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From: Fitzpatrick, John W. [mailto:jfitzpatrick@oliff.com]

Sent: Wednesday, May 03, 2006 5:01 PM

To: AB94Comments

Subject: re: Comments Related to Proposed Rule Changes Docket No. 2005-P-066

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MESSAGE:

Please see the attached Comments.

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May 3, 2006

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Attention: AB94Comments@USPTO.gov

Re: Comments Relating to Proposed Rules
Docket No. 2005-P-066

Dear Sir:

Please consider the following comments relating to the January 3, 2006, proposed rules entitled "Changes to Practice for Continuing Applications, Request for Continued Examination Practice, and Applications Containing Patentably Indistinct Claims."

I. Authority to Limit Continuation Applications

As an initial matter, it appears from pending proposed legislation that the Director has not yet been mandated to implement changes to current continuation practice. For example, two somewhat disparate bills are currently being debated, i.e., H.R. 2795 and H.R. 5096. Although H.R. 2795 includes a provision to limit the number of continuation applications an applicant may file, this bill has not been passed nor signed into law. Moreover, co-pending H.R. 5096 lacks any such provision. Thus, Congress considers limitations on continuing applications to be an issue that it has statutory control over and has not made a determination on limits. Accordingly, any proposed rule changes effecting limits on continuation practice is premature.

In addition to the above concern, I believe that there should be a complete withdrawal of the proposed rule changes because the effect of many of the proposed rule changes will be contrary to the stated goal of decreasing the pendency and backlog of patent applications. In the alternative, there are many issues raised in the proposed rules that would benefit from at least a clarification either in the rules themselves or in the commentary accompanying the final rules.

II. The Bases for the Proposed Changes are Flawed

The proposed rule changes put the PTO's administrative burdens before the interests of inventors seeking to adequately cover their innovations in contravention of the mandate of the PTO.

1. Public Notice Concerns

The PTO alleges that multiple patents arising from a "string" of continuations defeats the public notice function of patent claims of the initial application. However, the public notice

function of each application with its initial claims is fixed when it issues as a patent. Subsequent patents in the string will not change the scope of the earlier patent claims. Thanks to the PTO's PAIR system, the public is able to know about, monitor and see pending claims in continuations or CIPs that claim the benefit of the initial issued patent. The public thus knows that applicant may be trying to obtain broader or different claims. Moreover, this argument of the PTO does not justify limiting the number of RCEs because filing an RCE does not result in the issuance of an additional patent.

2. Number of Continuation Applications

It is also alleged that each continued examination filing, whether a continuing application or Request for Continued Examination, requires the USPTO to delay taking up a new application and thus contributes to the backlog of unexamined applications before the Office. However, by the admission of the Patent Office, only 4-5 percent of all applications go through two or more complete examinations. Thus, even were the rules changed to limit continuation practice as proposed, there would be no appreciable effective decrease in the delay in taking up new applications or an overall reduction in the backlog of pending applications because the number of applications that are subject to two or more examinations is but a small percentage of pending applications. Moreover, it is likely that the 4-5% of cases that have two or more examinations are the more important inventions or the inventors would have accepted narrower claims during initial examination and avoided delay in issuance of Letters Patent and the accompanying costs.

Further, such applications require substantially less expenditure of PTO resources because the Examiner is already familiar with the invention, the application and the prior art.

3. Limits on Continuation Practice

The commentary accompanying the proposed rules alleges that there is no attempt to limit the number of continuing applications. At the same time, the commentary indicates that applicants must show that such continuations are "necessary to advance prosecution." The standard of such a showing is proposed to be that the amendment, argument, or evidence "could not have been submitted" during earlier prosecution. This standard appears on its face to be impossible to meet for any non-CIP amendments. Indeed, it is difficult to imagine how one would prove that an amendment or argument "could not have been" submitted in the absence of new matter.

The "could not have been submitted" standard even fails to take into consideration the potential need for submitting a continuing application in light of newly applied references in an After Final rejection, submitting a continuation application after an appeal, or filing a continuation application before a first Office Action (such as in the case of a CIP due to additional research, prior art, etc).

