Rule 78" and to request for continued examination practice generally as "Final Rule 114".

further filing beyond three, an applicant must explain why the argument, amendment, or evidence could not have been presented earlier in one of the previously-filed applications. Final Rule 78(d)(1) applies to all initial and continuing applications filed on or after November 1, 2007. See Ex. 2 at 46716, 46736.

When an applicant files an application claiming more than one invention, the USPTO may subject that application to a restriction requirement as explained above. See 35 U.S.C. § 121. Under the Final Rules, an applicant who claimed multiple inventions in a single application may suggest a restriction requirement to the USPTO. See Ex. 2 at 46726; 37 C.F.R. § 1.142(c) ("Final Rule 142"). If the examiner accepts the **"suggested restriction requirement"** or issues one of his or her own, the applicant may file a divisional application for each invention. Each divisional application is treated under the Final Rules as the initial application in a new application family, thereby enabling an applicant to file two continuation applications, plus a single request for continued examination, in the family without any petition and showing. See Ex. 2 at 46732; 37 C.F.R. § 1.78(d)(1)(ii) & (iii).[10]

In order to prevent duplicate examination of the same invention, the Final Rules further require an applicant to identify for each application any other commonly-owned applications or patents that have a common inventor and that have a filing or priority date within two months of the filing or priority date of the application. Ex. 2 at 46721; 37 C.F.R. § 1.78(f)(1). The Final Rules set forth a rebuttable presumption that an application and any identified commonly-owned applications or patents contain at least one **"patentably indistinct claim"**—that is, one claim that does not patentably differ from the claims in a previously filed patent application —if the identified applications or patents have (i) an inventor in common with the application, (ii) the

[10] The Final Rules do not permit an applicant to file a continuation-in-part off of a divisional application. See Ex. 2 at 46732; 37 C.F.R. § 1.75(d)(1)(iii)(A).

same filing or priority date as the application, and (iii) substantial overlapping disclosure with the application. Ex. 2 at 46722; 37 C.F.R. § 1.78(f)(2).

B. Final Rule 75 Permits An Applicant to File Five Independent Claims and Twenty-five Total Claims in Any Application Without an Examination Support Document.

The Final Rules permit an applicant to present a total of **five independent claims and twenty-five total claims** for examination without providing any further information about the claims. See Ex. 2 at 46721; see also 37 C.F.R. § 1.75(b)(1) (**"Final Rule 75"**).[11] If an applicant wants to present more than five independent claims or more than twenty-five total claims, then Final Rule 75 requires the applicant to provide an **"examination support document"** containing information about the claims before the issuance of a first Office action on the merits in the application. Ex. 2 at 46721; 37 C.F.R. § 1.75(b)(1). An examination support document is intended to assist the examiner in determining the patentability of the claimed invention. Ex. 2 at 46721. In light of the two continuation or continuation-in-part applications that an applicant may file after the initial application, an applicant ultimately may present fifteen independent claims and seventy-five total claims covering each invention without filing any examination support document. Id. at 46718, 46721. Final Rule 75 applies to all applications filed on or after November 1, 2007, and all pending applications for which a first Office action on the merits was not mailed before November 1, 2007. Id. at 46716, 46728.

C. Plaintiff's Five Pending Applications

On November 4, 2005, Plaintiff filed U.S. Patent Application No. 11/266948 entitled,

[11] In his Amended Complaint, Plaintiff refers to the provisions for claims practice as "Revised Rule II." See Am. Compl. at ¶ 12. The USPTO refers to these rules as Final Rule 75, unless a more specific subparagraph reference is needed.

"Energy Recovery System in an Engine" (**"Plaintiff's Parent Application"**).[12] Am. Compl. ¶ 1; Ex. 4, Declaration of Karen Young ("Young Decl.") ¶¶ 2-3. Plaintiff's Parent Application contains five independent claims and twenty total claims. Id. ¶ 4. None of the claims in the Parent Application is a multiple dependent claim. Id. ¶ 35. All claims are directed to an energy recovery system, except for one claim which is directed to a method of recovering energy from exhaust gases produced by combustion in an internal combustion engine. Id. ¶ 4. Nothing in Plaintiff's Parent Application indicates that the invention claimed therein was made with assistance from the federal government. Id. ¶ 5. Plaintiff's Parent Application was published on May 10, 2007 because Plaintiff did not file a non-publication request. Id. ¶ 6. On July 24, 2007, the USPTO issued a first Office action on the merits in Plaintiff's Parent Application. Id. ¶ 8. The USPTO has never issued a restriction requirement in Plaintiff's Parent Application. Id. ¶ 7.

On August 10, 2007, shortly before the USPTO published the Final Rules, Plaintiff filed three continuation-in-part applications, claiming the priority date of Plaintiff's Parent Application. Am. Compl. ¶ 1; Ex. 4, Young Decl. ¶¶ 10, 15, & 20. On September 7, 2007, the same day Plaintiff filed his Amended Complaint, he filed a fourth continuation-in-part application, also claiming the benefit of the filing date of Plaintiff's Initial Application. Am. Compl. ¶ 1; Ex. 4, Young Decl. ¶ 25. Together with Plaintiff's Parent Application, Plaintiff's four continuation-in-part applications form an application family (**"Plaintiff's Application Family"**). Ex. 4, Young Decl. ¶ 30.

