No. 2008-1352

IN THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

TRIANTAFYLLOS TAFAS,

Plaintiff-Appellee,

and

SMITHKLINE BEECHAM CORPORATION (doing business as GlaxoSmithKline), SMITHKLINE BEECHAM PLC, and GLAXO GROUP LIMITED (doing business as GlaxoSmithKline),

Plaintiffs-Appellees,

v.

DAVID J. KAPPOS, Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office, and UNITED STATES PATENT AND TRADEMARK OFFICE,

Defendants-Appellants.

Appeal from the United States District Court for the Eastern District of Virginia in consolidated case nos. 1:07-CV-846 and 1:07-CV-1008, Senior Judge James C. Cacheris.

APPELLEE TRIANTAFYLLOS TAFAS' REPLY TO MOTION FOR DISMISSAL OF APPEAL AND REQUEST FOR REMAND

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CERTIFICATE OF INTEREST

Tafas v. Kappos, No. 2008-1352

Counsel for Plaintiff-Appellee Triantafyllos Tafas certifies the following:

1. The full name of every party represented by us: Triantafyllos Tafas.

2. The name of the real party in interest represented by us is listed above.

3. No parent corporations nor any publicly held companies own 10 percent or more of the stock of the party represented by us.

4. The names of all law firms and the partners and associates that have appeared for the party in the lower tribunal or are expected to appear for the party in this court are:

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October 19, 2009

Steven J. Moore
KELLEY DRYE & WARREN LLP

Appellee Dr. Triantafyllos Tafas ("Tafas") applauds the United States Patent & Trademark Office ("PTO") for its recent change in policy direction concerning the claims and continuation rules. Tafas looks forward to working collaboratively with new PTO Director David J. Kappos, as well as other patent community stakeholders, toward developing efficient solutions to the PTO's backlog problems.

As more particularly set forth below, Tafas did not join the joint motion to dismiss filed by the PTO and Appellee GlaxoSmithKline ("GSK") on technical grounds including:

(a) the fact that consenting to *vacatur* might impair Tafas' right to attorneys' fees and costs to which he is entitled as a prevailing party under the Equal Access to Justice Act and other applicable law;

(b) the assertions in the PTO's and GSK's joint motion are incorrect because controlling Supreme Court precedent does not permit the losing party to have a district court judgment vacated when the losing party merely declines to pursue an appeal and unilaterally forbears from the actions that led to the suit after it has already lost at the district court level;

(c) there were several remaining issues never reached by the district court, including Tafas' one (1) remaining substantive challenge to the PTO's long-standing practice of making some first Office Actions final so as to deny applicants the right to reconsideration guaranteed by 35 U.S.C. § 132. This issue was uniquely raised by Tafas in the proceedings below and remained for consideration by the district court on remand because it was not rendered moot by the PTO's withdrawal of the changes to the claims and continuation rules as set forth in the Federal Register of August 21, 2007;

(d) it was unclear to Tafas whether the PTO's motion to dismiss the appeal was truly voluntary (as required under FRAP 42) in light of a direction to the PTO issued by the White House Office of Management

and Budget (OMB) -- perhaps as early as January 2008, and well before the district court's April 1, 2008 summary judgment decision -- that the PTO must withdraw the claims and continuation rules pursuant to the Paperwork Reduction Act.[1]

In any event, Tafas acknowledges that the substantive issues raised by the PTO on appeal (but not the entire case, as set forth below) have now been rendered moot by virtue of the PTO's voluntary removal from the Code of Federal Regulation on October 14, 2009 of the changes in the Claims and Continuation Final Rules dated August 21, 2007. Tafas agrees that appeals that have been mooted by events subsequent to the filing of the appeal must be dismissed because there is no longer a live case or controversy. *E.g., U.S. Bancorp Mortg. Co. v. Bonner Mall P'ship.*, 513 U.S. 18, 21 (1994)("*U.S. Bancorp*"); *Systems Div., Inc. v. Teknek, LLC*, 298 Fed. Appx. 950, 953, 2008 WL 4726244, **2 (Fed. Cir., 2008). In other words, Tafas agrees the Federal Circuit has been deprived of subject matter jurisdiction to reach the merits of the appeal by the PTO's withdrawal of the Final Rules on October 14, 2009.

