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Sent: Monday, May 01, 2006 2:18 PM

To: AB93Comments

Subject: To the Honorable Jon Dudas -- Attn: Roberts W. Barh -- comments on proposed rulemaking



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May 1, 2006

The Honorable Jon Dudas
Under Secretary of Commerce for Intellectual Property
and Director of the United States Patent and Trademark Office
Mail Stop Comments
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Attn: Robert W. Bahr
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Comments on Proposed Rules: "Changes to Practice for
Continuing Applications, Requests for Continued Examination
Practice, and Applications Containing Patentably Indistinct Claims"
71 Fed. Reg. 48 (January 3, 2006)

Dear Under Secretary Dudas:

The Procter & Gamble Company ("P&G") offers these comments regarding the U.S. Patent and Trademark Office ("PTO") proposed rules published at 71 Fed. Reg. 48 (January 3, 2006).

P&G is a Cincinnati, Ohio based company which manufactures and sells one of the world's largest portfolios of trusted, quality, leadership brands, including Pampers®, Tide®, Ariel®, Always®, Whisper®, Pantene®, Mach3®, Bounty®, Dawn®, Pringles®, Folgers®, Charmin®, Downy®, Lenor®, Iams®, Crest®, Oral-B®, Actonel®, Duracell®, Olay®, Head & Shoulders®, Wella, Gillette®, and Braun. In order to protect its substantial investment in technology and innovation embodied in this portfolio, P&G filed over 1,300 patent applications in the PTO in 2005 and received 420 granted patents. The company spent over \$2.2 million in its deposit account with the PTO and over \$1.7 million in its U.S. Receiving Office deposit account last year, making it one of the largest users of the U.S. patent system.



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**Comments Related to Proposed Changes to Practice for Continuing Applications,
Requests for Continued Examination Practice, and Applications Containing Patentably
Indistinct Claims**

Comments on Particular Proposed Rules

1. Rule 78 (a)(3) & (d)(1)(i), (ii), and (iii) – The restricted definition of a divisional application and limits on priority claims creates new and unnecessary burdens. Often it is desirable to the applicant and PTO to permit allowable claims to issue while focusing on remaining issues in prosecution by way of appeal or continued prosecution, particularly if disclosed but unclaimed subject matter is presumed to be dedicated to the public and unanswered rejections may be presumed to be acquiesced to. There is an unjustified presumption in these rules that all prosecution beyond 1 continuation or request for continued examination (“RCE”) is unduly protracted or reaches diminishing returns that is not justified with such a strict limit.

Alternative Proposal: A limit of 3 or 5 continuations/RCEs before the requirements of subsection (iv) apply would better balance the needs of the office and those of applicants. A more flexible limit on RCEs and/or continuations is also suggested. For example, the requirement for a petition under sub-section (iv) should be triggered only when claims in an RCE or continuation are presented more than 2 years after the earliest effective priority filing date. An even better approach would be for Congress to provide for intervening rights in such situations rather than the PTO addressing such circumstances by rulemaking.



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2. Rule 78(d)(1)(iv) – Review of the showing required by petition should be re-considered. Decisions of the Board of Patent Appeals and Interferences (“BPAI”) generally are made available on the Office web site (even if not binding precedent), which provide guidance to practitioners as to the evolving Office standards. Such will not be the case with petition dispositions and great inconsistencies can enter this review process.

Alternative Proposal: Have review of showing by the BPAI or by specially designated petitions office. Publish decisions on such petitions to encourage consistency and understanding of actual standard.

3. Rule 78(f)(1) –Rule 56 already requires disclosure of related applications when they are material to each other. A mandatory rule that all applications having a common inventor and a filing date within 2 months must be disclosed will impose additional costs on high volume filers in particular with little to no benefit beyond that already achieved by Rule 56’s disclosure requirements. The rule itself is also confusing. If an application is a continuation claiming priority § 120 to a single parent application which in turn claims priority under to a provisional application under § 119(e), which filing date applies for purposes of computing the 2 month period? (i.e. what does “taking into account any filing date for which a benefit is sought mean?) Do all? Does only the most recent? In the case of a granted petition under Rule 78(d)(1)(iv) there can even be more than 3 potential filing dates to consider. Clarification of this rule would be helpful.



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4. Rule 78(f)(2)(ii) –Patentable distinctness is a concept that applies with respect to the prior art, or in certain cases (such as with the case of an interference count) to other claims as a proxy for the prior art. The presumption of patentable indistinctness established by these proposed rules is unjustified. The standard for patentable claims is that they be distinct over the **prior art**, not over each other. These rules require the applicant to make statements regarding distinctness in anticipation of a rejection not actually made by an examiner. No definition is provided for “substantially overlapping disclosure” nor is it clear how a decision between the applicant and Office on what is or is not “substantially overlapping” disclosure will be made. These rules assume an applicant shares responsibility for examination of the claims themselves – at least with respect to double patenting.