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[12] Also on November 3, 2006, Plaintiff filed an **"international application"** under the Patent Cooperation Treaty. The Patent Cooperation Treaty enables an applicant to file one application in English in the USPTO and have that application acknowledged as a regular national patent application in as many Contracting States to the Patent Cooperation Treaty as the applicant designates. Plaintiff's international application claims the benefit of his Parent Application. See Ex. 3, Young Decl. ¶ 9.

Plaintiff's four continuation-in-part applications each contain less than five independent claims but more than twenty-five total claims. Id. ¶¶ 11, 16, 21, & 26. None of the claims in those applications is in multiple dependent form. Id. ¶ 35. And, nothing indicates that the claimed inventions were made with assistance from the federal government. Id. ¶¶ 13, 18, 23, & 28. Because Plaintiff did not file a non-publication request, all four of his continuation-in-part applications will be published eighteen months after the filing date of the Parent Application.[13] Id. ¶¶ 12, 17, 22, & 27. Plaintiff is currently awaiting a first Office action on the merits for each of his continuation-in-part applications. Id. ¶¶ 14, 19, 24, & 29. The USPTO has not issued any restriction requirements in Plaintiff's four continuation-in-part applications. Id.

STANDARDS OF REVIEW

A motion to dismiss pursuant to Federal Rule of Civil Procedure 12(b)(1) challenges a court's jurisdiction over the subject matter of the suit. A Rule 12(b)(1) motion may attack subject matter jurisdiction by asserting that, as a factual matter, the plaintiff cannot meet his burden of establishing a jurisdictional basis for the suit. See Adams v. Bain, 697 F.2d 1213, 1219 (4th Cir. 1982). In this type of challenge, "[a] trial court may consider evidence by affidavit, depositions or live testimony without converting the proceeding to one for summary judgment." Id. (citing Mims v. Kemp, 516 F.2d 21 (4th Cir. 1975)).

Federal Rule of Civil Procedure 12(b)(6) provides that a defendant may move to dismiss a plaintiff's complaint for "failure to state a claim upon which relief can be granted." Fed. R. Civ. P. 12(b)(6). In ruling on a Rule 12(b)(6) motion, the court must accept well-pleaded allegations as true and must construe the factual allegations in favor of the plaintiff. See Randall

[13] Because Plaintiff's Parent Application was filed on November 3, 2005—more than eighteen months ago—his continuation-in-part applications are eligible for immediate publication. See 37 C.F.R. § 1.211(a) (2006).

v. United States, 30 F.3d 518, 522 (4th Cir. 1994). The court is not, however, required to accept as true allegations that are legal conclusions. Id. To satisfy Rule 12(b)(6), the plaintiff must allege specific, non-conclusory facts that plausibly state a claim upon which relief could be granted. See Bell Atl. Corp. v. Twombly, 127 S. Ct. 1955, 1968-69 (2007).

ARGUMENT

I. ALL BUT ONE OF PLAINTIFF'S CLAIMS UNDER COUNT ONE SHOULD BE DISMISSED FOR LACK OF JURISDICTION PURSUANT TO FED. R. CIV. P. 12(B)(1).[14]

Article III of the Constitution limits the role of the federal courts to adjudication of actual "cases" and "controversies." Allen v. Wright, 468 U.S. 737, 750 (1984); see U.S. Const. art. III, § 2. Two essential doctrines that enforce the limits on justiciability are standing and ripeness. See Allen, 468 U.S. at 750. In asking the Court to rule on numerous matters that cause him no personal harm at this time, Plaintiff runs afoul of both of these doctrines.

A. Plaintiff Lacks Standing to Raise All But One of his Count One Claims.

The doctrine of standing insists on a "plaintiff [who] has alleged such a personal stake in the outcome of the controversy as to warrant his invocation of federal court jurisdiction and to justify exercise of the court's remedial powers on his behalf." Simon v. E. Ky. Welfare Rights Org., 426 U.S. 26, 38 (1976) (emphasis added). The standing doctrine encompasses both "a core component derived directly from the Constitution" and prudential, "judicially self-imposed limits on the exercise of federal jurisdiction." Allen, 468 U.S. at 751.

In order to satisfy the constitutional standing requirement, a plaintiff must show that: (1) he suffered an injury in fact that is "concrete and particularized," and "actual or imminent, not conjectural or hypothetical;" (2) there is a causal connection between the injury and the conduct

[14] The USPTO seeks dismissal of all Count One claims except paragraph 56(i).

complained of; and (3) it is likely, rather than merely speculative, that the injury will be redressed by the relief requested. See Lujan v. Defenders of Wildlife, 504 U.S. 555, 560-61 (1992). The plaintiff bears the burden of establishing each of these elements. Id. at 561.

Even where a plaintiff establishes constitutional standing, the doctrine of prudential standing may preclude the Court from hearing some or all of the plaintiff's claims. See Warth v. Seldin, 422 U.S. 490, 499 (1975). One of the most important prudential limits on standing is "the general prohibition on a litigant's raising another person's legal rights." Allen, 468 U.S. at 751. As the Supreme Court explained in Warth, "even when the plaintiff has alleged sufficient injury to meet the 'case or controversy' requirement, this Court has held that the plaintiff generally must assert his own legal rights and interests, and cannot rest his claim to relief on the legal rights or interests of third parties." 422 U.S. at 499. The Court has identified three factors that are pertinent to determining whether a litigant may assert the rights of a third-party: "the relationship of the litigant to the person whose rights are being asserted; the ability of the person to advance his own rights; and the impact of the litigation on third-party interests." Caplin & Drysdale, Chartered v. United States, 491 U.S. 617, 624 n. 3 (1989).

