

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Alexandria Division**

TRIANTAFYLLOS TAFAS,)	
)	
Plaintiff,)	
)	
v.)	Civil Action No. 1:07cv846(L) (JCC/TRJ)
)	
JON W. DUDAS, et al.,)	
)	
Defendants.)	
_____)	

CONSOLIDATED WITH

SMITHKLINE BEECHAM)	
CORPORATION, et al.,)	
)	
Plaintiffs,)	
)	Civil Action No. 1:07cv1008 (JCC/TRJ)
v.)	
)	
JON W. DUDAS, et al.,)	
)	
Defendants,)	
_____)	

**DEFENDANTS’ OPPOSITION TO PLAINTIFF TAFAS’ OBJECTIONS TO THE
MAGISTRATE JUDGE’S ORDER OF NOVEMBER 28, 2007 DENYING HIS MOTION
TO COMPEL DISCOVERY**

INTRODUCTION

Despite his earlier acceptance of a litigation schedule that, while it contemplated potential litigation over supplementing the administrative record, did not include discovery, Plaintiff Tafas, having received the benefit of this Court’s order preliminarily enjoining the implementation of the USPTO’s new procedural rules, now seeks to prolong this litigation by pursuing intrusive and unnecessary discovery. Moreover, while the only discovery he sought was in the most intrusive form

available – depositions of Undersecretary Dudas and the principal executives of the USPTO involved in the consideration and decision to adopt the regulations – neither before the Magistrate Judge nor in his Objections did he defend the depositions. Rather, under the guise of seeking to “complete” an *already* complete administrative record, he now seeks broad-ranging discovery, including but not limited to rummaging through the files of the Office of the Solicitor at the United States Patent and Trademark Office (“USPTO”) and compelling the creation of a privilege log detailing the deliberations of the USPTO before and after issuing its Notices of Proposed Rulemaking. After extended briefing and consideration, Magistrate Judge Jones properly denied all of the Plaintiffs’ efforts to secure discovery. Magistrate Judge Jones’ decision was neither clearly erroneous nor contrary to law, and should be sustained.

STATEMENT OF THE CASE

As Tafas acknowledges, this is an action under the Administrative Procedures Act (“APA”), 5 U.S.C. §§ 701 *et seq.*, to review the USPTO’s decision to adopt new regulations governing the procedure by which patent applications will be submitted to, and considered by, the Patent Office. *See* Dkt. No.14, Tafas Am. Compl. at ¶ 6. Tafas filed this action on August 22, 2007 and amended his complaint on September 7, 2007. On October 5, 2007, the USPTO filed the nearly 10,000-page administrative record in this case, which includes the 127-page *Federal Register* notice that sets out the Final Rules and explains their rationale in careful detail. *See* Dkt. Nos. 21, 22. The USPTO contemporaneously filed a certification of the administrative record (attached as Ex. 1), and an index of the administrative record (attached as Ex. 2). *See id.*

By Order of October 17, 2007, this case was consolidated with a similar challenge to the same regulations filed by SmithKline Beecham Corporation (“GSK”) (Case no 1:07-cv-1008).¹ Dkt. No. 25. After extensive briefing and argument, on October 31, 2007, this Court granted Plaintiff GSK’s motion for a preliminary injunction to prevent the new rules from going into effect. Dkt. No. 49.

Prior to the entry of the Court’s preliminary injunction, Tafas and the USPTO agreed on a schedule for the expeditious presentation of this case to the Court, with a final hearing on the merits on December 21, 2007. The Court approved the Consent Order on September 21, 2007. Dkt. No. 16. The parties submitted an amended consent order on October 17, 2007, after submission of the administrative record. While reserving the possibility of “*litigation* over the adequacy or completeness of the record,” the consent order did not contemplate a discovery period. Dkt. No. 28, Am. Consent Order, at ¶ 4 (emphasis added). The Court approved the Amended Consent Order on October 22, 2007. *Id.*

On Monday, November 5, 2007, three business days after entry of the preliminary injunction, Tafas filed Notices of Deposition of Undersecretary Dudas, Commissioner of Patents John J. Doll, Deputy Commissioner for Patent Examination John J. Love, and USPTO Senior Patent Attorney Robert Bahr.² Dkt. Nos. 51-54. Tafas has never served either interrogatories or document requests.

¹ On October 30, 2007, the Court Ordered that, while Case No. 1:07-cv-1008 would remain open, all pleadings were to be filed in Case No. 1:07-cv-846.

² This Court has not entered the usual initial order allowing, *inter alia*, the commencement of discovery. However, while Rule 26(d) of the Federal Rules of Civil Procedure prohibits discovery in most cases prior to satisfaction of the requirements of Rule 26(f), it excludes from that ban the categories of cases exempt from initial disclosure under Rule 26(a)(1)(E). Among other actions, Rule 26(a)(1)(E)(i) exempts actions for review on an administrative record from the requirements and limitations of Rule 26. As the Advisory Committee noted in explaining the amendments to the Rules adopted in 2000, “there is likely to be little or no discovery in most such cases.”

