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To: AB94Comments

Subject: Comment on Proposed Rules of Claims Practice

May 1, 2006

Mr. John Doll, Commissioner for Patents
United States Patent and Trademark Office
P.O. Box 1450
Alexandria, Virginia 22313-1450

Dear Commissioner Doll:

Please find the attached pdf file containing a Comment on the Proposed Rules for Continuation Practice. We appreciate the opportunity to contribute to the practice of patent law in the United States, and particularly appreciate the opportunity to make Comments on the Proposals. Please consider the Comment in light of our desire to improve the United States patent system.

Kind regards,

D. Benjamin Borson
for a group of California patent practitioners

**Changes to Practice for Examination of
Claims in Patent Applications
(proposed 37 C.F.R. 1.75, etc.)**

May 3, 2006

Introduction

The undersigned are registered patent attorneys practicing in California. The comments below are our own personal views and are not to be attributed to the California State Bar, our clients, our employers or any other entity.

We appreciate the Office's desire to receive comment from the public, and we hope that our remarks will be recognized as a genuine effort to further development of patent practice in the United States. Our participation in this process is prompted by our desire to assist the rulemaking process by providing comment to be placed in the public record. We also hope that these remarks will be considered by the Office in formulating any revised or final rule.

General Comments

The patent law is based on sound public policy. According to Article 1, Section 8, Clause 8: "To promote science and the useful arts, Congress may grant to authors and inventors for limited times, the exclusive right to their respective writings and discoveries." According to the 35 U.S.C. 101 et seq (the "Statute"), a person "is entitled to a patent **unless...**" Emphasis added. It is well settled law that the *quid pro quo* to obtain a patent is full disclosure of the invention, so that upon expiration of the patent, the public will be able to practice the invention. We also believe that the exchange is reciprocal; if there is full disclosure of an invention in a patent application, the inventor is entitled to one or more patents on the inventions disclosed in the application.

We view the Constitutional and statutory language and the public policy to place an initial burden on the Office and its examiners to identify reasons for not allowing a particular patent claim. This interpretation is consistent with the Manual of Patent Examining Procedures ("MPEP"), which is the training and operations manual for patent Examiners. The MPEP provides rationale and specific language for making objections to or rejections of claims. According to this well-known and well-settled scheme for examining patents, the Office and its examiners have the obligation to present facts and reasoning to support rejection of a patent claim. In the absence of such support, a claim is patentable and if certain formalities are met, a patent can issue.

The major rationale presented for the proposed rule is to decrease patent pendency and improve Office efficiency by artificially limiting the number of claims examined in an application. The Office presented data purporting to show increased pendency of applications. Although some technology centers have had increasing pendency, we believe that the Office's extrapolation of a single year's data to the future is inherently

flawed. Rather, we recommend that the data over the past several years be used to determine a general trend in the number of filings and of pendency. Further, we recommend using average pendency and not single instances of prolonged pendency to support any rule change.

Thus, the justification for the sweeping changes is by no means certain. In light of the Constitutional, statutory and case law, we request the Office to produce a compelling case for upsetting settled practice.

We understand the difficulty in identifying prior art in certain subject areas, including business methods and software. These difficulties are due, at least in part, to the nature of prior art in these areas. Public use is difficult to ascertain, and it is wholly appropriate to require that applicants disclose relevant art to the Office as part of the examination process.

However, by limiting the number of claims in any particular patent may well deprive applicants of their statutory rights. Further, a requirement for an applicant to submit an examination support document shifts the burden away from the Office and onto the applicant.

Currently, applicants pay for claims in excess of twenty total and three independent. At best, the requirement for ten “representative claims” can only slightly decrease the workload of an examiner.

Moreover, in many cases, the initial review of set of claims in an application results in a restriction requirement, which will limit the amount of searching and examination in a particular case. As a practical matter, we believe that most examiners routinely initially examine the independent claims, and upon finding of allowable subject matter, will allow dependent claims that also meet the requirements of the patent statutes.

We believe that the proposed rule would result in applicants giving up more subject matter than is warranted under the statute by inhibiting the free exchange of ideas about the invention, claims and the prior art. Additionally, the proposed rule contradicts the current restriction practice, which limits the claims in any one patent to a single invention. If more than ten independent claims are needed to fully capture the invention, an arbitrary limit would deprive an applicant of patent protection as provided by Constitutional, legislative and judicial precedent.

The Office has also justified the proposed rules to provide increased notice to the public about what can and cannot be practiced by the public without permission. It is well settled law that claims define the metes and bounds of what may be practiced without a license. Under currently applicable case law (*Johnson & Johnston v. RE Services*), subject matter disclosed in an application and unclaimed, is dedicated to the public. We believe that the current rule satisfies the notice function of a patent. To limit the number of patents that can be issued based on a full disclosure unfairly penalizes applicants who have improved the art.

