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Sent: Monday, May 01, 2006 3:09 PM

To: AB94Comments

Subject: Docket No. 2005-P-067 RIN 0651-AB94

Attn: Robert A. Clarke

Attached please find comments on the proposed rule change from the Intellectual Property Law Section of the North Carolina Bar Association.

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Comments on Proposed Changes to Practice for the Examination of Claims in Patent Applications

Docket No. 2005-P-067
RIN 0651-AB94

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Attn: Robert A. Clarke:

In response to the Proposed Rulemaking published January 3, 2006, at Federal Register, Vol. 71, No. 1, p. 61-69, The Intellectual Property Section of the North Carolina Bar Association ("NCBA/IP") submits the following comments. Separate comments are submitted concurrently herewith directed to the related continuing application proposed rulemaking.

Executive Summary:

The NCBA/IP opposes the proposed rulemaking on a variety of grounds. As an initial matter, the NCBA/IP submits that the United Patent and Trademark Office ("Patent Office") lacks authority to implement the proposed rulemaking. Even were the Patent Office to have authority to implement the rules, the NCBA/IP submits that the proposed rulemaking will not work to meet the goals of reduced workload for the Patent Office or improved quality of examination. Indeed, not only will the proposed changes not meet the Patent Office goals, the proposed changes will create significant new burdens and costs on applicants. In addition, the proposed rulemaking is contrary to the goal of improved harmonization with intellectual property law in other countries, in particular, with other PCT member countries. Should the Patent Office still make changes related to claim examination, the NCBA/IP requests consideration of alternatives, such as those discussed below.

At a minimum, the NCBA/IP submits that the proposed rulemaking should be revised to: 1) allow additional claims to be examined upon payment of a per claim fee or surcharge, 2) provide for no payment of fees for any claim not examined, and 3) drop the proposed classification of a dependent claim as an independent claim if it is directed to a different subject matter category than the claim from which it depends.

The Patent Office Lacks Statutory Authority:

The Patent Office derives its rulemaking authority from 35 U.S.C. § 2, which states, in pertinent part, that "The Office . . . may establish regulations, not inconsistent with law" (Emphasis added). Under U.S. patent law, it is clear that there are no

statutory limits as to the number of claims that a patentee can use to claim his invention. 35 U.S.C. §112, second paragraph states: “The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.” Accordingly, the Patent Office does not have the authority to adopt a rule that sets an absolute limit as to the number of claims that will be examined in an application.

The Patent Office appears to acknowledge that its rulemaking authority is so limited. In the proposed rulemaking, the Patent Office states:

The Office is now proposing changes to its practice for examination of claim in patent applications that avoids placing limits on the number of total or independent claims that may be presented for examination in an application, but does share with an applicant who presents more than a sufficiently limited number of claims for simultaneous examination the burden so imposed.

71 Fed. Reg. 61, 62 (Jan. 3, 2006) (emphasis added). Additionally, at various "town hall" meetings held by the Patent Office, officials from the Patent Office were quick to point out that there will be no absolute limit on the number of claims that will be examined because applicants wishing to have more than ten claims examined are always free to submit an examination support document.

At first blush, the proposed rules may, thus, seem to be within the Patent Office’s rulemaking authority. However, in view of applicant’s duty of candor, as set forth in 37 C.F.R. § 1.56, and the current state of the law regarding inequitable conduct and prosecution history estoppel, the proposed requirement of submitting an examination support document in order to obtain examination of more than ten claims in an application sets a *de facto* absolute limit as to the number of claims that will be examined in an application, as no reasonable or responsible applicant will file the onerous examination support document. In fact, in public comments at The Fifth Annual Hot Topics in Intellectual Property Law Symposium, held at Duke Law School on February 17, 2006, John Whealan, Deputy General Counsel, Intellectual Property Law and Solicitor, United States Patent and Trademark Office, admitted that, given the current state of the law of inequitable conduct, no one would want to submit an examination support document during prosecution.

Accordingly, adoption of the proposed rule limiting the initially examined claims to ten without the submission of an examination support document is inconsistent with law and, thus, adoption of this proposed rule would exceed the Patent Office’s rulemaking authority.