4. Examiner/Applicant Exchange

The commentary accompanying the proposed rules further states that in an unlimited string of continued examination filings, the exchange between Examiners and Applicants becomes less beneficial and suffers from diminishing returns as each of the second and subsequent continuing applications or Requests for Continued Examination in a series is filed. I believe that this logic is flawed in that as the Examiner becomes more familiar with the subject matter recited in the application, the Examiner performs a more efficient and effective search and examination of the claims recited therein. Similarly, as the Applicant becomes more familiar with the examination process taken by the particular Examiner, Applicant's responses will also become more efficient and succinct. I submit that this process would result in (1) a more thorough search of the prior art and (2) a resultant stronger patent, while consuming far fewer resources than needed for examination of a "new" application.

5. Disproportionate Effect

The commentary accompanying the proposed rules also states that limitations on continuation practice would quell the small minority of Applicants who have misused continued examination practice with multiple continued examination filings simply to delay the conclusion of examination. However, the Patent Office provides no statistical data showing the percentage of Applicants that "misuse" the continued examination practice as alleged. Accordingly, there can be no reliance on such a premise to necessitate such drastic changes to present continued examination practice. Further, the result of the proposed changes would penalize the large majority of applicants that do not abuse current continuation practice.

The PTO also contends that the proposed rule changes would not have a disproportionate effect on small entities. However, given the often limited resources of the individual applicant, a disproportionate effect would be imposed on small entities. For example, additional expense due to new fees for petitions and/or attorney time would be more burdensome on the individual inventor than on a large multinational corporation.

For at least these reasons, it appears that the bases for the proposed rule changes are flawed.

III. The Proposed Changes Will Not Reduce The Patent Office Workload

The PTO's condemnation of multiple continuations or RCEs, and its proposed rules against them, demonstrate a complete lack of appreciation of the uncertainties faced by Applicants/Patentees when enforcing their patents - uncertainties caused in large part by the Patent Office's failure to locate and/or properly apply the best prior art. The proposed rules do not promote innovation or improve the quality of issued patents. Rather, the proposed rules appear, in many instances, to be contrary to the stated goal of reducing patent pendency and reducing the backlog of unexamined patents.

The proposed rules in many cases require detailed petitions and explanations to achieve what is common practice and considered necessary for adequate protection of inventions today. Dealing with these petitions and explanations will consume far more PTO and Applicant resources than will the present practice. The proposals hark back to the time when Applicants had to file substantive petitions to justify every extension of time request. The PTO correctly recognized the waste of resources involved, and established Rule 136 to replace the petition process with a fee-based incentive process. In the present proposed rulemaking, the PTO is going the opposite direction, forgetting the lesson it had learned with respect to such extensive, and unproductive, petition practice.

1. Ambiguous/Unachievable Demonstration of Need for Continuation

Section 1.78(d) of the proposed rule changes includes, in part, permitting second and subsequent continuation and CIP applications only if Applicant can demonstrate that the amendment, argument or evidence could not have been submitted during prosecution of the prior application, and permitting second and subsequent RCEs only if Applicant can demonstrate that the amendment, argument or evidence could not have been submitted before the close of prosecution. This standard appears on its face to be impossible to meet for any non-CIP amendments. Indeed, it is difficult to imagine how one would prove that an argument or amendment could not have been submitted in such an application. Further, this standard is subjective and likely to result in a lengthy petition process, requests for records supporting the applicants' position and possible court action. Therefore, this proposed rule change would likely divert PTO resources that could otherwise be directed to examination and is in conflict with the stated goal of the proposed rule changes.

2. Delay Resulting From Current Examination Practice

Many continuations and RCEs are filed to have the PTO consider additional prior art, for example, cited in a recent office action of a corresponding foreign application. Submitting such prior art in a continuation or RCE thus improves the quality of the patent by having such art considered by the U.S. Examiner, and amending the claims if deemed necessary. The proposed rules and PTO commentary do not indicate whether such a situation (consideration of additional prior art) would constitute a reason justifying a second or subsequent continuation, CIP or RCE. Even if an applicant "could have" submitted additional prior art earlier but didn't (e.g., due to inadvertent omission or failure to search for it), the applicant should be able to file a continuation, CIP or RCE to submit such art; otherwise applicants are put in the irreconcilable dilemma of having a duty to disclose such information, but no way to do so (failure to satisfy duty of disclosure can't be cured by reissue or reexamination). Due to the subjectivity of the "could not have been submitted" standard, appeals and petitions are likely to increase should an applicant not be allowed to file a continuation because it is determined that a reference "could have" been submitted earlier. Accordingly, the result of this change is likely to divert PTO resources that could otherwise be directed to examination and is in conflict with the stated goal of the proposed rule changes.