Where a plaintiff challenges multiple statutory provisions or rules, a court must analyze whether the plaintiff has standing to challenge each provision or rule individually. See, e.g., FW/PBS, Inc. v. City of Dallas, 493 U.S. 215, 233-35 (1990) ("Because we conclude that no petitioner has shown standing to challenge either the civil disability provisions or the provisions involving those who live with individuals whose licenses have been denied or revoked, we conclude that the courts below lacked jurisdiction to adjudicate petitioners' claims with respect to those provisions"); Camp Legal Def. Fund v. City of Atlanta, 451 F.3d 1257, 1273 (11th Cir. 2006) (stating that "FW/PBS forecloses the argument by CAMP that injury under one provision

is sufficient to confer standing on a plaintiff to challenge all provisions of an allegedly unconstitutional ordinance" and citing cases); Sacks v. Office of Foreign Assets Control, 466 F.3d 764, 771 (9th Cir. 2006) ("[W]e must determine whether [the] Amended Complaint identifies an injury caused by each of the two regulations that is both concrete and actual or imminent."). Plaintiff thus must establish standing to challenge each of the Final Rules that he claims is unlawful.

1. Plaintiff Lacks Standing to Challenge Final Rule 78 (the "Continuing Applications Rule"); Therefore, the Court Should Dismiss Paragraphs 56(b), (c), (d), (e), (f), (g), (h), (k), (l), (m), and (n).

Throughout paragraph 56, Plaintiff alleges a variety of ways in which he believes that Final Rule 78—the rule limiting the number of continuing applications one can file without a petition or showing—is contrary to the Patent Act. See Am. Compl. ¶¶ 56(b), (c), (d), (e), (f), (g), (h), (k), (l), (m) & (n). The Court should dismiss each of these claims for lack of constitutional and/or prudential standing.

a. ***Plaintiff Lacks Constitutional Standing to Challenge Final Rule 78 in Paragraphs 56(b), (c), (d), (e), (f), (g), (h), (k), (l), (m), and (n).***

In order for Plaintiff to have constitutional standing to challenge Final Rule 78, he must establish that it is more than speculative that he will file another continuing application. Otherwise, Final Rule 78 could not reduce Plaintiff's chances of successfully obtaining a patent, or "foist[]" additional costs on him. Am. Compl. ¶ 24.

The Supreme Court's decision in Lujan is instructive. There, environmental groups challenged the Department of Interior's regulations regarding endangered species. Two members of the plaintiff organization averred that they had traveled to Sri Lanka and intended "some day" to return to see endangered species. Lujan, 504 U.S. at 563-64. The Supreme Court held that

"[s]uch 'some day' intentions – without any description of concrete plans, or indeed even specifications of when the some day will be – do not support a finding of 'actual or imminent' injury that our cases require." Id. at 564. "Although 'imminence' is concededly a somewhat elastic concept," the Court noted, "it cannot be stretched beyond its purpose, which is to ensure that the alleged injury is not too speculative for Article III purposes – that the injury is 'certainly impending.'" Id. at 564 n. 2 (quoting Whitmore v. Arkansas, 495 U.S. 149, 158 (1990)). The Court warned that the injury-in-fact requirement "has been stretched beyond the breaking point when, as here, the plaintiff alleges only an injury at some indefinite future time, and the acts necessary to make the injury happen are at least partly within the plaintiff's control." Id.

Here, too, the Amended Complaint fails to allege that Plaintiff has any concrete, certain plans to file more continuing applications after the effective date of the Final Rules. Instead, Plaintiff simply alleges that he may, in the "future," file applications to protect the inventions that may allegedly "flow from" his initial application. Am. Compl. ¶ 32. "Such 'some day' intentions – without any description of concrete plans, or indeed even specifications of when the some day will be – do not support a finding of 'actual or imminent' injury . . . ." Lujan, 504 U.S. at 564. That Plaintiff has, in the past, filed continuing applications "proves nothing." Id.

There are good reasons why Plaintiff may not file another continuing application after Final Rule 78 takes effect on November 1, 2007. First, Plaintiff's five pending applications may be sufficient to claim all of the inventions that will "flow" from his initial application.

Second, if Plaintiff's four continuation-in-part applications claim multiple inventions, he may choose to file a suggested restriction requirement after November 1, 2007, pursuant to Final Rule 142. See Ex. 2 at 46726; 37 C.F.R. § 1.142(c). The USPTO may accept Plaintiff's suggested restriction requirement or independently issue one or more restriction requirements.

Plaintiff then would be able to file one or more divisional applications under 35 U.S.C. § 121. Each such divisional application will begin a new application family that may include up to two continuation and/or continuation-in-part applications and one request for continued examination, thereby giving Plaintiff ample opportunity to claim his inventions.