Alternative Proposal: This rule change should be dropped as it is not related to the core issues the rule changes are designed to address.



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5. Rule 78(a)(4) & (d)(1)(i) – An alternative rule is suggested to continue allowing applicants to use continuation-in-part applications (“CIPs”) in the manner in which they are intended.

Alternative Proposal: An exception to the subsection (d)(1)(i) limits should be made for certain CIPs. If a CIP is filed before an office action on the parent case is received and the parent application is abandoned in favor of the CIP, the limits on later continuations or RCEs should not apply. Such situations impose no serious burden on the office or the public (especially if the applicant is required to point out the previously supported and unsupported subject matter for the CIP), and permits the true intent of CIPs to still be utilized.



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

1. Rule 1.75(b) -- In cases where an application is not in condition for allowance, originally filed non-designated claims (that may be allowable and are paid for) will never be examined by the PTO with the proposed rule changes. If an applicant does not designate a dependent claim and the corresponding independent claim is not allowed, the dependent claim will never be examined. No examination of non-designated claims will become common if the proposed rule on only one continuation is implemented. This is contrary to 35 U.S.C. § 131 “The Director **shall** cause an examination to be made of the application and the alleged new invention”

Alternative Proposal: All initially filed claims must be examined (although not necessarily at once) and be either allowed or rejected with a statement of appropriate grounds. The PTO can address concerns about resources with surcharges for excess claims, restriction practice, and the like without avoiding its fundamental statutory obligation to examine all claims presented.

2. Rule 1.104(a) – Examination of only the designated claims in the first instance will lead to unnecessary delay. Often, several dependent claims are allowable even if the base independent claim is not. Under the proposed rules, an undesignated dependent claim will never be examined so allowable subject matter will not be found early in prosecution further expanding the prosecution and possibly increasing appeals.
3. Rule 1.75(b) & 1.104(a) -- The designation of only ten claims will cause related claims not to be examined at one time creating piece-meal examination which is not efficient as an Examiner will need to go back and re-read references at a later date.



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Additionally, piece-meal examination will lead to more inconsistencies in allowances of claims as the same standard may not be applied at a later date or the Examiner assigned to handle the application may have changed.

4. Rule 1.75(b)(1) It is not clear whether an undesignated claim may be requested to be examined later. If not, this can be particularly burdensome as an Examination Support Document (“ESD”) must be filed before restriction requirements are determined and before examination. If an applicant suggests several restrictions to an Examiner and the Examiner does not require the restrictions, many claims important to an applicant may never be examined as only the designated claims will be examined and it will then be too late to submit an ESD.
5. Rule 1.261 -- The ESD is setting up a system that may be abused. How will the PTO determine if the ESD or pre-examination search is deemed to be insufficient? What will occur if the PTO knows of closer art than that cited by the Applicant? Will the PTO do additional searching of the art in all cases? What is the consequence of the PTO filing art not cited? This proposed rule will create additional work for the PTO as all ESDs will need to be reviewed and searches done to determine if the pre-examination search is sufficient.



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General Comments Related to All Proposed Changes

1. Part of the asserted justification for these proposed rule changes is to improve the public notice function of claims in the initial application. The public notice function, however, pertains to the whole prosecution history and not solely to the initially filed claims. Substantial limits on prosecution will not better clarify or focus issues for ultimate resolution. These rule changes make no attempt to distinguish between an applicant who employs a scattershot approach to claiming or continually shifts claim approach from an applicant using several careful rounds of prosecution to identify closest prior art and to clarify and resolve most issues prior to issuance, appeal, or abandonment of an application. Given the new burdens and potentially unintended consequences these proposed changes are likely to create, the policy choices inherent in these rules are best made comprehensively with legislation rather than a rules-based approach. The PTO seems to have policy justifications for these changes in mind, yet expressly disclaims intent to codify such principles as prosecution latches. Given that the PTO cannot change or rule-make beyond the statutory framework, these attempts to partially solve the perceived problems of patent practice will be imperfect and are likely to create substantial new burdens without significantly impacting truly abusive cases.

The intent behind some of the proposed rules is sympathized with – for example, some restriction on continuation practice might be appropriate. However, it is strongly suggested the PTO implement a first wave of changes directed more precisely to the problem and let these take effect before seeking to implement a number of rules



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changes which seem to be a solutions searching for problems – such as limits on claim number and multiple applications.