The USPTO sought a protective order precluding discovery in this case. Dkt. Nos. 60-61. After extensive briefing and hearings on both November 16, 2007 and November 27, 2007, Magistrate Judge Jones granted the USPTO's motion for a protective order, and denied both Tafas and GSK's motions to compel discovery and a privilege log on the administrative record. *See* Dkt. No. 91, Memorandum Opinion and Order (attached as Ex. 3). He found that the Plaintiffs' "assertions in their briefs and especially at oral argument make it clear that they want to go on a classic 'fishing expedition.'" *Id.* at 2. Consequently, the Magistrate Judge quashed the plaintiff's notices of deposition, and precluded discovery in this case. In addition, on November 29, 2007, the Magistrate Judge set a schedule for the parties submission of motions for summary judgment. Dkt. No. 93.

Tafas filed Objections to those Orders on December 7, 2007. Dkt. No. 99. He challenges what he discerns as five aspects of Magistrate Judge Jones' ruling:

1) In an apparent effort to secure either deliberative materials, or to secure materials underlying not the final agency action under review in this case, but rather the materials underlying the USPTO's Notices of Proposed Rulemaking, Tafas asserts that "the Court erred in declining to produce all documents and information that were considered, directly or indirectly, by the United States Patent and Trademark Office ("USPTO") in proposing and promulgating the new rules at issue in this action."

2) Tafas asserts that the Magistrate Judge "erred in declining to require [the USPTO] to substantiate their claims of deliberative process privilege and attorney-client privilege based on the erroneous conclusion that privileged documents are *not* part of the administrative record in the first place."

3) Tafas asserts that he "demonstrated with specificity numerous 'holes' in the

administrative record screaming out for further inquiry (both through supplementation of the record and through the requested depositions).”

4) Tafas asserts that he has submitted evidence of bad faith “in the form of agency inconsistent statements and in terms of apparent wholesale and massive withholding of internal documents from the administrative record.”

5) Tafas faults Magistrate Judge Jones because he “did not specifically address Tafas’ detailed argument that he is entitled to discovery on his constitutional claims.”

Dkt. No. 98, Plaintiff’s Objection to Magistrate Judge Jones’ Memorandum Opinion and Order Denying Tafas’ Motion to Compel and Quashing Tafas’ Notices for Depositions of Senior US PTO [sic] Officials, at 2-3.

STANDARD OF REVIEW

Rule 72(a) states:

Nondispositive Matters. A magistrate judge to whom a pretrial matter not dispositive of a claim or defense of a party is referred to hear and determine shall promptly conduct such proceedings as are required and when appropriate enter into the record a written order setting forth the disposition of the matter. Within 10 days after being served with a copy of the magistrate judge's order, a party may serve and file objections to the order; a party may not thereafter assign as error a defect in the magistrate judge's order to which objection was not timely made. The district judge to whom the case is assigned shall consider such objections and shall modify or set aside any portion of the magistrate judge's order found to be ***clearly erroneous or contrary to law***.

Fed. R. Civ. P. 72(a) (emphasis added). Under the terms of Rule 72(a), then, Tafas must show that the Magistrate Judge’s determination was “clearly erroneous and contrary to law.” *See Jesselson v. Outlet Assocs. of Williamsburg, Ltd. Partnership*, 784 F.Supp. 1223, 1228 (E.D.Va.1991); *Marks v. Global Mortgage Group, Inc.*, 218 F.R.D. 492, 495 (S.D.W.Va.2003) (“[a] district court should reverse a magistrate judge's decision in a discovery dispute as ‘clearly erroneous’ only if the district

court is left with a definite and firm conviction that a mistake has been made.”) (*citing Clark v. Milam*, 155 F.R.D. 546, 547 (S.D.W .Va.1994)); *see also Ocelot Oil Corp. v. Sparrow Industries*, 847 F.2d 1458, 1461-62 (10th Cir. 1988).

Moreover, the matter having been referred to the Magistrate Judge for his decision under Rule 72(a), this Court’s role is limited to determining – on the record before the Magistrate Judge – whether his decision was clearly erroneous or contrary to law. In *Paterson-Leitch Company, Inc. v. Massachusetts Wholesale Electric Company*, 840 F.2d 985 (1st Cir. 1988), a case involving a dispositive issue referred under Rule 72(b) for a Report and Recommendation rather than, as here, a nondispositive matter, the Court of Appeals held that “[a]t most, the party aggrieved is entitled to a review of the bidding rather than to a fresh deal. The rule does not permit a litigant to present new initiatives to the district judge. We hold categorically that an unsuccessful party is not entitled as of right to de novo review by the judge of an argument never seasonably raised before the magistrate.” *Id.* at 990-91; *accord Borden v. Secretary of HHS*, 836 F.2d 4, 6 (1st Cir.1987).” In language even more pertinent to review under Rule 72(a), the First Circuit explained that

The role played by magistrates within the federal judicial framework is an important one. They exist “to assume some of the burden imposed [on the district courts] by a burgeoning caseload.” *Chamblee v. Schweiker*, 518 F.Supp. 519, 520 (N.D.Ga.1981). The system is premised on the notion that magistrates will “relieve courts of unnecessary work.” *Park Motor Mart, Inc. v. Ford Motor Co.*, 616 F.2d 603, 605 (1st Cir.1980). Systemic efficiencies would be frustrated and the magistrate's role reduced to that of a mere dress rehearsal if a party were allowed to feint and weave at the initial hearing, and save its knockout punch for the second round. In addition, it would be fundamentally unfair to permit a litigant to set its case in motion before the magistrate, wait to see which way the wind was blowing, and-having received an unfavorable recommendation-shift gears before the district judge.

