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To: AB93Comments
Subject: SYP PTO Comments.pdf

May 3, 2006

Jon W. Dudas, Director John J. Doll, Commissioner for Patents
U.S. Patent and Trademark Office
AB93Comments@uspto.gov

RE: Proposed New Rules for "Continued Examination Practice"

Dear Director Dudas and Commissioner Doll:

I. Executive Summary

The changes to continuation practice proposed by the Patent Office weaken the competitiveness of the United States in the world economy. As will be demonstrated below, US research institutes and centers of higher learning rely on the existing continuation practice to a much higher degree than non-US assignees. Accordingly, the impact of the proposed continuation practice restrictions will fall unduly upon US Universities, and the like. The Patent Office should explore other solutions to address the backlog problem other than to implement a solution that unduly harms US competitiveness in the Global Economy.

II. Importance Of US Research Institutions

President Bush has repeatedly stressed the importance of US research and research institutions for maintaining US competitiveness in the Global Economy. In the President's speech of April 19, 2006 at Tuskegee University, the President posited the question of whether the US can compete in the world:

> "So here's the problem we face. The problem is this: Can we compete? Are we going to be a nation in which we can compete in a globalized world?"

Answering the question, the President stressed that the US could compete by supporting US research and universities:

> "We ought to continue to be the leader in research and development. We need to continue to be the leader in higher education …
>
> And here are some things we need to do to make sure we shape the future. First is to make sure we're always on the leading edge of research and technology."

Additionally, President Bush stated the research and development resulted in higher standards of living:

"But also as important is the research that's being done here. It's research that will keep the United States on the leading edge, keep the United States competitive. And that's important for our fellow citizens because, so long as we lead, our people are going to have a good standard of living. So long as we're the leader, people will be able to find good work. If we lose our nerve and retreat, it will make it hard for us to be able to provide those jobs people want. The more productive a society is -- and by the way, research and development leads to higher productivity -- the higher standard of living we'll have. And that's what we want. We want our people to be able to realize their dreams, to be able to get good work."

Regulations, such as those proposed by the PTO, which disproportionately harm US research interests, therefore, disproportionately harm US competitiveness.

III. Disproportionate Impact Of Proposed Regulations On US Research Institutions

a. Usage Of Continuations

The proposed restriction on continuations would harm US research institutions (US Universities) to a higher degree than international assignees. This is because US Universities have typically filed continuations at a frequency greater than international assignees. The following table illustrates the percentage of patents that are "Continuations" by US Universities compared to International assignees.[1]

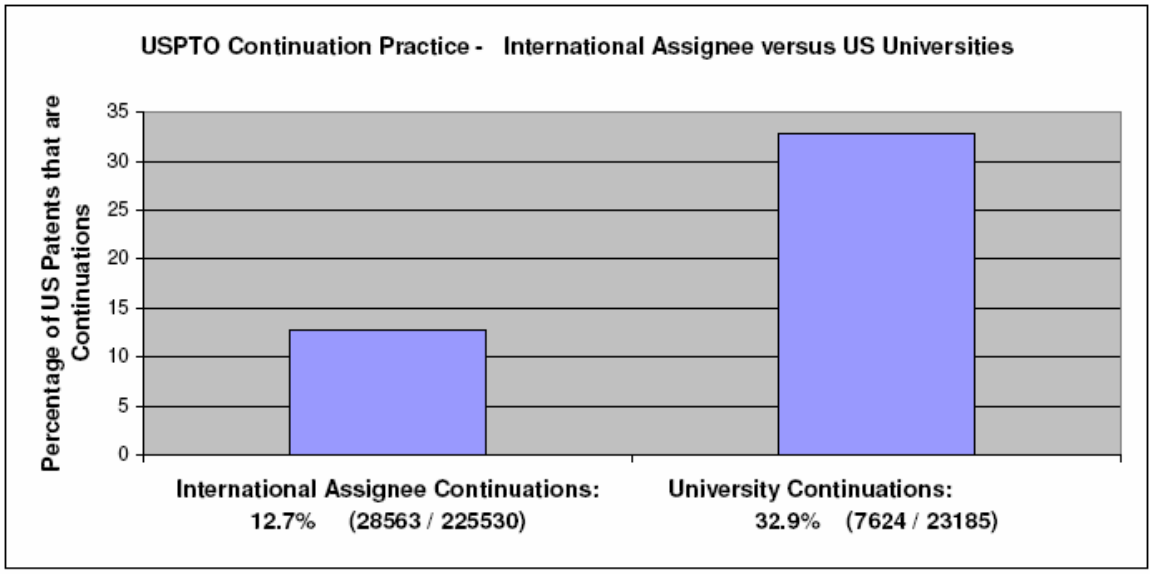


Table 1

[1] "Continuations" for Table 1 were determined by "PARN/continuation" search qualifier at the PTO web site. "Continuations" include "file wrapper" continuations, "continuation-in-part" continuations, and "continuations;" but do not include "request for continued examination" cases (RCEs).