Third, since Plaintiff's continuation-in-part applications include newly-discovered subject matter not found in his initial application, the new subject matter in those applications is not entitled to the benefit of the filing date of his Parent Application. See 35 U.S.C. § 120; MPEP § 201.08. So, rather than filing more continuation-in-part applications, Plaintiff may opt to file new applications for some or all of his other hypothetical inventions. In doing so, Plaintiff would be able to avail himself of two continuation or continuation-in-part applications and one request for continued examination in each of those families.

Finally, to the extent that Plaintiff actually has concrete plans to file another continuation-in-part application, he may do so before November 1, 2007, without violating Final Rule 78. See Ex. 2 at 46716 (noting that the effective date of Final Rule 78 is November 1, 2007).

Plaintiff thus has significant procedural options available to claim his hypothetical, future inventions. It is, therefore, speculative that Final Rule 78 will cause him any concrete injury sufficient to establish constitutional standing.

b. Plaintiff Further Lacks Prudential Standing to Raise The Claims in Paragraphs 56(b), (f), (g), (h), (k), (l), (m), and (n).

Even if Plaintiff could establish that he has constitutional standing to challenge Final Rule 78, he still would lack prudential standing to challenge this rule on the grounds alleged in paragraphs 56(b), (f), (g), (h), (k), (l), (m), and (n). These paragraphs spin out theories concerning how Final Rule 78 allegedly violates the Patent Act in ways that harm "an applicant" who has

types of applications that Plaintiff does not have in his Application Family, and which it is speculative that he ever will have.[15] E.g., Am. Compl. ¶56(b). As the D.C. Circuit has warned:

> [P]rudential standing notions mandate that a plaintiff's suit seek to vindicate his own legal rights or interests, not those of some absent third party. This requirement means that there must be a connection between the injury suffered and the legal right or theory asserted. . . . For if the alleged wrongfulness of the injurious action challenged, that is, the asserted violation of a legal right, was not causally related to the injury suffered—if, in other words, it was not the illegal aspect of the action challenged that harmed the plaintiff—then the suit in question would not be one to vindicate that plaintiff's own rights.

Steffan v. Perry, 41 F.3d 677, 697 (D.C. Cir. 1994) (en banc) (internal citations omitted). In claiming that Final Rule 78 violates the Patent Act in ways that do not personally affect him, Plaintiff impermissibly raises claims of applicants who are not before this Court, without showing that he has any special relationship with those applicants, or that there is any obstacle to those applicants raising their own claims.[16] See Warth, 422 U.S. at 499-500; Caplin & Drysdale, 491 U.S. at 623 n.3; see also Nordlinger v. Hahn, 505 U.S. 1, 11 (1992).

First, Plaintiff alleges that Final Rule 78 will prevent him from (i) filing "continuation-in-part applications off of divisional applications," Am. Compl. at ¶ 56(b); and (ii) claiming "priority to a divisional application from which priority has already been claimed in an international application," id. at ¶ 56(n). Each of these claims requires that an applicant have at least one divisional application. Plaintiff, however, has no divisional applications in his Application Family. See Ex. 4, Young Decl. ¶ 32. He thus lacks prudential standing to raise these claims.

Plaintiff further complains that Final Rule 78 violates the Patent Act by preventing him

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[15] These types of applications include: (i) divisional applications, Am. Compl., ¶¶ 56(b), (f), (g) & (n); (ii) reissue applications, id. ¶ 56(k); (iii) applications subject to federal march-in rights, id. ¶¶ 56(l) & (m); and (iv) applications maintained in confidence, id. ¶56(h).

[16] Indeed, it is particularly difficult to believe that any such obstacle exists when hundreds of inventors and organizations and firms representing inventors submitted public comments concerning the proposed rules, but Plaintiff himself never did so.

from (i) filing an "involuntary divisional with additional claims beyond those originally existing in the parent application or, once filed, amending the claim[s], so as to include disclosed but not claimed subject matter," Am. Compl. ¶ 56(f), and (ii) filing "continuation-in-part/divisional application hybrid[s]," id. ¶ 56(g). An applicant may file a divisional application, however, only when the USPTO issues a restriction requirement. See 35 U.S.C. § 121. Plaintiff has not received restriction requirements for any of the applications in his Application Family, and thus he is ineligible to file any divisional applications. See Ex. 4, Young Decl. ¶¶ 7, 14, 19, 24 & 29.

Next, Plaintiff alleges that Final Rule 78 prevents him from filing a divisional application in a reissue application. Am. Compl. ¶ 56(k). As explained above, reissue applications can only be filed in conjunction with issued patents, not pending patent applications. See 35 U.S.C. § 251. Plaintiff's Amended Complaint does not allege that he has any patents for which he might need a reissue application, much less a reissue application with a divisional application filed off of it. See Ex. 4, Young Decl. ¶ 34.

Plaintiff also alleges that the Final Rules fail to account for federally supported research and development and federal "march-in" rights available under 35 U.S.C. §§ 200 and 203. See Am. Comp. ¶ 56 (l) & (m). Plaintiff does not have, nor does he allege to have, any applications arising from federally sponsored research. Nor, by extension, does Plaintiff have any applications subject to federal "march-in" rights. See Ex. 4, Young Decl. ¶¶ 5, 13, 18, 23 & 28. Without such applications, he lacks prudential standing to raise the claims in paragraphs (l) and (m).