Ibid. Thus, it is inappropriate for Tafas to rely on evidentiary materials or arguments not presented to the Magistrate Judge in an effort to have this Court consider *de novo* matter which was not

considered in his decision. This Court should not consider those materials, but rather should strike them.

Far from discharging this heavy burden, Tafas's Memorandum in support of his Objections mentions the applicable standard of review only once, in passing. Dkt. No. 99, Tafas Objections Mem. at 1. While Tafas elsewhere expresses disagreement with the Magistrate Judge's ruling, we seek in vain for any reference in Tafas's Memorandum to controlling authority which required a different ruling than the one of which he now complains.

DISCUSSION

I. JUDICIAL REVIEW UNDER THE APA

A. The Scope of Review Under The APA Is Limited

As noted above, this is an action for judicial review of agency action under the APA. Tafas Am. Compl., ¶ 6. The scope of review of an agency regulation promulgated pursuant to 5 U.S.C. § 553 is the "arbitrary or capricious" standard of 5 U.S.C. § 706(2)(A), and review is limited to the administrative record. The court's task in reviewing agency action is to determine whether the agency's final decision articulates a rational connection between its factual judgments and its ultimate policy choice. *See, e.g., Motor Vehicle Mfrs. Ass'n v. State Farm Mut. Auto. Ins. Co.*, 463 U.S. 29, 43 (1983). There is no *de novo* review. *See Camp v. Pitts*, 411 U.S. 138, 139-142 (1973); *Citizens to Preserve Overton Park v. Volpe*, 401 U.S. 402, 415-416 (1971). If the agency's decision cannot stand on the reasons articulated in the record it designates, the remedy is to remand the matter to the agency. *See Fla. Power & Light Co. v. Lorion*, 470 U.S. 729, 743-44 (1985); *Portland Audubon Society v. Endangered Species Comm.*, 984 F.2d 1534, 1549-1550 (9th Cir. 1993).

Only “final agency action” is reviewable under the APA. 5 U.S.C. § 704. Therefore, the Court’s task is to review the Final Rules, published on August 21, 2007, not the Proposed Rules published on January 3, 2006.

B. The Proper Composition of the Administrative Record

An agency’s administrative record properly consists of “all documents and materials directly or indirectly considered by the agency,” *Bar MK Ranches v. Yuetter*, 994 F.2d 735, 739 (10th Cir. 1993), including “all materials that ‘might have influenced the agency’s decision.’”³ *Amfac Resorts, L.L.C. v. U.S. Dep’t of Interior*, 143 F. Supp. 2d 7, 12 (D.D.C. 2001) (quoting *Bethlehem Steel v. E.P.A.*, 638 F.2d 994, 1000 (7th Cir. 1980)). The administrative record does not, however, include privileged materials, such as documents that fall within the deliberative process privilege, attorney-client privilege, and attorney work product privilege. *See, e.g., Town of Norfolk v. U.S. Army Corps of Eng’rs*, 968 F.2d 1438, 1456-58 (1st Cir. 1992).

Indeed, it is well settled that deliberative materials should not be part of the administrative record. In *Norris & Hirshberg, Inc. v. SEC*, 163 F.2d 689, 693 (D.C. Cir. 1947), *cert. denied*, 333 U.S. 867 (1948) the D.C. Circuit long ago held that “internal memoranda made during the decisional process * * * are never included in a record.” The court in that case rejected an effort to expand the administrative record to include a “summary or digest of the evidence * * * prepared by employees simply to aid in the Commission's examination of the record,” which the court described as “hav[ing] been a part of the Commission's decisional procedure.” *Id.* The court left no doubt that the

³ During the briefing before Magistrate Judge Jones, Jennifer McDowell supplemented her initial certification of the administrative record (Ex. 1), with a further declaration showing that the USPTO followed the appropriate legal standard in compiling the administrative record, Decl. of Jennifer M. McDowell, Dkt. No. 74, Ex. 3, ¶ 5 (explaining that “[t]he USPTO included in its administrative record all non-privileged materials and documents that the agency decision-maker indirectly or directly considered in connection with the Final Rules”) (attached as Ex. 4).

administrative record includes “only the pleadings and the evidence,” and that “[b]riefs, and memoranda made by the Commission or its staff, are not parts of the record.” *Id.* The Ninth Circuit, too, has concluded that neither “the internal deliberative processes of the agency nor the mental processes of individual agency members” are proper components of the administrative record. *Portland Audubon Society v. Endangered Species Comm.*, 984 F.2d 1534, 1548 (9th Cir. 1993). The Supreme Court has long recognized that it is not a proper exercise of judicial review to probe the mental processes of the agency. *See, e.g., United States v. Morgan*, 313 U.S. 409, 422 (1941) (“[I]t was not the function of the court to probe the mental processes of the Secretary”).

As is apparent, in the present case the administrative record does not include deliberative internal agency materials such as non-final, draft documents, recommendations or email messages. The USPTO stated that these items had not been included in the record in its certification of the administrative record. Ex. 2. This was proper. E-mail messages and draft documents created by agency staff in their consideration of the issues are no more part of the administrative record than similar documents created by judges or law clerks are part of the record on appeal. *See, e.g., San Luis Obispo Mothers for Peace v. NRC*, 789 F.2d 26, 45 (D.C. Cir.) (*en banc*) (“We think the analogy to the deliberative processes of a court is an apt one. Without the assurance of secrecy, the court could not fully perform its functions.”), *cert. denied*, 479 U.S. 923 (1986). Only if the internal agency documents themselves introduce “factual information not otherwise in the record” need those portions of the documents be included in the administrative record. *National Courier Ass'n v. Board of Governors*, 516 F.2d 1229, 1242 (D.C. Cir. 1975).