The PTO's decision to rescind its Final Rule changes published in the Federal Register on August 21, 2007, while again commendable and praiseworthy,

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[1] The PTO did not disclose this OMB directive (http://www.reginfo.gov/public/do/PRAView Document?ref_nbr=200707-0651-005) to Tafas, the district court or this Court. This is particularly disconcerting in light of Tafas' uniquely filed challenge to the Rules under the Regulatory Flexibility Act (5 U.S.C. §§ 601- 612

does not, and cannot, render moot Tafas' right to apply either in this Court or at the district court -- after the entry of final judgment dismissing the appeal -- for an award of fees and costs as a prevailing party pursuant to the Equal Access to Justice Act, 28 U.S.C § 2412 ("EAJA"), as an exceptional case under 35 U.S.C. § 285 or, as might be allowed under other applicable law. *Staley v. Harris County, Tex.*, 485 F.3d 305, 314 (5th Cir. 2007)("A determination of mootness neither precludes nor is precluded by an award of attorneys' fees. The attorneys' fees question turns instead on a wholly independent consideration: whether [Tafas] is a prevailing party."). *See, also, U.S. Bancorp*, at 21.

Of course, mere post-judgment prosecution by Tafas of his fee application is collateral and does not implicate the need for any further contested proceedings between the parties concerning the validity of the Final Rules. In light of all the foregoing, Tafas agrees that this Court should enter a judgment dismissing the PTO's appeal as moot, but without prejudice to the right of any party hereto to apply post-judgment for attorneys' fees and costs as might be allowed under the EAJA or other applicable law. Again, Tafas welcomes the PTO's withdrawal of its appeal on terms that will not prejudice Tafas' ability to apply as a prevailing party for recovery of his substantial attorneys' fees and costs.

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et. seq.). The effect of the PTO's failure to disclose this in a timely fashion on Tafas' claims for fees and costs is to be determined by the district court below.

Tafas understands that *vacatur* of the district court's judgment by this Court would be directly contrary to U.S. Supreme Court precedent, which plainly provides that any mootness caused while the case is on appeal by the unilateral act of the losing party[2] in the district court below (*i.e.*, the PTO) is *not* a proper grounds for a court of appeals to vacate the underlying district court judgment. *U.S. Bancorp*, 513 U.S. at 25. Judgments or decisions are not typically vacated when the party that lost at the district court level declines to pursue an appeal to completion. *Karcher v. May*, 484 U.S. 72, 82-83 (1987).[3] In *U.S. Bancorp*, the Supreme Court made it clear that vacatur of an underlying district court decision is an equitable determination that is only appropriate in exceptional circumstances. *U.S. Bancorp*, 513 U.S. at 26. Where an agency of the federal government, such as the PTO here, has been adjudicated to have engaged in dubious actions that supersedes

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[2] *See U.S. v. Garde*, 848 F.2d 1307, 1311 (D.C. Cir. 1988)("We do not wish to encourage litigants who are dissatisfied with the decision of the trial court 'to have them wiped from the books' by merely filing an appeal, then complying with the order or judgment below and petitioning for vacatur of the adverse trial decision."), *(citations omitted).*

[3] *See, also, 19 Solid Waste Dept. Mechanics v. City of Albuquerque*, 76 F.3d 1142, 1145 (10th Cir., 1996)(denying *vacatur* when city caused mootness by voluntarily withdrawing disputed drug testing policy and noting the "normal practice of letting a judgment lie against the party that has caused mootness"); *Ford v. Wilder*, 469 F.3d 500, 506 (6th Cir., 2006)(denying *vacatur* request by party responsible for causing mootness and remanding case to district court for consideration of attorneys' fees).

its authority, equity mandates that the ruling not simply be erased as if it never happened. In sum, governmental overstepping followed by a subsequent *mea culpa* does not create an exceptional case that warrants *vacatur*. Again, Tafas commends the PTO for coming to the right decision about the Rules, albeit belatedly, but erasing the district court decision altogether now that the PTO has already withdrawn the Rules is neither necessary nor appropriate.

In addition to being contrary to U.S. Supreme Court precedent, Tafas also understands any *vacatur* of the district court's judgment by this Court would possibly eliminate altogether or, alternatively, at a minimum, unfairly prejudice and/or impair Tafas' ability to file and successfully prosecute an EAJA fee application because, *inter alia*, entitlement to EAJA fees is dependent upon a threshold showing that Tafas is a prevailing party.[4] 28 U.S.C. § 2412. Tafas should not be pre-

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[4] Tafas notes that the Court may, alternatively, remand the *vacatur* decision to the district court, as permitted by the U.S. Supreme Court in *U.S. Bancorp*:

> [A] court of appeals presented with a request for *vacatur* of a district-court judgment may remand the case with instructions that the district court consider the request, which it may do pursuant to Federal Rule of Civil Procedure 60(b).