Finally, Plaintiff alleges that the "identification of patentably indistinct claims" requirement set forth in Final Rule 78(f) will force "applicants" to disclose subject matter that they want to maintain in confidence. Am. Compl. at ¶ 56(h). Such forced disclosure, Plaintiff complains, contravenes 35 U.S.C. § 122. See id. Plaintiff has not alleged, nor has the USPTO

found, that he has made any non-publication requests in any of his applications. See Ex. 4, Young Decl. ¶¶ 6, 12, 17, 22 & 27. Absent such a request, by law, the USPTO must publish all of Plaintiff's pending applications promptly at eighteen months from the earliest effective filing date. See 35 U.S.C. § 122.[17] For this reason, Final Rule 78 does not "erod[e]" any "confidentiality protections" that affect Plaintiff himself or "make it more likely that [his] patentable inventions will be improperly copied or used by others." Am. Compl. ¶ 24. Thus, here again, Plaintiff asserts a claim in which he lacks a personal interest.

In sum, the Court should dismiss Plaintiff's claims in paragraphs 56(b), (c), (d), (e), (f), (g), (h), (k), (l), (m), and (n) for lack of constitutional and/or prudential standing.

2. Plaintiff Lacks Constitutional and Prudential Standing to Challenge Final Rule 114 (the "Request for Continued Examination Rule"); the Court Should Thus Dismiss Paragraph 56(j).

In paragraph 56(j) of his Amended Complaint, Plaintiff alleges that Final Rule 114 restricts his right to file a request for continued examination under 35 U.S.C. § 132(b). Final Rule 114 is not, however, the cause of Plaintiff's inability to file a request for continued examination at this time. Plaintiff cannot file a request for continued examination because none of his pending applications are mature enough for him to do so. As explained above, an applicant may file a request for continued examination only after prosecution in an application is closed (i.e., some or all of the claims stand finally rejected). See MPEP § 706.07(h). Prosecution has not closed in any of Plaintiff's alleged applications; Plaintiff received a first Office action in his Parent Application and is awaiting one in his four continuation-in-part applications. See Ex. 4, Young Decl. ¶¶ 8, 14, 19, 24, & 29. As a result, Plaintiff is not yet eligible to file a request for continued

[17] Since more than eighteen months have passed from the filing date of Plaintiff's Parent Application, Plaintiff's continuation-in-part applications could publish immediately. See 37 C.F.R. § 1.211(a) (2006).

examination, see id. at ¶ 31, and cannot establish that he has an injury in fact from Final Rule 114.

Furthermore, even if prosecution were closed in one of Plaintiff's five applications, he would be free to file a request for continued examination without a petition and showing under Final Rule 114(f), since he has not alleged, and the USPTO has not found, that he has already filed one in his Application Family. See id. Hence, Final Rule 114(f) is not causing Plaintiff any actual or imminent harm.

Finally, even if Plaintiff has constitutional standing to challenge Final Rule 114, he lacks prudential standing. As Plaintiff personally has no applications in which a request for continued examination could be filed, he impermissibly rests his claim in paragraph 56(j) on the rights of third parties. The Court should thus dismiss paragraph 56(j).

3. Plaintiff Lacks Prudential Standing to Challenge Final Rule 75 (the "Claims Rule") on the Grounds Alleged in Paragraph 56(a).

Plaintiff claims that Final Rule 75 violates the Patent Act on two grounds. See Am. Compl. ¶¶ 56(a), (i). The USPTO does not contest Plaintiff's standing to raise the claim in paragraph 56(i).[18] However, Plaintiff lacks prudential standing to challenge Final Rule 75 on the ground set forth in paragraph 56(a), which claims that the new rule violates the Patent Act by altering the way that (1) claims to different statutory classes of inventions, and (2) multiple dependent claims, are counted for purposes of determining whether an application contains more than five independent claims and more than twenty-five total claims. See Am. Compl. ¶ 56 (a).

Plaintiff's applications do not contain any claims that refer to different statutory classes of inventions; instead, each of Plaintiff's claims is drawn to a single statutory class of invention. See Ex. 4, Young Decl. at ¶ 36. Nor do Plaintiff's applications contain any multiple dependent

[18] The USPTO does contest the merits of Plaintiff's claim, but the merits are not at issue in this Partial Motion to Dismiss.

claims. See Ex. 4, Young Decl. at ¶ 35.[19] Consequently, the aspects of Rule 75 that Plaintiff challenges in paragraph 56(a) will cause him no discernable harm, and the paragraph should be dismissed for lack of prudential standing.

In sum, every claim in Count One but for paragraph 56(i) should be dismissed on the ground that Plaintiff lacks constitutional and/or prudential standing to raise it.

B. All But One of Plaintiff's Count One Claims Are Not Ripe for Review.

The doctrine of ripeness, which derives from both Article III and prudential concerns, ensures that courts will not "entangl[e] themselves in abstract disagreements over administrative policies, and also to protect the agencies from judicial interference until an administrative decision has been formalized and its effects felt in a concrete form." Abbott Labs. v. Gardner, 387 U.S. 136, 148-49 (1967) (emphasis added), overruled on other grounds, Califano v. Sanders, 430 U.S. 99 (1977). Although the doctrines of ripeness and standing overlap to some extent, they are distinct doctrines; standing addresses who may bring the suit, while ripeness concerns when a suit should be brought. See 15 James Wm. Moore et. al., Moore's Federal Practice § 101.40 (3d ed. 2007). As with standing, the burden of proving ripeness falls on the party bringing suit. See Renne v. Geary, 501 U.S. 312, 316 (1991).

