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From: Michael Davidson [mailto:msd@viplawgroup.com]
Sent: Friday, April 28, 2006 11:58 AM
To: AB93Comments; AB94Comments
Cc: 'Michael Davidson'
Subject: Comments RE: AB93 and AB94

This comment addresses the retroactive nature of the proposed Changes to Practice for the Examination of Claims in Patent Applications (71 Fed. Reg. 61 (January 03, 2006)) and the proposed Changes to Practice for Continuing Applications, Requests for Continued Examination Practice, and Applications Containing Patentably Distinct Claims (71 Fed. Reg. 48 (January 3, 2006)).

With respect to the changes to Claims Practice, the proposed rule changes will apply to any application filed on or after the effective date of the final rule in addition to any application in which a first Office Action on the merits was not yet mailed prior to the effective date. This proposed rule change is clearly retroactive in nature. Likewise, with respect to the proposed rule changes regarding Continuation Practice, the proposed changes to 37 C.F.R. § 1.78 would apply to any application filed on or after the effective date of the final rule. This proposed rule change is also retroactive because, as of the effective date of the rule, no second or subsequent continuing application or RCE would be permitted for pending applications without meeting the requirements of proposed § 1.78(d)(1)(iii) or including a petition under proposed § 1.78(d)(1)(iv). This proposed rule would thus affect applications pending long before the genesis of the proposed rule change.

Courts have a long history of disfavoring retroactive legislation. The presumption against retroactive legislation is based on considerations of fundamental fairness such that "individuals should have an opportunity to know what the law is and to conform their conduct accordingly." Landgraf v. USI Film Prods., 511 U.S. 244, 265, 114 S. Ct. 1483, 1497 (1994). As succinctly stated by the Supreme Court in Landgraf, "[i]n a free, dynamic society, creativity in both commercial and artistic endeavors is fostered by a rule of law that gives people confidence about the legal consequences of their actions. Id.

The strong presumption against retroactive legislation applies equally to retroactive rules promulgated by administrative agencies. In order for an administrative agency like the United States Patent and Trademark Office to promulgate retroactive rules, there must be some express legislative authority that grants this power. Bowen v. Georgetown Univ. Hospital, 488 U.S. 204, 208, 109 S. Ct. 468, 472 (1988). In Bowen, the Supreme Court unanimously struck down a cost-limit rule promulgated by the Department of Health and Human Services that retroactively changed the levels of reimbursable Medicare costs. Under Bowen, "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." Id. citing Brimstone R. Co. v. United States, 276 U.S. 104, 122 (1928).

The proposed Claims Practice and Continuations Practice rules suffer from the same fatal problem in Bowen, namely, Congress never expressly authorized the USPTO to issue retroactive rules. 35 U.S.C. § 2, which establishes the powers and duties of the USPTO, contains no such express authorization. Moreover, the Administrative Procedure Act, by itself, does not confer some generalized power to promulgate retroactive rules. See Bowen, 488 U.S. 204-225, 109 S. Ct. at 476-480 (Scalia, J., concurring). If the USPTO believes that retroactive rulemaking is critical to relieving the backlog of pending cases then "all it need do is persuade Congress of that fact to obtain the necessary ad hoc authorization." Id.

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