The USPTO has provided all factual information. As exemplified by Exhibit B to GSK’s Memorandum in Support of Its Motion for Entry of an Order Requiring Defendants to Submit a

Privilege Log, Dkt. No. 72, issue papers on various topics related to the Final Rules were compiled and given to Under-Secretary of Commerce Jon Dudas.⁴ See Dkt. No. 74, Ex. 3, McDowell Decl, ¶¶ 10-11 (Ex. 3). Rather than withholding the entire document, the USPTO assiduously redacted only those portions that were deliberative in nature because they provided subjective advice and recommendations to the Under-Secretary. The USPTO appropriately included in the administrative record all objective data that the Under-Secretary considered in deciding on the Final Rules.

C. The Plaintiff Bears A Heavy Burden When Challenging The Administrative Record Compiled By USPTO

“The presumption of regularity supports the official acts of public officers, and, in the absence of clear evidence to the contrary, courts presume that they have properly discharged their official duties.” *United States v. Chemical Foundation*, 272 U.S. 1, 14-15 (1926); *see also United States v. Armstrong*, 517 U.S. 456, 464-465 (1996); *I.N.S. v. Miranda*, 459 U.S. 14, 18 (1982) (more than mere negligence must be shown to overcome the presumption of regularity); *United States Postal Service v. Gregory*, 534 U.S. 1, 10 (2001). Recently, in *National Archives and Records Admin. v. Favish*, 541 U.S. 174 (2004), the Supreme Court held:

In *Department of State v. Ray*, 502 U.S. 164 (1991), we held there is a presumption of legitimacy accorded to the Government's official conduct. *Id.*, at 178-79. The presumption perhaps is less a rule of evidence than a general working principle. However the rule is characterized, where the presumption is applicable, **clear evidence** is usually required to displace it. *Cf. United States v. Armstrong*, 517 U.S. 456, 464 (1996) (“[I]n the absence of clear evidence to the contrary, courts presume that [Government agents] have properly discharged their official duties.”); *United States v. Chemical Foundation, Inc.*, 272 U.S. 1, 14-15, (1926) (“The presumption of regularity supports the official acts of public officers and, in the absence of clear

⁴ Contrary to Tafas’s assertion, GSK’s exhibit is only an *example* of the USPTO’s careful efforts to redact only those portions of documents that are deliberative in nature, while including all factual material and non-inter- or intra-agency deliberative communications in the administrative record. *See, e.g.*, A08421-A08422; A08425.

evidence to the contrary, courts presume that they have properly discharged their official duties"). [parallel citations omitted]

Id. at 174 (emphasis added). Accordingly, “[t]he court assumes the agency properly designated the Administrative Record absent clear evidence to the contrary.” *Bar MK Ranches*, 994 F.2d at 740; *see also Blue Ocean Inst. v. Gutierrez*, 503 F. Supp. 2d 366, 369 (D.D.C. 2007) (“[T]he agency enjoys a presumption that it properly designated the administrative record and may exclude materials that reflect internal deliberations.”).

In order to rebut this presumption, “a party must make a significant showing – variously described as a ‘strong,’ ‘substantial,’ or ‘prima facie’ showing – that it will find material in the agency’s possession indicative of bad faith or an incomplete record.” *Amfac Resorts*, 143 F. Supp. 2d at 11 (quoting *Overton Park*, 401 U.S. at 420; *San Luis Obispo*, 751 F.2d at 1327; *Natural Res. Def. Council v. Train*, 519 F.2d 287, 291 (D.C. Cir. 1975)). Merely saying that an administrative record is “incomplete” does not justify discovery. Plaintiffs would have to demonstrate that the record is so bare as to “frustrate judicial review.” *Am. Canoe Ass’n, Inc. v. U.S. Env’tl. Prot. Agency*, 46 F. Supp. 2d 473, 477 (E.D. Va. 1999) (Ellis, J.); *see Voyageurs Nat’l Park Ass’n v. Norton*, 381 F.3d 759, 766 (8th Cir. 2004) (observing that the exception is “very narrow” and finding that the “ten-thousand pages of reports, correspondence, studies and analyses – is fully sufficient to facilitate judicial review without discovery”); *Cnty. for Creative Non-Violence v. Lujan*, 908 F.2d 992, 998 (D.C. Cir. 1990) (“Only in the rare case in which the record is so bare as to frustrate effective judicial review will discovery be permitted under the second exception noted in *Overton Park*.”). At the preliminary injunction stage, this Court had little difficulty finding, based on the record already in existence, that “the PTO’s rationale appears to be sufficient to satisfy arbitrary and capricious review,

and the Court will find that GSK has not shown a real likelihood of success on the merits.” *Tafas v. Dudas*, – F. Supp. 2d –, 2007 WL 3196683, at *12 (E.D. Va. Oct. 31, 2007).