The Patent Office Goals Will Not be met:

Even were the Patent Office to have authority to limit claiming as proposed, such a change would not address the Patent Office workload or quality of examination goals.

As an initial matter, based on data presented by the Patent Office at various town hall meetings, only a limited number of cases would be affected by the proposed rulemaking. While this data may have been presented in anticipation of the outcry of objections from affected parties, it also follows that the potential benefit to the Patent Office is likewise, at best, very limited.

Furthermore, as also recognized by the Patent Office at various town hall meetings, it is unlikely that any applicants will avail themselves of the examination support document as a means to obtain examination of additional claims. In fact, under current Rule 1.56 practice and inequitable conduct law, applicants will clearly view the examination support document as an unusable alternative. Accordingly, it is likely that this proposed rulemaking will merely result in an increased total number of applications being filed. As such, the burden on the Patent Office will likely increase, not decrease, as the Patent Office will lose the opportunity for control over restriction practice and the ability to maintain claims in a single case where it provides for improved efficiency of search and examination.

The proposed rulemaking also may trigger increased usage of the PCT and national stage entry into the United States as an alternative. It is our understanding that, while excess claim fees could be applied to such applications, examination would have to be provided absent entry of a restriction requirement under the PCT unity of invention standard. Again, if this results, the proposed rulemaking will have failed to meet the goals stated by the Patent Office for the proposed rulemaking.

The failure of the proposed rules to achieve their intended goals reflects an inadequate fact-finding prior to their proposal. Rules promulgated by the Patent Office are governed by the Administrative Procedure Act (the "APA"). *See, e.g., Dickinson v. Zurko*, 527 U.S. 150, 50 USPQ2d 1930 (1999). The APA creates an "obligation of the agency to make the necessary findings and to provide an administrative record showing the evidence on which the findings are based." *In re Sang-Su Lee*, 61 USPQ2d 1430 (Fed. Cir. 2002). The comments accompanying the proposed rules are largely conclusory, omit significant areas of fact-finding, and do not contain a record of primary evidence from which the rule-making can be reviewed. Further fact-finding is clearly required.

For at least the reasons discussed above, the NCBA/IP believes the proposed rulemaking will fail to reduce Patent Office workload or improve the quality of examinations. In addition, alternatives are available, such as those suggested below.

Proposed Amendments to the Proposed Rulemaking:

In light of the comments above, the NCBA/IP believes any detailed suggestions regarding revisions to the proposed changes are not required. However, the NCBA/IP provides the following comments for consideration by the Patent Office in light of the Office's current concerns.

1) Consider Major Changes to Current Rule 1.56 Practice. As is explained above, the primary reason why the proposed rulemaking will not work, and why the Patent Office lacks authority to make the proposed change, is the barrier provided by the examination support document. Without changes first to Rule 1.56 practice, the practical effect is an absolute limit on the number of claims allowed. However, should Rule 1.56 practice be changed, this may not always be the case.

2) Provide Alternative Incentives to Limit Claim Count. Given the limited number of cases affected, the NCBA/IP submits that excess claim fees on some appropriate scale may obtain many of the objectives advanced by the Patent Office without exceeding its authority.

3) Avoid Arbitrary Statutory Class Designations. If examination is limited to a certain number of claims, the Patent Office should not be allowed to restrict claiming strategies in a manner not linked to the burden of searching. Where different statutory classes or independent claims within a class do not, in reality, impose additional burden, they should not be counted against the examination limit. For example, a transmit device independent claim and a receive device independent claim, each including the same inventive aspect recited from a different perspective, should only be counted once against the examination limit. Similarly, a claim reciting, in dependent form, a device configured to carry out a method recited in a claim on which it depends should not be counted.

4) Option to Defer Selection of Claims for Examination. Under the proposed rules, an election of claims for examination must be made at the time of filing, potentially long before the commencement of substantive examination. This provides no benefit to the Patent Office and may prejudice applicants as the choice may be affected by intervening events. Therefore, the applicants should be provided a first action allowing a specified time period for submitting a designation of claims to be examined, which first action will issue at the commencement of substantive examination.

North Carolina Bar Association
Intellectual Property Section
Prepared by Patent Committee, chaired by Robert
Glatz, Esq.