Id. at 29.

For example, the Court may decide remand of the *vacatur* determination to the district court best serves the interest of judicial economy given Judge Cacheris' knowledge of the case, and the fact that the *vacatur* issue can be dealt with as part of the same district court proceedings concerning any application that might be made by Tafas or any other party at the district court level for attorneys fees and costs under the EAJA or any other applicable law. As this case emanates from the

cluded by *vacatur* from recovering his attorneys fees despite prevailing at the district court and prevailing ultimately in substance as a result of the PTO's withdrawal of the Rules.

Lastly, there was at least one (1) other substantive issue that was not mooted by the PTO's withdrawal of its Final Rule changes, in addition to Tafas' EAJA and fee claims. This remaining issue was uniquely raised by Tafas, and not joined by co-plaintiff Appellee GSK. Tafas challenged the PTO's long-standing practice under 37 C.F.R. § 1.114 to permit issuance of first-action final rejections ("FAFR practice") after the filing of an RCE, which was specifically retained in the Final Rules as they were to be promulgated, as being contrary to Section 132(a) of the Patent Act. (*See, e.g.*, Tafas' Memorandum of Law in Support of Summary Judgment Motion, Docket 141, at pg. 19, and Tafas's Reply to Defendant's Memoranda in Opposition to Plaintiffs' Summary Judgment Motions, Docket 263, at pgs. 10-12). Since Tafas' challenge to FAFR practice, (MPEP 706.07(b)), was predicated on the PTO's practice in respect of the regulation that existed prior to promulgation of the changes to 37 C.F.R. § 1.114 (published in the Federal Register of August

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Eastern District of Virginia, Fourth Circuit precedent applies to "procedural matters not unique to the areas that are exclusively assigned to the Federal Circuit . . . . *Texas Instr. Inc. v. Tessera, Inc.*, 231 F.3d 1325, 1328 (Fed. Cir., 2000). The Fourth Circuit has held that district courts within the Fourth Circuit should conduct the same analysis as set forth in *U.S. Bancorp* for appellate courts when analyzing

21, 2007), but was to be carried over into the entire new Rule, Tafas' challenge to FAFR practice is not mooted by the PTO's removal of the changes to the Claims and Continuation Rules on October 14, 2009. Nonetheless, in gratitude to the PTO for finally rescinding the Rules, and in the interests of engendering a new spirit of cooperation and rapprochement with the PTO, Tafas intends to withdraw his FAFR challenge, without prejudice to his fee claims, when the case is remanded to the district court.

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a *vacatur* request under FED. R. CIV. P. 60(b)(6). *Valero Terrestrial Corp. v. Paige*, 211 F.3d, 112, 121 (4th Cir., 2000).

CONCLUSION AND RELIEF SOUGHT

WHEREFORE, for the foregoing reasons, the Court should enter a judgment dismissing the PTO's appeal as moot, without prejudice to any party's right to subsequently apply post-judgment for an award of attorneys' fees and costs incurred on appeal and at the district court level, deny the *vacatur* request as contrary to controlling law, remand the case to the district court for further proceedings concerning any applications for fees and costs and for Tafas to remove any remaining issues in contention that was not mooted by the PTO's rescission of its rule changes, along with such other, further and different relief as this Court deems just, equitable and proper.

Dated: October 19, 2009

Respectfully submitted,

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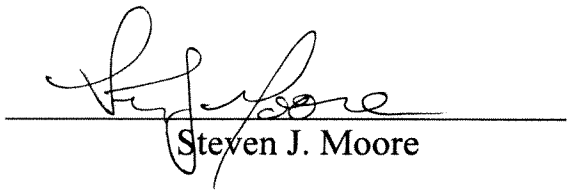
CT01/MOORST/268906.4

CERTIFICATE OF SERVICE

I hereby certify that on October 19, 2009, I caused to be filed an original and three (3) copies of the foregoing Opposition of Triantafyllos Tafas to The Joint Motion by Appellant and Appellee GlaxoSmithKline to Dismiss the Appeal and for Vacatur of the District Court's Injunction and Judgment by sending them via overnight delivery. I further certify that on October 19, 2009, I caused to be served two (2) copies of the foregoing Opposition by sending them via U.S. mail to counsel in the service list below.



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