Imposing limitations on the number of RCEs is particularly unfair. Imposing such limitations is not justified because RCEs do not lead to the PTO's alleged problem of multiple patents issuing with patentably indistinct claims. Furthermore, RCEs do not use the same resources as a new patent application. For example, RCEs require no processing through OIPE, require no review of the specification by the examiner, and usually require only an updated, rather than completely new, search.

RCEs usually are filed to have an amendment entered that was not or would not be entered by the Examiner after final rejection; or to have an IDS with additional prior art, and possibly amendments in view of that prior art, considered after the close of prosecution (e.g., after Notice of Allowance). Although the PTO assumes that examiners conduct a thorough examination of the disclosed invention starting with the first Office Action, many Examiners do not do so. In fact, simple word searches are often conducted, which results in vastly unrelated art being applied, requiring Applicant to respond and constructively waste a "bite at the apple." Also, in extreme cases, Examiners have been known to withhold one or more references in a first action and later apply those references in a Final Rejection to necessitate an RCE. Other difficulties during examination that require RCEs include, for example, Examiners' misapplication or misunderstanding of patent examination rules and procedures, a lack of technical understanding on the part of an Examiner of the subject matter to which the application pertains and which is recited in the claims, misinterpretation of the references, improper combinations of references, language barriers, and other common obstacles to an expeditious and efficient examination of patent applications.

Furthermore, Examiners often only examine the independent claims, and only do so according to the Examiner's "broad" interpretation of the claims. Applicants respond by amending the claims to distinguish over the reference and then are faced with a final rejection based on new art that should have been used by the Examiner in the first Office Action. Applicants thus are forced to file an RCE or Continuation to enter further amendments, and this process repeats itself. Moreover, any amendment after final rejection is often met with an Advisory Action indicating that the amendments will not be entered because they require further search and/or consideration. Yet, these same amendments are almost always allowed in a first action after filing an RCE. In what occurs all too frequently, even amending independent claims to include allowable subject matter will result in an Advisory Action indicating that the amended claims now contain a combination of features not previously considered. However, upon filing an RCE the claims are allowed in a first action.

Although most applications can be resolved with one or no RCEs or continuations, many are not. While Applicants do not appreciate such procedural obstacles set up by examiners, under the existing rules, Applicants can deal with such examiners by filing multiple RCEs or continuations. The proposed rule changes upset this "balance" without providing any guarantee against or procedure to eliminate such piecemeal examination. One way to combat such piecemeal examination would be to file many claims of incrementally varying scope; however, the PTO seeks to penalize applicants for doing this with its proposed rule changes relating to 37 C.F.R. §1.261. All that remains is to petition every improper final rejection. Such limits on

RCEs will surely result in a tremendous increase in Appeals and Petitions, thereby diverting PTO resources that could otherwise be directed to examination, and are in conflict with the stated goal of the proposed rule changes.

3. Restriction Practice

Current restriction practice also results in an unnecessarily large number of continuation applications. Contrary to MPEP 806.05, there is at present an almost automatic restriction requirement for any application containing apparatus and method claims, regardless of the content of the claims. This practice continues to add to the backlog of unexamined applications. Additionally, there appears to be a pervasive incorrect understanding of Unity of Invention practice that also results in a delay in patent prosecution and an increase in the backlog of unexamined applications. For example, most examiners merely apply the U.S. practice under MPEP 806.05. In other cases, Examiners have stated that because not all claims share the same features there is no Unity of Invention. Such incorrect restriction practice surely results in an increase in patent pendency, as well as an increase in the backlog, diverting PTO resources that could otherwise be directed to examination and is in conflict with the stated goal of the proposed rule changes.

Moreover, the proposed rules provide no example of what is a suitable demonstration and therefore are ambiguous. Rather, the changes merely provide that Applicant may "show to the satisfaction of the Director" that the amendment, argument or evidence could not have been submitted during the prosecution of the initial application or the first continuing application. Because the "could not have been" standard is virtually impossible to meet, and because the PTO has not provided a definition of what the "showing" to the Director means, it appears that this proposed rule change improperly places a constructive limit on the number of continuing applications that an Applicant may file in contravention of *In re Hogan*, 559 F.2d 559, 603-05, 194 USPQ at 565-66 (1977) and *In re Henriksen*, 399 F.2d 253, 262, 158 USPQ 224, 231 (1968). This subjective standard is likely to result in an increase in Petitions, possible requests for records and court action, thereby diverting PTO resources that could otherwise be directed to examination, and is in conflict with the stated goal of the proposed rule changes.