Similarly, bald allegations of “bad faith” are inadequate to overcome the presumption that the Court must confine its review of agency action to the record. As noted above, there is a presumption that government officials perform their duties properly and in good faith. *See Mullins*, 50 F.3d at 993; *Spezzaferro v. Federal Aviation Admin.*, 807 F.2d 169, 173 (Fed. Cir. 1986); *Gonzales v. Def. Logistics Agency*, 772 F.2d 887, 889 (Fed. Cir. 1985). Thus, in order to obtain discovery beyond the administrative record, there must be a “strong preliminary showing,” supported by *specific facts*, that the challenged action was reached because of bad faith or improper behavior. *Nat’l Nutritional Foods Assoc. v. Food & Drug Admin.*, 491 F.2d 1141, 1145 (2d Cir. 1974). Courts have uniformly imposed a high standard for plaintiffs seeking to demonstrate bad faith. *See, e.g., Mullins*, 50 F.3d at 993 (finding no bad faith absent a showing of “fraud or clear wrongdoing”); *United States v. Shaffer*, 11 F.3d 450, 460-61 (4th Cir. 1993) (finding bad faith where agency employee created fraudulent documents and “perjured himself repeatedly”); *Mar. Mgmt. v. United States*, 242 F.3d 1326, 1330-31 (11th Cir. 2001) (permitting discovery only after finding that the Government had “purposefully” excluded documents that were unfavorable to its conclusions); *Sher v. United States VA*, 488 F.3d 489, 497-98 (1st Cir. 2007) (finding no bad faith when plaintiff failed to proffer evidence of intentional misconduct on the part of the federal agency); *Newton County Wildlife Ass’n v. Rogers*, 141 F.3d 803, 807-08 (8th Cir. 1998) (finding allegation of bad faith “woefully inadequate to justify going outside the administrative record” where the plaintiff identified a particular discrepancy in the agency’s conduct as evidence of bad faith).

Here, there is no evidence even remotely suggesting a record so bare as to frustrate judicial review, or bad faith, and Magistrate Judge Jones's order should be upheld.

II. THE MAGISTRATE JUDGE'S ORDER WAS NEITHER CLEARLY ERRONEOUS NOR CONTRARY TO LAW

A. The Magistrate Judge's Decision to Deny the Plaintiff's Effort to Secure Discovery By Claiming that the Administrative Record Was Less Than Complete was not Clearly Erroneous or Contrary to Law

It bears repeating that the only discovery that Tafas actually sought was the depositions of senior officials at the USPTO. Although he vaguely – and belatedly – proclaimed that he would “move the Court on November 27th to order Defendants to produce any and all non-privileged documents and materials Defendants reviewed and considered, either directly or indirectly, in connection with the proposed and final rules,” Dkt. No. 81, Motion to Compel, Tafas did not propound document requests. Moreover, he has not moved to supplement the record with materials he claims to have discovered and which, he asserts, should be in the administrative record. Most importantly, however, Tafas has put the cart before the horse: He seeks discovery in order to determine whether the record is less than complete; not in order to secure documents or information which, he has shown, exist and were withheld. For example, he proposes to depose the senior USPTO officials to “determine if there were *ex parte* communications” which were not included in the record. Dkt. No. 79, Plaintiff's Supplemental Memorandum in Support of Notices for [sic] Deposition of Senior USPTO Officials (“Deposition Memo”) at 3. But the law is clear that assertion is not evidence, and Tafas is required to come forward with clear and convincing evidence that the record is incomplete. *See infra* Part 1.C.

Similarly, Tafas seeks materials which underlie the Notices of Proposed Rulemaking, which

began the process leading to the adoption of the regulations at issue in this case. Deposition Memo at 3. Many of the materials he seeks are deliberative in nature, and as explained above, *infra* Part I.B, deliberative materials, as a matter of law, are not properly part of the administrative record. Moreover, as also noted above, *see infra* Part I.A, the Final Rules are the “final agency action” this Court must review, and are the proper focus of this Court’s inquiry. 5 U.S.C. § 704. In any event, to the extent that the USPTO has non-deliberative materials that were generated before the Proposed Rules were published and that bear on the Final Rules, the USPTO has already included those materials in the record. *See, e.g.*, A03545-A03620, A03652-A03653, A03655-A03678, A03767-A03771, A03789-A03795, A03798-A03824, A04333-A04338, A04369-A04371, & A04399-A04402. The Magistrate Judge was thus correct in concluding that such materials were not a basis on which to authorize depositions of senior USPTO officials.

Similarly, Tafas sought discovery of the agency’s deliberations on the comments received in response to the Notices of Proposed Rulemaking, including alternative drafts of possible rules and internal analyses of both comments received and factual materials considered. Deposition Memo at 3-4. But these deliberative analyses are not properly part of an administrative record, *see infra* Part I.B, and the Magistrate Judge correctly concluded that the absence of such materials was not a basis on which to authorize depositions of senior USPTO officials.

In short, the materials that Tafas claims were excluded from the administrative record either did not belong there in the first place or were, in fact, included, and Tafas has not pointed to any decision of the Fourth or Federal Circuit Courts of Appeal, or of this Court, that would have compelled the Magistrate Judge to rule otherwise. Accordingly, he did not commit clear error in denying Tafas’s request for discovery.