[19] In any event, the provision in Final Rule 75(b) regarding how to count a multiple dependent claim is not new. Final Rule 75(b)(5)(c) provides in pertinent part: "For fee calculation purposes under § 1.16 (or § 1.492) and for purposes of paragraph (b) of this section, a multiple dependent claim will be considered to be that number of claims to which direct reference is made therein." Ex. 2 at 46837 (emphasis added). Current Rule 75(c) contains nearly identical language, except for the additional phrase "and for purposes of paragraph (b) of this section." See 37 C.F.R. §1.75(c) (2006) ("For fee calculation purposes, under § 1.16, a multiple dependent claim will be considered to be that number of claims to which direct reference is made therein."). The added language in Final Rule 75(b)(5)(c) is intended to address the five independent claims and twenty-five total claims threshold set forth in the Final Rules, which is a new circumstance under which multiple dependent claims must be counted. It does not change the methodology for counting multiple dependent claims with respect to fees.

To decide whether a case is ripe for adjudication, the court must determine (1) whether the issues are fit for judicial decision; and (2) whether hardship will fall to the petitioning party if judicial review is withheld. See Reg'l Mgmt. Corp. v. Legal Servs. Corp., 186 F.3d 457, 465 (4th Cir.1999) (citing Abbott Labs., 387 U.S. at 148-49). The question of fitness itself has two parts; the court must consider "(1) the agency's interest in crystallizing its policy before that policy is subject to review; and (2) the court's interest in avoiding unnecessary adjudication and in deciding issues in a concrete setting." Id. Although cases that present purely legal issues are frequently considered fit for review, the Supreme Court has nevertheless declined review in some such cases. See, e.g., Nat'l Park Hospitality Ass'n v. Dep't of the Interior, 538 U.S. 803, 812 (2003); Toilet Goods Ass'n v. Gardner, 387 U.S. 158, 162 (1967). To measure hardship, the Court looks to "the immediacy of the threat and the burden imposed on the petitioner who would be compelled to act under threat of enforcement of the challenged law." See Charter Fed. Sav. Bank v. Office of Thrift Supervision, 976 F.2d 203, 208-09 (4th Cir.1992) (citing Abbott Labs., 387 U.S. at 153). All of Plaintiff's Count One claims except paragraph 56(i) should be dismissed for lack of ripeness.

1. Plaintiff Cannot Establish Hardship With Respect to How the Final Rules Apply to Applications that He Does Not Presently Have and May Never Have.

Starting with the second prong, Plaintiff cannot demonstrate hardship from the Final Rules cited in paragraphs 56(a), (b), (c), (d), (e), (f), (g), (h), (j), (k), (l), (m), and (n) for the same reasons identified in the foregoing discussion of standing. Because Plaintiff does not have and may never have many of the types of applications and submissions that he claims the Final Rules will affect, there is little risk that denying him a judicial forum at this time will harm him.

2. Final Rules 78 and 114 are Unfit For Judicial Review Until the USPTO Actually Denies Plaintiff's Petition for an Additional Application.

Turning to the first prong, Plaintiff's allegations in paragraphs 56(b), (c), (d), (e), (f), (g), (h), (j), (k), (l), and (m) regarding Final Rules 78 and 114 are also unripe because they are unfit for judicial review. One of Plaintiff's chief concerns appears to be that the USPTO will not allow him to submit additional continuation-in-part applications because the agency will find that he has not made a sufficient showing as to why he could not submit the amendment, argument, or evidence in one of his five previous applications. See, e.g., Am. Compl. ¶¶ 56(b), (c), & (d). Because the Final Rules will not go into effect until November 1, 2007, Final Rules 78 and 114 have not yet been applied to Plaintiff, or anyone else. As a result, the USPTO has not yet had an opportunity to consider any petitions, nor have the "effects" of its new rules been "felt in a concrete form." Abbott Labs., 387 U.S. at 148-49. Plaintiff may find, for example, that the bar to having a petition approved is not as high as he fears and that judicial intervention is unnecessary. As the Supreme Court has explained, "[t]he ripeness doctrine reflects a judgment that the disadvantages of a premature review that may prove too abstract or unnecessary ordinarily outweigh the additional costs of—even repetitive—post-implementation litigation." Ohio Forestry Ass'n, Inc. v. Sierra Club, 523 U.S. 726, 735 (1998). Thus, the Court's review of Final Rules 78 and 114 at this time would be premature.

For all of these reasons, the Court should dismiss thirteen out of fourteen of Plaintiff's Count One claims for lack of jurisdiction.

II. THE COURT SHOULD DISMISS THREE OF PLAINTIFF'S COUNT THREE CLAIMS FOR LACK OF STANDING PURSUANT TO FED. R. CIV. P. 12(B)(1).

