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From: David W. Okey

Sent: Friday, September 08, 2006 10:01 AM

To: AB95 Comments

Cc: Leslie S. Miller

Subject: Comments pursuant to Notice of Proposed Rulemaking 71 Fed. Reg. 38808 et seq., July 10, 2006

Dear Mr. Bernstein,

Please consider the enclosed comments on the PTO's proposed changes to IDS rules.

<<CommentsOnIDSs.pdf>>

David W. Okey

815-654-5624 (Voice)

815-654-5770 (Fax)

Reinhart Boerner Van Deuren P.C.

2215 Perrygreen Way

Rockford, IL 61107

September 8, 2006

Attn: Hiram H. Bernstein
U.S. Patent and Trademark Office
Washington, D.C. 20231

Re: Comments on Notice of Proposed Rulemaking: Changes to Information Disclosure Statement Requirements and Other Related Matters

Dear Sir:

Please consider the following comments relating to the notice of proposed rulemaking references above.

As a general matter, we believe that the proposals set forth in the Notice of Proposed Rulemaking, published July 10, 2006, in the Federal Register, are too burdensome in their effect on patent prosecution practitioners, applicants, and the public in general. Implementation of the proposed rules will increase costs of patent prosecution, will make it more difficult to report information material to patentability, and will lead to increased allegations of inequitable conduct against practitioners and others subject to the requirements of 37 CFR Section 1.56(c). At the same time, the proposals do not articulate measurable benefits to the PTO as a result of the proposed changes to the rules.

(1) The proposed changes are burdensome and will increase the costs of patents.

Some of the changes proposed in the July 10, 2006, notice are not controversial. For instance, the changes proposed to Section 1.48, pertaining to correction of inventorship, may help to expedite the PTO's processes. However, the bulk of the changes refer to the submission of Information Disclosure Statements (IDS's). The most sweeping changes are those proposed in the addition of Section 1.98(a)(3), with further amendments to related Sections of 37 CFR. See 71 Fed. Reg. 38821-22. These changes would limit practitioners to submitting only twenty items in one or more Information Disclosure Statements. See proposed Section 1.98(a)(3)(B) and (C). If a practitioner submits more than twenty items, an explanation of each is required, or if an

item is longer than twenty-five pages, an explanation is also required. See proposed Section 1.98(a)(3)(iv).

In brief, under the proposed rules, an explanation **must** include an identification of the specific feature(s), showings(s), or teaching(s) that caused a document to be cited, and a representative portion(s) of the document where the specific feature(s), showings(s), or teaching(s) may be found (emphasis added). See proposed Section 1.98(a)(3)(iv)(A). The explanation **must** also include a correlation of the specific feature(s), showings(s), or teaching(s) to corresponding specific claim language, or to a specific portion(s) of the specification that provides support for the claimed invention, where the document is cited for that purpose. See proposed Section 1.98(a)(3)(iv)(B). In addition, documents that may be cumulative under proposed Section 1.98(c) **must** have a non-cumulative description of how each document is not merely cumulative of any other document cited in an IDS, cited by the examiner, cited by a third party, or filed as a protest (emphasis added).

The proposed additional explanations and descriptions will be extremely burdensome and onerous to a conscientious practitioner, and will substantially increase the cost to the applicants. The practitioner will be required to study the documents and prepare very specific and detailed summaries relating the document to the application. If the practitioner's explanation or description is erroneous, or the practitioner's grasp of the subject matter is flawed, he or she may make inaccurate statements and may unintentionally mislead the examiner. In later litigation, any such small flaw or mistake may be interpreted as inequitable conduct or fraud on the PTO. This will have the practical effect of considerably "raising the stakes" for any IDS's or documents submitted to the PTO.

Instead of relying on a trained patent examiner, the PTO now proposes to have practitioners submit detailed explanations and road-maps for documents submitted in an IDS. As noted, the practitioner will also be responsible for filtering cumulative information and will be required to provide a description of how each document is not cumulative. This requirement will not apply simply to new art cited by the practitioner.

Instead, the description must also include distinctions from other documents cited by the practitioner, by the examiner and by third parties. 71 FR 38821, proposed Section 1.98(a)(3)(v), cols. 2-3. This puts the patent practitioner in a very awkward position, with very expensive consequences, of having to explain and comment on art that the Examiner may not even consider.