B. The Magistrate Judge’s Decision to Deny the Plaintiff’s Effort to Secure A Privilege Log was not Clearly Erroneous or Contrary to Law

In Part I.B above, we cited to authority from the Supreme Court and the several Circuit Courts of Appeal which held that deliberative materials were not properly a part of an administrative record in a judicial review proceeding under the APA. None of those cases required the agency to prepare a privilege log to identify the materials withheld and to support the assertion that they were deliberative (including, for present purposes, both legal and policy deliberations) and, therefore, properly excluded. Tafas presents two arguments in response: First that the position taken by the USPTO is contrary to the official position of the Department of Justice, Tafas Objections Mem. at 15-16; and second while acknowledging that there is no controlling authority “addressing whether a privilege log must be produced in an APA informal rule-making case,” he contends that the Magistrate Judge committed clear error in not setting sail on these uncharted waters, *id.* at 16-25. Both contentions are wrong.

1. USPTO’s Position Does Not Conflict With Department of Justice Policy

In support of his Objections, Plaintiff proffers to this Court copies of a memorandum prepared by one component of the Department of Justice (DOJ) – the Environmental and Natural Resources Division (ENRD) – that provides general guidance to government litigators and client agencies on how to compile administrative records in actions challenging informal agency action under the APA for matters within that component’s purview. As we have shown in discussing the “standard of review,” *infra*, this Court is reviewing objections to the Magistrate Judge’s Memorandum Opinion and Order for the limited purpose of determining whether Magistrate Judge Jones committed a clear error of law. Tafas never proffered the ENRD memorandum to Magistrate

Judge Jones or made any arguments about DOJ policy. Because the Court is not making its own determination of the issues decided by Magistrate Judge Jones, Tafas's proffer of materials which were neither presented to Magistrate Judge Jones nor considered by him is improper. Accordingly, the Court should strike – or simply decline to consider – those exhibits.⁵

But even if the Court were to consider the ENRD memorandum, it does not aid Tafas. The memorandum does not represent a formal policy of the DOJ, nor even an official directive of the ENRD. Moreover, the memorandum expressly “does not create any rights, substantive or procedural, which are enforceable at law by any party.” Pl. Ex. 1 (“This memorandum provides only internal Department of Justice guidance. It does not create any rights, substantive or procedural, which are enforceable at law by any party. No limitations are hereby placed on otherwise lawful prerogative of the Department of Justice or any other federal agency.”); *see, e.g., Lyng v. Payne*, 476 U.S. 926, 937 (1986) (“not all agency publications are of binding force”); *United States v. Mariea*, 795 F.2d 1094, 1102 n.22 (1st Cir. 1986) (memorandum of understanding between Departments of Justice and Defense established “informal guidelines * * * promulgated for purposes of administrative convenience” and did not give defendants any enforceable right). Indeed, consultation within the DOJ confirms that ENRD agrees with the position taken in this Opposition that deliberative documents are not properly part of the administrative record on review of an informal rulemaking. *See Waterkeeper Alliance v. EPA*, 399 F.3d 486, 524 n.34 (2nd Cir. 2005) (denying as

⁵ The Court should do the same with the many exhibits that Tafas proffers for the first time concerning presentations that USPTO officials gave, but which, allegedly, are not reflected in the administrative record. Moreover, given that there are more than 1300 pages of presentation materials already in the record, A00043-A00590, A08525-A09389, Tafas cannot seriously contend that any presentations that might have been inadvertently omitted – particularly when they are *public* documents – render the record so bare as to frustrate judicial review and constitute grounds for reversal.

moot motion, opposed by ENRD, to supplement the record to include certain deliberative documents concerning OMB comments). As we have explained, Tafas’s interpretation of the guidance is inconsistent with settled law and has not been generally adopted by federal agencies or federal courts.

Each agency must compile the administrative record with an eye to the governing statutory and regulatory standards, the type of administrative proceeding, and other factors. *See, e.g., Vermont Yankee Nuclear Power Corp. v. Natural Resources Defense Council, Inc.*, 435 U.S. 519, 544 (1978) (referring to the “very basic tenet of administrative law that agencies should be free to fashion their own rules of procedure” and noting that “the agency should normally be allowed to exercise its administrative discretion in deciding how, in light of internal organization considerations, it may best proceed to develop the needed evidence”) (internal quotation marks omitted). Here, the USPTO compiled the rulemaking record in accordance with the governing statutes. Accordingly, the Magistrate Judge did not commit clear error in denying Tafas’s request for discovery.

2. *The Magistrate Judge Did Not Commit Clear Error*

Tafas acknowledges that there is no controlling authority in this Circuit addressing the question of whether, in an APA review case, an agency is required to prepare a privilege log to justify withholding deliberative materials from an administrative record. We have pointed out in Part I.B the well-established authority supporting the conclusion that deliberative materials simply do not belong in an administrative record. In addition to those cases, *Blue Ocean Institute v. Gutierrez*, 503 F.Supp.2d 366, 371-72 (D.D.C. 2007), strongly supports the view that the USPTO need not produce a privilege log on the administrative record. There, as here, the plaintiff sought not only to supplement an administrative record with the agency staff’s deliberative analyses and

discussions, but also sought an order requiring the agency to catalogue the documents withheld on a privilege log. The District of Columbia District Court rejected both demands. The *Blue Ocean* court held that such deliberative materials were not properly part of an administrative record, and also rejected the notion that a privilege log was required to support the exclusion of the deliberative documents. As the D.C. district court observed “it is unfair to criticize [the agency] for not claiming a privilege and filing a privilege log as to documents that it claims should not be in the administrative record in the first place.” 503 F. Supp. 2d at 372 n. 4.