In paragraphs 70 and 71 of the Amended Complaint, Plaintiff raises a type of procedural APA challenge commonly known as a "logical outgrowth" claim. In short, Plaintiff contends that

some of the Final Rules are so different from the Proposed Rules that the USPTO should have put the Final Rules out for another round of public comment.[20] See, e.g., Manufactured Hous. Inst. v. U.S. E.P.A., 467 F.3d 391, 399-400 (4th Cir. 2006).

In order to make such a procedural claim, the procedural right Plaintiff seeks to vindicate must be "one 'designed to protect some threatened concrete interest' of the plaintiff." Animal Legal Def. Fund, Inc. ("ALDF") v. Glickman, 204 F.3d 229, 236 (D.C. Cir. 2000) (quoting Lujan, 504 U.S. at 573 n. 8). Put differently:

> [t]he mere violation of a procedural requirement does not authorize all persons to sue to enforce the requirement. A party has standing to challenge an agency's failure to abide by a procedural requirement only if the government act performed without the procedure in question will cause a distinct risk to a particularized interest of the plaintiff.

Fund Democracy, LLC v. SEC, 278 F.3d 21, 27 (D.C. Cir. 2002). Applying this principle in ALDF, the D.C. Circuit dismissed the plaintiff's "logical outgrowth" claim for lack of standing, finding that ALDF had "advanced no such concrete interest." ALDF, 204 F.3d at 236.

Three of Plaintiff's claims under paragraph 71 of Count Three allege that aspects of Final Rule 78 are not a logical outgrowth of the Proposed Rules. See Am. Compl. ¶¶ (c), (e), and (f). As explained above, however, Plaintiff lacks constitutional standing to challenge Final Rule 78 generally because his Amended Complaint does not establish that he faces any concrete, actual or imminent harm from that rule. Because Plaintiff's claims in paragraphs 71(c), (e), and (f) all pertain to Final Rule 78, these procedural challenges are barred. See Lujan, 504 U.S. at 573 n. 8.

Furthermore, paragraphs 71(c), (e), and (f) implicate types of applications that Plaintiff does not have, and in which he thus lacks a concrete interest. Paragraphs 71(c) and (e) address

[20] In addition to his "logical outgrowth" claim, Plaintiff also claims in Count Three that Final Rule 75 is retroactive. See Am. Compl. ¶ 68. Although the USPTO contests the merits of this claim, it does not contest that the Court has jurisdiction to hear it.

divisional applications—a type of application that Plaintiff does not have in his Application Family and may never have. See Ex. 4, Young Decl. at ¶ 32. Plaintiff also could not be harmed by Final Rule 78(d)(1)(iv), which he address in paragraph 71(f). That Final Rule refers, in pertinent part, to "prior filed international applications that do not claim the benefit of any other . . . application." Ex. 2 at 46839; 37 C.F.R. § 1.78(d)(1)(iv) (emphasis added). Though Plaintiff has an international application, his application does claim the benefit of an earlier application, and therefore does not fall under Final Rule 78(d)(1)(iv). See Ex. 4, Young Decl. at ¶ 8. Absent injury to a concrete interest, Plaintiff lacks standing to raise these procedural claims.

III. PLAINTIFF'S CONSTITUTIONAL CLAIMS IN COUNT TWO SHOULD BE DISMISSED FOR FAILURE TO STATE A CLAIM UNDER FED. R. CIV. P. 12(B)(6).

In Count Two of his Amended Complaint, Plaintiff alleges in a conclusory manner that the Final Rules violate the Copyright and Patent Clause of the Constitution, art. I, § 8, cl. 8, and the Due Process Clause of the Fifth Amendment. Both claims should be dismissed for failure to state a claim upon which relief may be granted. See Fed. R. Civ. P. 12(b)(6).

A. Plaintiff Fails to State a Claim Under the Copyright and Patent Clause.

Plaintiff first alleges that the Final Rules violate the Copyright and Patent Clause because the USPTO "fail[ed] to appropriately weigh the effect of its regulations on the promotion of the progress of science and the useful arts." Am. Compl. ¶ 60. The Clause provides: "Congress shall have Power . . . To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." U.S. Const., art. I., § 8, cl. 8. Plaintiff cannot state a claim under this clause for several reasons.

First, the Clause does not constitute an independent factor that an executive agency must "weigh." Am. Compl. ¶ 60. Rather, the plain language of Article I, Section 8 ("Congress shall

have Power. . .") makes clear that the Clause addresses only Congress's authority to pass intellectual property laws. See, e.g., Eldred v. Ashcroft, 537 U.S. 186, 212 (2003) ("The 'constitutional command' we have recognized, is that Congress, to the extent it enacts copyright laws at all, create a 'system' that 'promote[s]' the Progress of Science.") (emphases added); Graham v. John Deere Co. of Kansas City, 383 U.S. 1, 5 (1966) (explaining that the Clause is a "grant . . . and limitation" on Congress's power); cf. Goldstein v. California, 412 U.S. 546, 560 (1973). Unless Plaintiff wishes to challenge the patent system that Congress has created, the Clause is simply irrelevant.

