« Previous Article

The Federal Circuit and Administrative Law Principles

by Jim Sherwood

Recently, the Federal Circuit handed down its decision in *Pfizer, Inc. v. Apotex, Inc.*, No. 06-1261 (Fed. Cir. Mar. 22, 2007), invalidating one of Pfizer's patents on Norvasc, U.S. Patent No. 4,879,303 ("the '303 patent"). Chief Judge Michel, writing the opinion, included a discussion on the appropriate level of deference given to findings by patent examiners, but under the specific facts of the case, the court's holding resulted in an interesting twist.

Pfizer's original application for the patent received a final rejection from the examiner on obviousness grounds. Pfizer then abandoned the application and filed a continuation application with a preliminary amendment and a declaration supporting the nonobviousness of the invention, after which the '303 patent issued. After reviewing this prosecution history, the district court held that the patent examiner's final rejection established a prima facie case of obviousness for Apotex. Despite this, the district court proceeded to uphold the validity of the '303 patent.

When reviewing this piece of the district court's order, the Federal Circuit rejected the district court's holding that a prima facie case of invalidity had been established, stating, "Our case law consistently provides that a court is never bound by an examiner's finding in an ex parte patent application proceeding." *Id.* at 15. The court then reaffirmed that the patent challenger has the burden of showing invalidity by clear and convincing evidence under section 282 of the Patent Act. Nevertheless, the panel proceeded to invalidate the '303 patent on obviousness grounds.

In sum, the district court deferred to the patent examiner's initial rejection but found the patent to be valid anyway, while the Federal Circuit gave no

search

Categories

eCommerce
CyberCrime
International
Media & Communications
Patents & Technology
Health & Biotechnology
Copyrights & Trademarks

Recent Posts

The Federal Circuit and Administrative Law Principles
Blocking Former Sex Offenders from Online Social Networks: Is this a Due Process Violation?
Viacom v. Google: Whose Tube Is It Anyway?
Blocking Former Sex Offenders from Online Social Networks: Is this a Violation of Free Speech?
Upcoming Events at Duke Law

Subscribe

RSS 2.0

Blogroll

Tech Law Advisor
Promote the Progress

deference to the examiner's initial rejection but decided to invalidate the patent; indeed this seems a strange notion of deference (or lack of deference) at both levels. Moreover, it is not entirely clear from the opinion why the district court judge decided to consider the original application's final rejection when the patent issued after an amendment. In another portion of the opinion, Chief Judge Michel slightly admonished the district court for only delivering an oral bench ruling instead of issuing a written opinion with more explanation of its reasoning. *See Pfizer*, slip op. at 11, n.4 ("While oral bench rulings are certainly authorized, they may be ill-advised in a case of this complexity.")

Although the district court judge's deference is certainly wrong as a matter of Federal Circuit law, perhaps the judge was not completely off the mark. Generally, courts look to the Administrative Procedure Act ("APA") for the level of deference that courts should give to agency determinations. *See* 5 U.S.C. § 706(2) (2000). But the Federal Circuit has continuously held that section 282 of the Patent Act, which establishes a presumption of validity for issued patents, requires no deference to findings by patent examiners. Recently, however, The Georgetown Law Journal published an article by Professors Stuart Benjamin and Arti Rai, in which the authors argue for greater consideration of administrative law principles in the review of patent grants and denials. *Who's Afraid of the APA? What the Patent System Can Learn from Administrative Law*, 95 GEO. L.J. 269 (2007). Benjamin and Rai make several points.

First, they argue that section 282 of the Patent Act neither supplants the level of deference, nor modifies the appropriate level of deference that should be accorded to PTO actions under the APA. Additionally, because section 282 does not speak to patent denials (it only provides a presumption of validity for granted patents), they argue that "nothing in the [Patent Act] even arguably displaces the APA" for review of patent denials. *Id.* at 283. Professors Benjamin and Rai then provide a thorough analysis of how the APA would apply to review of patent grants and denials.

Second, they conclude that an asymmetric approach to deference "with patent denials subject to more deference than patent grants" might be the best approach because "[t]he current structure of patent examination makes PTO denials sufficiently difficult that there is strong reason to believe that false positives (patent grants that should be denials) are much more common than false negatives (denials that should be grants)." *Id.* at 316. A patent denial, they note, "goes through significant appellate review even before it reaches the Federal Circuit." *Id.*

Third, Benjamin and Rai state that legislation through Congress would provide the most straightforward way to establishing this approach to review of PTO actions, but they also argue that there is some support under *Dickinson v. Zurko*, 527 U.S. 150 (1999), for the Supreme Court or the Federal Circuit (if either were willing) to consider the PTO's expertise and its structure in order to establish asymmetric review of PTO fact-finding.

> *"All told, greater incorporation of administrative law principles in to patent law would be a departure from"*

Patry Copyright Blog
Phosita
Slashdot
Berkeley Intellectual Property Weblog
TTA Blog
Patently O
Tech Dirt
Berkman Center for Internet and Society Blog
Wilson Sonsini's Silicon Media Law Blog
The Trademark Blog
Lawrence Lessig's Blog
Eric Goldman's Technology & Law Blog
Netlawblog
IP News Blog
Stanford Center for Internet and Society Blogs

current Federal Circuit law.

All told, greater incorporation of administrative law principles in to patent law would be a departure from current Federal Circuit law. Nevertheless, Benjamin and Rai observe that there is some support on the court, as Judge Dyk's dissent in *In re Beasley* indicates. *See* 117 F.App'x 739, 745-46 (Dyk, J. dissenting). Additionally, when Judge Dyk spoke at Duke's Intellectual Property and Cyberlaw Society's recent symposium, he stated his view that patent law scholarship has too frequently focused on empirical studies of the patent system or criticizing the court's application of an entire doctrine, rather than providing the court with meaningful doctrinal guidance. Many patent law scholars might argue that the Federal Circuit has not shown much of a willingness to follow their suggestions. But if Judge Dyk's comment means that the Federal Circuit judges are listening, perhaps the court would be willing to entertain Benjamin and Rai's call for greater incorporation of administrative law principles to review of PTO actions.

Jim Sherwood is a J.D. Candidate at Duke University School of Law and the outgoing Editor-in-Chief for the Duke Law and Technology Review.

Posted in Patents & Technology :: 4/11/07 ::

No Responses to "The Federal Circuit and Administrative Law Principles"