Tafas fails to explain how, in the view of the presence of Supreme Court and Court of Appeals authority supporting the agency’s actions in preparing the administrative record in this case, and the absence of controlling authority to the contrary, he can accuse Magistrate Judge of clear error in adhering to that course of decision. Accordingly, he has failed to demonstrate that the Magistrate Judge committed clear error in denying his request for a privilege log, and he has failed to satisfy the standard required by Rule 72(a) of the Federal Rules of Civil Procedure.

C. It was not Clearly Erroneous or Contrary to Law to Conclude That The Plaintiff Had Not Shown Bad Faith on the Part of USPTO Officials

The principle that bad faith or improper behavior by agency decisionmakers could serve as a basis for expanding the scope of judicial review under the APA beyond the proffered administrative record, and to that end permit some limited discovery, was first specifically enunciated by the Supreme Court in *Citizens to Preserve Overton Park, Inc. v. Volpe*, 401 U.S. at 420, 91 S.Ct. 814, *overruled on other grounds, Califano v. Sanders*, 430 U.S. 99 (1977). There the Supreme Court noted that:

inquiry into the mental processes of administrative decisionmakers is usually to be avoided. *United States v. Morgan*, 313 U.S. 409, 422 (1941). And where there are administrative findings that were made at the same time as the decision, as was the case in *Morgan*, ***there must be a strong showing of bad faith*** or improper behavior before such inquiry may be made. (Emphasis supplied, parallel citations omitted).

Id. at 105 (emphasis added). Thus, as explained above, *see infra* Part I.C, in order to support a request for discovery in an APA case a “strong preliminary showing” of bad faith or improper behavior must be made. Only after such a showing has been made can discovery be authorized. *See Nat'l Nutritional Foods Ass'n v. FDA*, 491 F.2d 1141, 1145 (2d Cir.1974). But a disagreement with the agency’s ultimate decision, or with its interpretation of the factual materials before it, is not bad faith. In *Sierra Club v. U.S. Army Corps of Engineers*, 701 F.2d 1011, 1044 (2d Cir. 1983), the Second Circuit observed that

there may be instances in which the court disagrees with the agency's assessment of the significance of given facts or data; but the disagreement does not mean that the agency's view was wrong, or even if it was wrong, that the agency's decision based on that view was reached in bad faith. The very concept of discretionary decisionmaking leaves room for divergent sustainable views.

Similarly, in *Friends of the Shawangunks, Inc. v. Watt*, 97 F.R.D. 663, 667-68 (N.D. N.Y.,1983), the court found that

bald assertions of bad faith are insufficient to require agency officials to submit to depositions. *Cf. Mobil Oil Corp. v. Lefkowitz*, 454 F.Supp. 59, 71 (S.D.N.Y.1977) (“[P]laintiffs must allege more than bald conclusions of recklessness before the Attorney General of the State of New York can be subjected to discovery as to his motives in enforcing an arguably constitutional statute.”). Indeed, in order to overcome the presumption of validity in administrative action, *Udall v. Washington, Virginia and Maryland Coach Co.*, 398 F.2d 765 (D.C.Cir.1968), a party seeking to depose an administrative official must show specific facts to indicate that the challenged action was reached because of improper motives.

See also Trawler Diane Marie, Inc. V. Brown, 918 F.Supp 921, 926 (E.D. N.C. 1995). As the Supreme Court noted that “[e]rror or unwisdom is not equivalent to abuse.” *A.T. & T. Co. v. United*

States, 299 U.S. 232, 236 (1936).

Tafas has confused his strong disagreement with the USPTO’s decision to adopt the new rules with “bad faith.” As his counsel made clear at argument, it is Tafas’s view that the USPTO decisionmakers were motivated by a desire to reduce the backlog of unadjudicated patent applications. Pl. Ex. 4a, Transcript of Nov. 16, 2007 Hearing at p. 16, lines 2-12. It is not indicative of bad faith for an agency to want to work more efficiently. Moreover, Tafas’s “bad faith” contention is largely based on the fact that deliberative materials preceding the Notices of Proposed Rulemaking were not a part of the administrative record. *Id.* at p. 17 lines 1-9. As explained in Part II.A above, such materials were either properly excluded from the record, or were included as appropriate. Accordingly, Tafas has made no showing at all – much less a showing by “clear evidence” – to overcome the the presumption of regularity.⁶

Consequently, the Magistrate Judge did not commit clear error in determining that the plaintiff was not entitled to discovery in this case.

D. Tafas’s Claim that his Constitutional Rights Were Infringed Do Not by Themselves Authorize Discovery in This APA Case

Tafas also argued to Magistrate Judge Jones, and asserts here, that his claim under the Patent Clause of the Constitution, U.S. Const. Art. I, § 8, cl. 8, somehow overrides the well-settled rule forbidding discovery in APA cases. Tafas Objections Mem. at 26. Tafas is wrong; because one

⁶ Referring the Court to the briefs submitted to Magistrate Judge Jones, Tafas also suggests that there are additional “holes” in the record and that the USPTO made inconsistent use of statistical data in connection with its Regulatory Flexibility Act certifications. The USPTO rebutted each and every one of Tafas and GSK’s allegations in these respects in Defendants’ Omnibus Memorandum in Opposition to Plaintiffs’ Requests for Discovery Beyond the Administrative Record, Dkt. No. 83, at 11-24. Although the Court may wish to examine the USPTO’s Omnibus Memorandum, it need not embroil itself in the minutia of these arguments to see that Magistrate Judge Jones committed no clear error.

basis on which APA review can be sought is that agency action exceeded applicable Constitutional limits, such an exception would swallow the rule.