Second, the preamble of the Clause—"To promote the Progress of Science and useful Arts"—does not create an enforceable limitation even on Congress's power. In Schnapper v. Foley, 667 F.2d 102, 112 (D.C. Cir. 1981), the D.C. Circuit held that it "cannot accept appellants' argument that the introductory language of the Copyright Clause constitutes a limitation on Congress's power." See also Hutchinson Tel. Co. v. Fronteer Directory Co. of Minn., Inc., 770 F.2d 128, 130 (8th Cir. 1985) ("[A]lthough the promotion of artistic and scientific creativity and the benefits flowing therefrom to the public are purposes of the Copyright Clause, those purposes do not limit Congress' power to legislate in the field of [patent and] copyright."). In Eldred, the Supreme Court explicitly declined to decide whether the Clause's preamble was "an independently enforceable limit on Congress's power" because the petitioner conceded that it was not. 537 U.S. at 211; see also Figueroa v. United States, 466 F.3d 1023, 1030 & n. 9 (Fed. Cir. 2006) (declining to decide whether the Clause's preamble limits congressional power).

Third, even if one could use the Clause's preambular language to challenge the USPTO's rulemaking, all that would be required is a "rational basis" for the conclusion that the USPTO's Final Rules "'promot[e] the progress of science.'" Eldred, 537 U.S. at 213 (quoting art. I, § 8, cl.

8); see also Figueroa, 466 F.3d at 1031-32. Plaintiff fails to allege in his Amended Complaint that the Final Rules are "irrational." This alone is sufficient to justify dismissal of the claim. In any event, the USPTO has established a rational basis for the Final Rules.[21] See, e.g., Ex. 2 at 46719 (explaining that the Final Rules will "(1) [l]ead to more focused and efficient examination, improve the quality of issued patents, result in patents that issue faster, and give the public earlier notice of what the patent claims cover; and (2) address the growing practice of filing . . . multiple applications containing patentably indistinct claims.").

For all of these reasons, the Court should dismiss Plaintiff's claim at paragraph 60.

B. Plaintiff Fails to State a Claim Under the Fifth Amendment.

Plaintiff further alleges that the Final Rules violate the Fifth Amendment by "effectuating a deprivation of property without due process of law." Am. Compl. ¶ 61. Plaintiff fails to identify, however, what specific "property" he has been deprived of or what "process" he was not afforded. Absent the identification of these essential factual elements of a due process claim, Plaintiff's Fifth Amendment claim is merely conclusory and does not satisfy the standard set forth by the Supreme Court in Twombly.[22] 127 S. Ct. at 1968-69 (rejecting the notion that "a wholly conclusory statement of claim would survive a motion to dismiss ") (quoting Conley v. Gibson, 355 U.S. 41 (1957)).

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[21] Although the August 21, 2007 Federal Register notice demonstrates that the Final Rules have a rational basis, the Court need not limit itself to the USPTO's stated policy reasons to find that there is a rational basis for the rules. See Figueroa, 466 F.3d at 1032.

[22] Several Courts of Appeals have acknowledged that the Supreme Court's decision in Twombly extends beyond the context of antitrust suits. See, e.g., Iqbal v. Hasty, 490 F.3d 143, 157 (2d Cir. 2007) (applying Twombly to a Bivens case after discussing its scope); E.E.O.C. v. Concentra Health Servs., Inc., — F.3d —, 2007 WL 2215764, at *2 (7th Cir. 2007) (Title VII case); Alvarado v. KOB-TV, L.L.C., 493 F.3d 1210, 1215 (10th Cir. 2007) (tort case).

Moreover, even assuming that Plaintiff had identified his pending applications as the property at issue, he still would not state a claim under the Fifth Amendment. It is well settled that a patent application does not constitute a cognizable property interest. See Marsh v. Nichols, Shepherd & Co., 128 U.S. 605, 612 (1888) ("Until the patent is issued, there is no property right in it; that is, no such right as the inventor can enforce. Until then there is no power over its use, which is one of the elements of a right of property in anything capable of ownership."); Mullins Mfg. Co. v. Booth, 125 F.2d 660, 664 (6th Cir. 1942); De Ferranti v. Lyndmark, 30 App. D.C. 417, at *5 (1908); see also Brenner v. Ebbert, 398 F.2d 762, 764-65 (D.C. Cir. 1968).

Nor does Plaintiff have a constitutionally-protected interest in the procedures by which his patent applications are adjudicated. See, e.g., Olim v. Wakinekona, 461 U.S. 238, 250 (1983) ("Process is not an end in itself. Its constitutional purpose is to protect a substantive interest to which the individual has a legitimate claim of entitlement."); Fleury v. Clayton, 847 F.2d 1229, 1231 (7th Cir.1988) ("There is neither a 'liberty' nor a 'property' interest in procedures themselves . . . ."); see also United of Omaha Life Ins. Co. v. Solomon, 960 F.2d 31, 34 (6th Cir.1992) (holding that a "disappointed bidder" to a state contract did not have a property interest in the State's purchasing guidelines, and so suffered no due process violation when the State failed to comply with its own procedure in awarding the bid).

Accordingly, paragraph 61 of the Amended Complaint fails to state a claim upon which relief could be granted under the Fifth Amendment and should be dismissed.

CONCLUSION

For the foregoing reasons, the USPTO respectfully requests that the Court grant its Partial Motion to Dismiss and dismiss paragraphs 56(a), (b), (c), (d), (e), (f), (g), (h), (j), (k), (l), (m), and (n) of Count One; all of Count Two; and paragraphs 71(c), (e), and (f) of Count Three.

Respectfully submitted,

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