We would prefer to have judicial review of such important equitable issues. First, courts apply equitable criteria to balance the interests of the parties to a dispute. Under the proposed rule, the equitable criteria are to be applied for the benefit of the Office by the Office. This is inconsistent with the historical role of courts in equity.

Next, from a public policy viewpoint, we believe that the U.S. patent system is especially designed to provide a tool for “equalizing the playing field” by providing limited exclusivity for innovators, including individuals and small enterprises. For independent innovators and small enterprises, the patent process may be financially draining, especially during a time of limited funds and the requirements for expending those funds in research, development and manufacture of products. We believe that the current system permits applicants to make broad yet detailed disclosures in an application, and thereby put the public on notice of that which could be potentially claimed. Because restriction practice has become much more widely used in recent years, small innovators are being subjected to greater patenting costs, due to involuntary divisionals. Similarly, small innovators may not have sufficient funds to prosecute a relatively large number of patents simultaneously.

Instead of the sweeping new proposed rules, we recommend that the Office take different approaches that are squarely and uniquely within the authority of the Office, namely by reining in current restriction practice.

Applicant Telephone Conference

We suggest that the Applicant’s and their representatives facilitate the patent prosecution process by making mandatory a teleconference PRIOR to the Examiner’s first search of the art between the applicants, their representatives and the examiner.

This mandatory teleconference would serve to answer the examiner’s questions, assist in the examiner’s understanding of the jargon and lexicon of the inventor and provide him or her with an additional valuable layer of education and understanding through direct interaction with the inventors. An interaction not colored by advocacy by the applicant or defensiveness by the examiner who may feel it necessary to justify his initial search.

Hiring and Retention of Qualified Experienced Examiners

Finally, we recommend that serious consideration be given to the hiring of retired or former patent attorneys and agents or technical educators to serve at the USPTO as either examiner’s assistants, or examiner instructors. This position would be not unlike a special master assisting a judge in his or her understanding of a particular area of art.

The proposed change would require an applicant to elect ten claims for initial examination. Examination of the remaining claims purportedly would be deferred until the application is otherwise in condition for allowance. There are two possibilities that

can occur under such a scheme: either (i) the deferred claims will receive exactly the same examination that they receive currently, or (ii) based on the allowability of the elected claims, they will receive only a cursory examination. In the former case, while work may be deferred it is difficult to understand how any significant net savings in effort on the part of the Office will occur. In the latter case, there is a significant potential conflict with the statutory scheme. More specifically, the statutory presumption of validity of an issued patent (under 35 U.S.C. § 282) relies upon the assumption that the patent has been fully examined by the Office. However, if some of the claims receive only a cursory examination this statutory presumption would be undermined.

Comments on Specific Rules

The Office indicates that applicants would have the opportunity to request an examination of more than ten claims, under Section 1.75 (b) Designation of Specific Claims for Examination/Examination Support Documents.

It is proposed by the Office to amend 1.75 (b) (1) and (2), to limit the number of claims examined, and if the applicant desires examination of more than an allotted number of claims, the presentation of an “Examination Support Document” (ESD) by the applicant to justify the expanded examination. This ESD is proposed to be of a like nature as the documents applicants submit for accelerated examination.

While the Office believes that the proposed rules will enhance and facilitate the examination of newly filed applications through the limitation of claims, or the requirement for a detailed presentation by the applicant of a search of the art, the Office will instead create file wrapper issues that will potentially ‘haunt’ the issued patent throughout its productive life.

In this proposed modification of the rules, applicants (and their representatives) become the first search party for the USPTO. There is no statutory support for requiring a search of prior art to be made. Shifting the burden onto the applicant is without statutory authority.

Unlike an IDS, which is submitted with art known to the applicant or their representatives as merely relevant and material to the prosecution of the application, Applicants would have to provide “a detailed discussion of the references, which discussion points out with particularity, required by 37 CFR 1.111(b) and (c), how the claimed subject matter is patentable over the references.”

The first search of merit by anyone for a patent application will be based upon the ESD generated by outside counsel, counsel who has a vested interest in presenting documents favorable to the applicant.

Certainly, the unsuspecting examiner will receive this patent claim justification document and should be required to prepare a counter examination to challenge the ESD.

The current proposed rules are silent on the examiner's ability to challenge the ESD. It is foreseeable that any future legal challenge on the validity of the patent will scrutinize most carefully the ESD and the examiner's response to the request for additional claims, perhaps ultimately calling into question the quality of the examiner's response.

Finally, there are few applicants' representatives who will welcome the opportunity to prepare documents to the file wrapper providing a "a detailed discussion of the references, which discussion points out with particularity, required by 37 CFR 1.111(b) and (c), how the claimed subject matter is patentable over the references." The potential for harming their clients in future challenges to the patent are too great.