It is well-settled that the presence of a constitutional claim in an APA action does not alter the rule that courts must confine their review to the administrative record. *See Harvard Pilgrim Health Care of New England v. Thompson*, 318 F. Supp. 2d 1, 9 (D.R.I. 2004) (citing *Marine Mammal Conservancy, Inc. v. Dep't of Agriculture*, 134 F.3d 409, 413 (D.C. Cir. 1998); *Bailey v. United States Army Corps of Eng'rs*, No. 02-639, 2003 WL 21877903, at *2 (D. Minn. Aug. 7, 2003); *Alabama-Tombigbee Rivers Coal. v. Norton*, No. CV-01-S-0194-S, 2002 WL 227032 (N.D. Ala. 2002). Indeed, courts have acknowledged that the APA's restriction of judicial review to the administrative record would be "meaningless" if any party seeking review based on a constitutional claim was entitled to broad-ranging discovery. *See, e.g., Harvard Pilgrim*, 318 F. Supp. 2d at 9; *Malone Mortgage Co. America Ltd. v. Martinez*, No. 3:02-CV-1870-P, 2003 WL 23272381, at *2 (N.D. Tex. 2003); *see also Puerto Rico Pub. Hous. Admin. v. United States HUD*, 59 F. Supp. 2d 310, 327 (D. P.R. 1999) (noting that even when constitutional claims are present, a court reviewing an administrative record should not blindly authorize wide-ranging discovery).⁷

⁷ In a brief footnote near the end of his brief, Tafas attempts to preserve the argument that he needed discovery to support his claims under the Regulatory Flexibility Act ("RFA"), 5 U.S.C. §§ 601-612. Tafas Objections Mem. at 28 n. 14. The RFA "imposes no substantive requirements on an agency; rather, its requirements are 'purely procedural' in nature." *Ranchers Cattlemen Action Legal Fund United Stockgrowers of Am. v. U.S. Dep't of Agric.*, 415 F.3d 1078, 1100 (9th Cir. 2005) (quoting *U.S. Cellular Corp. v. FCC*, 254 F.3d 78, 88 (D.C. Cir. 2001)). Indeed, even in the case upon which Tafas primarily relies, *Alenco Comms. Inc. v. FCC*, 201 F.3d 608, 625 (5th Cir. 2000), the Fifth Circuit confirmed that "[t]he RFA is a procedural rather than substantive agency mandate." The Court thus needs nothing more than the Federal Register notice, 72 Fed. Reg. at 46830-46835, and the 1,100 pages dedicated to the RFA in the administrative record, A07203-A08329, to determine whether the USPTO reasonably followed the RFA's procedures when it issued a certification pursuant to § 605(b). *See, e.g., Little Bay Lobster Co. v. Evans*, 352 F.3d 462, 470-71 (1st Cir. 2003) (conducting RFA review on the administrative record). The RFA provides no basis for Tafas's desire to undertake what Magistrate Judge Jones characterized as a

Tafas also is not entitled to discovery on his Patent Clause claim because, to the extent that he is allowed to rely on the Clause's preambular language to challenge the USPTO's rulemaking – a proposition the USPTO contests – all that would be required is a “rational basis” for the conclusion that the USPTO's Final Rules “promot[e] the progress of science.” *Eldred v. Ashcroft*, 537 U.S. 186, 212, 213 (2003); *Figueroa v. United States*, 466 F.3d 1023, 1031-32 (Fed. Cir. 2007). The administrative record includes all the documents the Court requires to determine whether the USPTO has established a rational basis for the Final Rules. *See, e.g.*, 72 Fed. Reg. 46719 (explaining that the Final Rules will “(1) [l]ead to more focused and efficient examination, improve the quality of issued patents, result in patents that issue faster, and give the public earlier notice of what the patent claims cover; and (2) address the growing practice of filing . . . multiple applications containing patentably indistinct claims.”). Indeed, the record was sufficient to allow the Court to find, at the preliminary injunction stage, that “the PTO's rationale appears to be sufficient to satisfy arbitrary and capricious review, and the Court will find that GSK has not shown a real likelihood of success on the merits.” *Tafas*, – F. Supp. 2d –, 2007 WL 3196683, at *12. Tafas's Patent Clause claim thus fails to afford him a basis for seeking discovery.

CONCLUSION

Pursuant to Rule 72(a) of the Federal Rules of Civil Procedure, this Court may modify or set aside any portion of a magistrate judge's non-dispositive order only if it is found to be clearly erroneous or contrary to law. Tafas has not carried his burden to demonstrate that Magistrate Judge Jones committed clear error in determining that there was not any basis on which to conclude that

fishing expedition into high-level officials' subjective motivations.

CERTIFICATE OF SERVICE

I hereby certify that on December 12, 2007, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system, which will send a notification of such filing (NEF) to the following:

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