Tafas v. Dudas: Elephants in Mouseholes

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As Tafas v. Dudas recounts, 2008 WL 859467 (E.D.Va.) *2, in 2006 the PTO proposed changes to patent examination to limit the number of continuing applications, requests for continued examination, and claims that could be made as a matter of right. In 2007, it published final rules after receipt of hundreds of public comments, many critical.

Following a preliminary injunction, as many hoped, *Tafas* found those rules void under the Administrative Procedure Act, 5 U.S.C. § 706 (APA § 706). Although it seems unnecessary to that conclusion, the court also undertook, in a case of first impression, to interpret the PTO's rulemaking authority previously contained in 35 U.S.C. §§ 6(a) and 31 but currently set out in § 2(b)(2).

The Office argued that § 2(b)(2)(B) confers general authority to make binding substantive rules. That, however, would represent a significant change from the perceived scope of its general rulemaking authority under old § 6(a). With the possible exception of one rule, the PTO had never asserted such authority. Moreover, Merck & Co., Inc. v. Kessler, 80 F.3d 1543, 1550 (Fed. Cir. 1996), and a few other cases had limited authority under § 6(a) to the promulgation of procedural, not substantive, rules.

The Office's argument was based on the reference in § 2(b)(2)(B) to APA § 553, a generic provision governing notice and comment rulemaking by federal agencies. More specifically, it argued that, because APA § 553(b) exempts procedural rules; *see, e.g.,* Fressola v. Manbeck, 36 U.S.P.Q.2d 1211 (D.D.C. 1995), the authors of § 2(b)(2)(B) had substantive rules in mind.

The court, however, found that hypothesis to represent a radical expansion of rulemaking authority under § 6(a) as previously viewed. *Tafas* also finds it to be at odds with pending bills designed to confer substantive authority already claimed. Thus, it states, at *5: "The requirement of compliance with § 553 cannot be read as creating

substantive rulemaking authority by implication. *See* Whitman v. Am. Trucking Ass'ns, 531 U.S. 457, 468 (2001) ('Congress… does not alter the fundamental details of a regulatory scheme in vague terms or ancillary provisions — it does not, one might say, hide elephants in mouseholes.')." That view has much to commend it.

Instead, *Tafas* finds the reference to APA § 553 in § 2(b)(2)(B) to signal that "the USPTO must engage in notice and comment rulemaking when promulgating rules it is otherwise empowered to make — namely, procedural rules." *Id.* While rejection of the PTO's view of § 2(b)(2) has much to commend it, the court's alternative hypothesis does not.

The notion that § 2(b)(2) requires notice and comment rulemaking for procedural rules differs even more starkly from prior practice than does the PTO's hypothesis. It means that Congress reversed by implication, at least as to the PTO, a touchstone of administrative law — that procedural rules are exempt from notice and comment requirements. Not only does APA § 553(b) explicitly exempt such rules, but APA § 559 claims to mandate express language to supersede or modify APA requirements.

No one seems to have focused the court's attention on § 31. Yet that section had long conferred uncontroverted authority to promulgate substantive as well as procedural rules. Had that been considered, the court might well have concluded that Congress intended § 2(b)(2)(B) and (D), together, to supersede without modification § 31 power to govern practice before the Office.

The court's lengthy analyses of 35 U.S.C. §§ 112, 120 and 132 amply supports the proposition that the PTO's rules were inconsistent with those provisions. If so, regardless of whether those provisions are seen as substantive or procedural, rules however promulgated would be invalid under APA § 706(2)(C) . That should have been the end of it.

But *Tafas* goes too far. Having rejected the possibility that Congress hid an elephant in a mousehole, it managed to find a much larger animal in a smaller hole.