35 U.S.C. § 2(b)(2)(B) after Tafas v. Doll

Thomas G. Field, Jr.

Beyond requiring that they be consistent with the statute, courts have long accorded judicial deference to the PTO's views on procedural issues related to patent prosecution. *See, e.g.*, In re Rubinfeld, 270 F.2d 390 (CCPA 1959); *cert den*. 362 U.S. 903 (1960). In contrast, the PTO's substantive views receive no deference. *See* Merck & Co., Inc. v. Kessler, 80 F.3d 1543, 1550 (Fed. Cir. 1996 ("[T]he broadest of the PTO's rulemaking powers… authorizes the Commissioner to promulgate regulations… It does *not* grant the Commissioner the authority to issue substantive rules.")

Explicit rulemaking authority then set out in 35 U.S.C. §§ 6 and 31 now appears in § 2(b)(2)(A) and (D). Whether § 2(b)(2)(B) and (C) change anything is unclear, but subsection B is of special interest. It states that the PTO is governed by 5 U.S.C. § 553, the rulemaking provision of the Administrative Procedure Act (APA § 553).

In Tafas v. Dudas, 511 F.Supp. 2d 805 (E.D.Va 2007) (*Tafas I*), the PTO argued that § 2(b)(2)(B)'s reference to APA § 553 signaled congressional intent to confer substantive rulemaking authority beyond that which had been available under § 31 (governing admission to practice). *Tafas I,* however, rejects that idea, describing it as equivalent to finding an elephant in a mouse hole. *Id.* at 812. The court concludes, instead, that the reference to APA § 553 requires use of notice-and-comment procedures to promulgate procedural rules. It made no difference in that case because the PTO had, in fact, followed APA § 553. Still, that seemed equivalent to finding an even larger elephant in a mouse hole.

Moreover, the Federal Circuit rejects the proposition in Cooper Technologies Co. v. Dudas, 536 F.3d 1330 (Fed. Cir. 2008). It makes no difference, but notice-and-comment rulemaking is found unnecessary for the PTO's reasonable interpretation of a procedural requirement to warrant deference. *Id.* at 1343. Although the court references

the PTO's now-explicit obligation to follow APA § 553, it notes: “By its own terms, section 553 does not require formal notice of proposed rulemaking for 'interpretative rules, general statements of policy, or rules of agency organization, procedure, or practice.'” *Id.* at 1336.

Despite no prior explicit reference to APA § 553 in the Patent Act, it surely bound the PTO ab initio. *See* 5 U.S.C. § 559 (“Each agency is granted the authority necessary to comply with the requirements of this subchapter through the issuance of rules or otherwise.”) Indeed, as the then-Commissioner remarked shortly after passage of the APA: “It is extremely doubtful whether any of the rules formulated to govern either patent or trademark practice are other than ‘interpretative rules, general statements of policy, or rules of agency organization, procedure, or practice.’” Casper W. Ooms, *The U.S. Patent Office and the Administrative Procedure Act,* 38 Trademark Rep. 149, 153 (1948) (missing words supplied).

That view has prevailed ever since. Thus, the PTO’s only substantive rulemaking authority where notice-and-comment rulemaking might be required concerns admission to practice. Even there, it has so far managed to evade challenges to its failure to use that process for setting detailed standards concerning the qualifications to sit for its exam. *See* Premysler v. Lehman, 71 F.3d 387 (Fed. Cir. 1995).

The PTO’s rulemaking authority is only marginally clarified in Tafas v. Doll, 2009 WL 723353 (Fed. Cir. 2009) (*Tafas II*). On the merits, Judge Proust, for the majority holds, contrary to the views of the district court, everything in dispute to involve “procedural rules that are within the scope of the USPTO’s rulemaking authority.” *Id.* at *15. But her colleagues evince less certainty. Judge Bryson, despite concurring, writes: “I do not think it necessary, or particularly helpful, to consider whether those regulations would be deemed ‘substantive,’ ‘interpretive,’ or ‘procedural’ either under [the APA], or under statutory schemes applicable to other agencies.” *Id.* at *17. Why that should be so is unclear but it seems to undercut his concurrence.

Judge Rader dissents with regard to the classification of the rules in question. He begins by saying, "in my view, the Final Rules are substantive, not procedural." *Id.* at *19. Yet he writes: "In the unique context of this case, it makes no sense to classify a rule as 'procedural' or 'interpretative.' Either of those labels leads to the same conclusion — that the rule is non-substantive." *Id.* at 20. His later observations seem not only to dismiss the idea that a non-substantive rule can be both procedural and interpretive, but also cast doubt on the commitment to his initial point.

Beyond finding the PTO's contested rules to be procedural and thus not facially invalid, *Tafas II* leaves many questions open: "This opinion does not decide any of the following issues: whether any of the Final Rules, either on their face or as applied in any specific circumstances, are arbitrary and capricious; whether any of the Final Rules conflict with the Patent Act in ways not specifically addressed in this opinion; whether all USPTO rulemaking is subject to notice and comment rulemaking under 5 U.S.C. § 553; whether any of the Final Rules are impermissibly vague; and whether the Final Rules are impermissibly retroactive." *Id.*

Among those, the question concerning applicability of APA § 553 is most bothersome. It seems to reopen a central question about the meaning of § 2(b)(2)(B), something that, as noted above, was convincingly answered, if in dicta, in *Cooper Technologies.* That is particularly unsettling when, as seems true, all contested rules, regardless of obligation, were promulgated by notice and comment rulemaking.

I appreciate helpful comments of Kimberly Peaslee, 2009 Pierce Law JD candidate and teaching assistant in my administrative law course.