4. Patentably Indistinct Claims

Section 1.78(f) of the proposed rules would also require that all patentably indistinct claims be submitted in a single application to "ease the burden of examining multiple applications." However, it is difficult to imagine that such applications increase examination pendency or increase the backlog because such applications are very often dealt with by simply submitting a terminal disclaimer and submitting a fee. In contrast, the proposed rules would require a detailed explanation (i.e., "a showing to the satisfaction of the Director") why such claims could not have been filed in an earlier application. This procedure would certainly increase patent pendency and place a greater burden on limited PTO resources due to the need to

review the required petition and evidence on an inherently subjective concept, rather than simply filing a single piece of paper and a fee and completing the examination.

Applicants are already under a duty of disclosure requirement to identify related cases that they believe raise double patenting issues. There is no reason to create further obstacles to prosecution and examination when double patenting issues thus identified can be addressed with substantive and specific arguments where needed, or a simple terminal disclaimer where acceptable.

5. By-pass Continuations

It is clear from the proposed rules that a by-pass continuation of a PCT application in the U.S. will be considered a first continuation, thereby possibly prematurely limiting the number of continuations in the U.S. By considering a by-pass continuation to be a first continuation, the result of the proposed rule would be to prejudice certain foreign and domestic applicants by prejudicing applicants that choose to prosecute their international application in the U.S. under 35 USC §111 rather than 35 USC §371 by effectively limiting the number of substantive examinations to less than that provided to domestic applicants or national stage applicants even though the parent application has used no PTO resources and in no way added to the PTO backlog. Therefore, placing such limitations on by-pass continuations would not be a fair or equitable way to reduce the pendency of the current backlog of applications. A much more fair and equitable approach would be to apply any restriction on the number of continuations by not counting continuations of applications that have not been substantively examined by the PTO.

6. Effective Date

The proposed effective date provisions and associated commentary rejecting "one more" continuation make the rules unfairly retroactive and prejudicial to applicants who have relied on the existing rules. There is no justification for prejudicing these applicants vis-a-vis applicants who have not already filed one or more continuations.

7. Identifying Related Applications

Proposed rule 78(f) would require applications naming at least one common inventor and having a filing date within two months of the filing date of other pending applications, to identify each such other application and justify its co-existence even if filing a terminal disclaimer. This requirement would be incredibly burdensome to those applicants that file a large number of applications in related areas of research, and to the PTO in examining such applications. For example, if a supervisor in a research organization whose job is to oversee and add inventive concepts to ongoing research is named in applications filed on an ongoing basis, the net result would be to identify and provide a detailed explanation of the relationships among a very large number of related applications. There is no justification for the PTO's assertion that such applications are "substantially the same." To the contrary, almost all applications in related field include overlapping disclosure with other applications, yet most are directed to very different

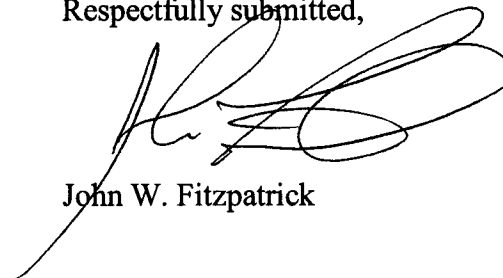
inventions. The result of this requirement would increase the cost to the applicant and the PTO. It would also require the Examiner of such an application to spend more time looking at each of the listed applications/patents and the required justifications, thereby increasing patent pendency and placing a greater burden on limited PTO resources

Moreover, the suggestion that such a policy be retroactive could effectively destroy longstanding legitimate patent strategies of many applicants that could result in financial losses and loss of the ability to patent important innovations.

IV. Suggested Revisions to Proposed Rules

First, it is suggested that all RCEs and divisional applications be exempt from any proposed limits on continuation practice. Next, in addition to the exemption of RCEs and divisionals, if the PTO insists that limits on continuation practice will reduce patent pendency and the current backlog, it is suggested that the proposed requirements for continuations be imposed only on at least third or subsequent continuations. Also, the restriction on further continuations should be limited to only continuations after one in which a first action final rejection was properly issued. Additionally, any limitations on continuation practice should not apply to applications not substantively examined by the PTO. Finally, all requirements for justifying the filing of related applications should be dropped.

Respectfully submitted,



John W. Fitzpatrick