2. The PTO's own numbers suggest that forcing an "Appeal or Abandon" decision after a single continuation will quickly overwhelm the Appeals process. The result will be longer delays in getting granted patents and more uncertainty for the public. The notice indicates that in fiscal year 2005 "about 11,800" of the continuations/CIPs were second or subsequent continuation/CIP applications. In addition, "just under 10,000" requests for continued examination in 2005 were second or subsequent requests. These numbers indicate that about 22,800 applications in 2005 would have reached the "Appeal or Abandon" point under the currently proposed rules. The BPAI is not equipped to handle 22,800 new appeals per year. If even *half* these 22,800 "Appeal or Abandon" applications are appealed, the BPAI will be overwhelmed in a year. These 11,000 new appeals would but the BPAI at the 1997 level of backlog in two years. The Supplemental Information states that the BPAI "has radically reduced the number of pending appeals from 9,201 at the close of fiscal year 1997 to 882 at the close of fiscal year 2005." In other words, in the span of 8 years, the BPAI reduced the pending appeals by about 8,500 appeals – slightly more than 1,000 cases per year. Without a substantial increase in the number of BPAI judges and other changes, the BPAI will be overwhelmed as a result of the proposed rule changes. A broken Appeals process will do more damage to the patent application process than the current concerns the Office is addressing by this proposed rulemaking.



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3. The severe limits on continuations and related applications presuppose a near perfect ability of an applicant to identify, describe, and claim the invention concisely and perfectly from the moment of first filing. When this standard is combined with considerations such as the effect of unpublished prior art and absolute novelty requirements (such as in non-U.S. jurisdictions), the standard of perfection imposed by these proposed changes becomes unrealistic. The limits on voluntary continuation or divisional applications are especially onerous given judicially-created doctrines such as disclosure dedication and acquiescence. By limiting opportunities to have claims examined and allowed effectively punishes an applicant for a thorough specification.

4. The proposed rule limiting multiple applications conflicts with the goals and objects of important legislation, including the Patent Law Amendments Act of 1984 and, more recently, the CREATE Act of 2004. Through these acts, Congress has endorsed and expanded opportunities for double patenting. The Patent Law Amendments Act of 1984 first created the opportunity for double patenting for patents issued to different inventors that were owned by one entity or which were commonly assigned. The CREATE Act of 2004 expands the acceptability of double patenting to situations in which different parties are now able to obtain and separately own patents with claims that are not patentably distinct as a result of collaborative work under a joint development research agreement.

Limitations on multiple applications such as those contained in the proposed rules are best addressed via Congressional action to ensure consistency with previous legislative acts.



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Some statements from the Legislative history of the CREATE Act make clear the conflict between these rules and Congressional intent regarding patentably distinct patents:

“As the House report correctly notes, the CREATE Act will enable different parties to obtain and separately own patents with claims that are not patentably distinct – in other words, where the claim in one patent would be “obvious” in view of a claim in the other patent.”

“This is not the first time that Congress has amended the patent laws in a manner that has expanded opportunities for double patenting.”

“The CREATE Act will now permit patents with patentably indistinct claims to be separately owned, but remain valid.”

5. The ESD will create two “classes” of claims. This will undermine the public notice function of patents, as courts and the public will be unsure of the impact of different examination procedures applied by simple virtue of the number of claims present in the application.
6. Claims with Markush groups should still be counted as a single claim. There is not a great burden on the PTO for searching claims with Markush groups.



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Summary of Alternative Proposals to Proposed Rules

1. The limit of only one (1) continuation application or RCE should be increased to three (3) or five (5). This is still a finite number but better meets the needs of applicants and the PTO.
2. Applicants should not be limited in filing multiple applications with the same inventor, a filing date within 2 months, and overlapping disclosure. A rule not allowing multiple applications if there is the exact same disclosure in the specification would be acceptable.
3. If a CIP is filed before an office action on the parent application and the parent application is abandoned in favor of the CIP, the limits on continuations or RCEs should not include the CIP.
4. All initially filed claims should be given at a minimum one examination and one continuation while the case is pending. As the rules are proposed now, some undesignated claims in which the corresponding independent claim is not allowed would never be examined.
5. Increase the total number of claims designated to 20 or 30. A limit on the designated independent claims of 10 is acceptable.

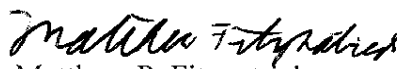



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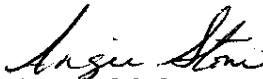
It is respectfully requested that these comments be considered and implemented to the greatest extent practical in enacting final rulemaking. Thank you for your attention and consideration of these comments on the Notice of Proposed Rulemaking.

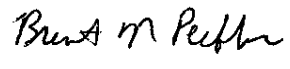
Respectfully Submitted,

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