Practitioners are required by Rule 56 to submit to the PTO documents they feel may be material to patentability. The proposed additional explanations and additions will drastically increase the burden on practitioners seeking to diligently observe Rule 56 and will drive up the cost of patents for the applicants. Sampling by the PTO has shown that more than eighty-five percent of allowed applications include twenty or fewer submitted documents. 71 FR 38809-10. Thus, the vast majority of applications do not even require the drastic measures proposed. It is unfair and unnecessary to impose these burdensome measures on patent practitioners and the associated costs on Applicants.

2. The proposed changes will likely lead to increased allegations of inequitable misconduct.

There is presently an explosion of patent litigation with respect to inequitable conduct in both district courts and in the Court of Appeals for the Federal Circuit. A search of cases for the twelve month period from July 1, 2004, through June 30, 2005, discloses seven cases decided by the Federal Circuit included allegations of inequitable conduct for failure to submit a reference or mischaracterizing a reference. During the most recent year, July 1, 2005, through June 30, 2006, there were thirteen such Federal Circuit cases, almost doubling the number of such Federal Circuit cases. In the same time periods, allegations of inequitable conduct for failure to disclose or mischaracterizing references were made in many more district court cases.

One problem has been the lack of a standard over what constitutes inequitable conduct under 37 CFR Section 1.56 ("Rule 56"). There are presently at least five "standards" for what constitutes inequitable conduct, the standards comprising a balance of deceit by an applicant and the materiality of the document that was either not

submitted or was misrepresented. *Digital Control Inc. v. Charles Machine Works*, 437 F.3d 1309 (Fed. Cir. 2006). These standards have resulted from court decisions and from PTO rules and rule changes. Court decisions established the inequitable conduct doctrine, beginning with Supreme Court rulings in 1945. *Id.* at 1315, *citing Precision Instrument Mfg. Co. v. Auto. Maint. Mach. Co.*, 324 U.S. 65 (1945). The PTO created its first version of Rule 56 in 1949, and subsequent court decisions resulted in at least three different standards of materiality. *Id.* Changes were made to Rule 56 in 1977, resulting in the "reasonable examiner" standard. Changes to Rule 56 in 1992 resulted in the present version, the "material to patentability" standard. *Id.* at 1316.

While the PTO presumably follows its own rules, including the present version of Rule 56, courts are not so bound, as made clear in *Digital Control*. This case makes it clear that courts may follow at least the previous "reasonable examiner" standard, as well as the 1992 "material to patentability" standard. *Id.* Whichever standard is followed, the proposed changes will result in many more statements made to the PTO, summarizing, describing, identifying, and distinguishing the prior art. If more statements are made to the PTO, more inaccurate statements will be made, or characterized as such. For example, determining whether or not a document is cumulative is subjective. A document that may be considered cumulative to one person may not be considered to be cumulative to another person. As a result, there likely will be allegations of mischaracterization of documents. Additionally, an increase in allegations of fraud is likely when a document deemed cumulative is not submitted to the PTO. When litigation ensues, every such mistake will be characterized as inequitable conduct or fraud upon the PTO. These allegations will indeed raise the cost of patents to the public.

3. The proposed changes do not quantify or estimate any benefit to the PTO.

As noted above, the proposed changes will be very burdensome to patent practitioners, and may very well lead to an increase in allegations of inequitable conduct. There is, however, no estimate of a corresponding benefit to the PTO, such as a reduced backlog of applications or a shorter period of time to the first Office Action. The proposal states merely that "the Office believes that the proposed changes will

enhance the examination process for both examiners and applicants." 71 Fed. Reg. 38810, col. 3. In order to justify these truly major changes, there should be a corresponding significant benefit to the public, perhaps in the form of quicker examination or lowering the cost of patents. Unfortunately, the proposed changes may very likely lead to increased costs with no corresponding benefit.

For these reasons, we strongly urge the PTO not to adopt the proposed changes to Rule 56.

Respectfully submitted,

Leslie S. Miller, Registration No. 30662

Lawrence E. Crowe, Registration No. 35110

Andrew J. Heinisch, Registration No. 43666

Jeffery J. Makeever, Registration No. 37390

Peter J. Manghera, Registration No. 40080

David W. Okey, Registration No. 42,959

Kevin L. Wingate, Registration No. 38662