It appears that the proposed change would effectively permit a first Office action final rejection of a presented claim. For example, assume that an initially presented dependent claim was not elected as one of the 10 claims to be examined. After a first Office action, in order to overcome a prior-art rejection, its limitation is added into the independent claim (which has been elected for examination) from which it depended. Then, even if the grounds for rejection were changed, the next Office action presumably could be made final, even though the dependent claim was paid for and was initially presented for examination, and even though its limitations have received only a single substantive review on its merits.

Moreover, when combined with the proposed changes to 37 CFR § 1.78(d)(1) and 1.114(f), the effect would be especially draconian as the applicant might find it difficult or impossible to make a continued examination filing.

There often will be no realistic way to identify ten claims that are "representative" of the invention, as each of the claims is representative of some different aspect of the invention. More specifically, nearly all inventions are combinations of different features that individually are known in one or more different areas of prior art. As a result, the particular claims that one might emphasize often will depend upon the specific direction from which another is attacking the claimed invention.

For example, assume an application that claims the combination of A, B and C, where each of A, B and C individually is known, and where the sub-combinations of A+B, B+C and A+C also individually are known, e.g., in different areas of prior art. In such a case, different claims would be most distinguishing depending upon whether the person challenging patentability was starting from the known combination of A+B (in which case claims that emphasize feature C would be most relevant), the known combination of A+C (in which case claims that emphasize feature B would be most relevant), or the known combination of B+C (in which case claims that emphasize feature A would be most relevant).

In short, the very concept of "representative claims" is necessarily contextual, and an applicant does not have the necessary context to make such a selection upon the initial filing of a patent application. Presumably, an applicant would have no motivation to include (and pay for) more claims than is believed necessary to adequately distinguish

from the universe of potential prior art, particularly in view of the recent substantial increase in the cost of claims.

The Office justifies the proposed rule, at least in part, based on a survey of the number of claims separately argued in a sample of 500 appeals. Even assuming that the survey is statistically accurate, the underlying logic seems flawed. Specifically, appeals currently are filed after full examination of all pending claims and after a record has been developed in which the examiner and applicant are at an impasse. In that case, the applicant is fully aware of the prior art upon which the Examiner is relying for all pending claims and therefore is easily able to identify the claims that best distinguish the applied art (see above). That clearly is not the case when a patent application is initially filed. As noted above, upon initial filing, the applicant has absolutely no way to know what approach the examiner will take and, accordingly, will have no way of identifying the "representative" claims.

If only 1.2% of applications fall into this category, what is the point of establishing a separate procedure?

In chemical and pharmaceutical cases, there is essentially no benefit at all: initial examination based on the independent claims is probably what examiners do already, as a practical matter, followed by examination of the dependent claims. Claims in mechanical cases, in which dependent claims add further elements, may be a different matter.

Note that delaying examination of the "non-designated" dependent claims conflicts with the proposed Office policy to limit or curtail continuing applications. We are concerned that any "non-designated" claim will be unprotectable under the proposed revisions to 37 C.F.R. 1.78, et seq, as prohibited "voluntary divisionals." We request the Office to avoid this undesirable consequence.

Regarding the inquiry as to how Markush claims should be treated (cf. 71 FR 64, col. 2-3), since the members of a Markush set are considered to be equivalent, there is no logical reason to treat them individually or separately. In chemical or pharmaceutical practice, the idea is completely nonsensical.

The claims that an applicant wishes to designate will depend in large part upon how claims are divided upon restriction. Accordingly, it would make more sense to require any support document after issuance of a Restriction requirement, if still needed after election. Rather than requiring a support document, we support the Office's current practice of asking an applicant in prosecution to identify support for specific claims. The current practice keeps the issues focused upon the claims and their support in the specification.

We suggest that the Office reconsider the proposed rules along with reevaluation of the way in which it applies restrictions.

The provisions of proposed 37 C.F.R. 1.75(b)(1)(ii) regarding dependant claims appear to be overly burdensome on an applicant, without providing a significant benefit

to the Office. With more than nine dependent claims, applicants must now perform a number of steps under proposed Sec 1.261 as required by 1.75(b)(1). We request that the Office consider examining a total of twenty claims be presented without requiring the additional steps and providing for an additional fee for initial examination of additional claims (above twenty) to avoid the imposition of a requirement for an ESD. A total of twenty claims complies with the Office's policy of examining twenty claims total without any additional fees. The Office is not significantly burdened because the twenty total claims remains unchanged for the fee currently charged for performing the same examination process.

We believe that the provisions of proposed 37 C.F.R. 1.261 regarding an examination support document have no precedent in current practice, and are likely to be overly burdensome to an applicant. Many provisions provide no benefit to the Office. Examples follow.

Information which must be identified in 1.261(1) including, "for database searches, the search logic or chemical structure or sequence used as a query, the name of the file or files searched and the database service, and the data of the search," are significantly more information than even the Office provides to an applicant for a search. A requirement that a statement be made that applicant has searched on the Office's database, the resources available to examiners, should be sufficient.

Other requirements such as proposed 37 C.F.R. 1.261(3) indicating that "for each reference cited identification of all the limitations of the independent claims and designated dependent claims that are disclosed by the reference" are unreasonable since the applicant will be forced to admit the reference discloses particular elements, which it may not adequately describe, putting the applicant's claims in jeopardy in subsequent litigation. A prudent applicant will not make such a statement, and would likely be forced to forgo the additional claims.

37 CFR 1.75(b) and 37 CFR 1.75(b)(2)

37 CFR 1.75(b) as proposed states that "[c]laims in dependent form shall be construed to include all the limitations of the claim incorporated by reference into the dependent claim." This is unexceptionable: 35 USC 112, paragraphs 4 and 5, state that:

(4) Subject to the following paragraph, a claim in dependent form shall contain a reference to a claim previously set forth and then specify a further limitation of the subject matter claimed. *A claim in dependent form shall be construed to incorporate by reference all the limitations of the claim to which it refers.*

(5) A claim in multiple dependent form shall contain a reference, in the alternative only, to more than one claim previously set forth and then specify a further limitation of the subject matter claimed. A multiple dependent claim shall not serve as a basis for any other multiple dependent

claim. A multiple dependent claim *shall be construed to incorporate by reference all the limitations of the particular claim in relation to which it is being considered*.

37 CFR 1.75(b)(2), as proposed, states that "a claim that refers to another claim but does not incorporate by reference all of the limitations of the claim to which such claim refers will be treated as an independent claim for fee calculation purposes . . . and for purposes of paragraph (b)(1) of this section [examination support document required if, for example, more than ten independent claims are present in the application]." We ask how can claims not incorporate by reference all of the limitations of the claim to which such claim refers, particularly in view of 35 USC 112, paragraph 4? Would not such claims be non-statutory? What kinds of claims are included in this category? We suggest that this proposed rule is unnecessary and is not supported by the case law cited by the Office.

The commentary on this proposed rule at 71 Fed. Reg. 63 (Jan. 3, 2006) cites three cases as containing "[e]xamples of claims" that "appear to be a dependent claim but are in actuality an independent claim that references another claim in short-hand form without incorporating by reference all of the limitations of the claim to which it refers." The cases do not appear to be cited for the proposition that these claims were to be considered as being independent claims. *See, e.g., In re Thorpe*, 777 F.2d 695, 696, 227 USPQ 964, 965 (Fed. Cir. 1985)(holding that a dependent claim in product by process format was not patentable even though "product by process claims are limited by and defined by the process," when PTO had made an un rebutted *prima facie* case that the product was old)¹; *In re Kuehl*, 475 F.2d 658, 659, 177 USPQ 250, 251 (C.C.P.A. 1973)(allowed claim 6 was directed to the zeolite described in independent claim 1 but added "wherein the tetramethylammonium ion is substantially replaced by hydrogen," thus changing one of the limitations of claim 1). The claim in *Kuehl* is arguably non-statutory.

37 CFR 1.75(b)(2), as proposed, further provides that "[a] claim that refers to a claim of a different statutory class of invention will *also* be treated as an independent claim for fee calculation purposes . . . and for purposes of paragraph (b)(1) of this section." The PTO therefore does not seem to have intended to include this type of claim in the category of claims that do "not incorporate by reference all of the limitations of the claim to which such claim refers," because this category of claims is included as an additional category that is subject to treatment as independent claims. However, a product by process claim would fall in this category if it depended on a process claim, as in *Thorpe*.

The proposed 37 CFR 1.75(b), in addition to being unnecessary, will unduly complicate practice for both determination of the triggering number of designated claims requiring submission of an ESD and calculation of additional claims fees. Currently, any

¹ *Accord* (arguably) *Smithkline Beecham Corp. v. Apotex Corp.* (Fed. Cir., no. 04-1522, February 24, 2006).

paralegal or secretary with minimal training can determine an independent claim from a dependent claim just from its format, namely, whether it recites another claim in its text. This would no longer be the case under the proposed rules. Indeed, one can easily imagine situations in which practitioners might disagree on the classification of claims under the proposed rules. We recommend that the proposed 37 CFR 1.75(b) not be adopted for at least these reasons.

Conclusion

We thank the Office for the opportunity for the public to be heard on these important matters affecting the public interest. We applaud the Office for bringing attention to the patent practice and hope that our comments will be considered in the formulation of any revised proposed or final rule. However, in light of the major public policy implications and the likely upsetting of settled practice, we believe that any such major changes in patent policy should be made by Congress after full debate, consideration of various options and a balancing of benefits and costs to the public.

Respectfully submitted,

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