The use of Continuations by Universities is striking - with almost one in every three patents being a result of a Continuation. Further, the difference in the rates of usage between US Universities and international assignees is quite remarkable - a difference of over 20%. The raw data I obtained from the USPTO web site is included in Appendix A.

As can easily be deduced, the proposed regulations which restrict continuations would logically be more harmful to US Universities compared to international assignees. As a direct consequence of this, the proposed regulations would unduly harm US competitiveness in the world. As noted above, the President stated:

> "It's research that will keep the United States on the leading edge, keep the United States competitive, will keep the United States on the leading edge, keep the United States competitive."

b. Why Continuations?

Universities often rely upon continuations as a way to partner with Industry and commercialize University research. From my discussions with University Counsel, unlike for-profit companies, Universities do not have massive patent budgets to file patent applications. Because of this, Universities often file few patents up-front, even on pioneering technology.

Without the ability to file continuations, Universities would not be able to license or commercialize their innovations. When Universities license technology to Industry, it is often the Industry partner who pays the bill for the continuation and / or continuation-in-part patent applications. Such continuations are often used to broaden the scope of the pioneering research (continuation) and to cover extensions to and uses of the core technology (continuation-in-part). By taking away the ability to file such continuations, it should be obvious that Industry will be less willing to license University research, because they cannot protect their investments.

The actual percentage of continuations used by Universities may be much higher than illustrated in Table 1. This is because the proposed PTO regulations includes "request for continued examinations" (RCEs) as a "continuation." As was explained by various University Counsel, many patents, especially in the Biotech and Pharma area are the result of multiple RCEs, simply because of the complexity of the technology. Accordingly, such continuations are a necessity of the technology.

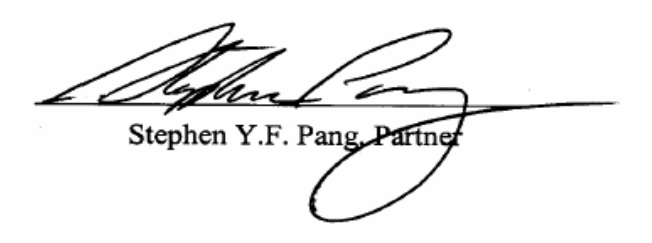
IV. Conclusion

In light of the above, what is clear is that an absolute restriction of continuations, as the PTO proposed, unduly harms American technical leadership in the world.

Many other alternatives for solving the PTO backlog problem, such as those proposed by AIPLA, can be implemented by the PTO without causing this type of harm to

American interests. The undersigned respectfully requests the PTO consider these alternatives.

Respectfully Submitted,



Townsend and Townsend and Crew LLP

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Appendix A

Disproportionate Impact of Proposed Continuation and Continuation-in-part Restrictions on US Universities

[2]

Firm	Total Number of International Assignee Patents	Number of International Patents that are Continuations	% Continuations for International Assignees
Sughrue	56251	5466	9.717160584
Oblon	56783	7058	12.42977652
Fitzpatrick Cella	28282	7320	25.88218655
Foley and Lardner	18156	2022	11.13681428
Birch Stewart	20797	2144	10.30917921
Oliff and Berridge	17446	1487	8.523443769
Kenyon and Kenyon	11925	1181	9.903563941
Blakely Sokoloff	2594	279	10.75558982
Fish and Richardson	5068	816	16.10102605
McDermott Will	8228	790	9.601361206
Total Firm	225530	28563	12.66483395

University	Total Number of University Patents	Number of University Patents that are Continuations	% Continuations for Universities
U of California	5564	1720	30.91301222
MIT	2781	917	32.97375045
U of Texas	1679	652	38.83263848
CalTech	1565	405	25.87859425
U of Wisconsin	1261	343	27.20063442
Cornell Research	1027	295	28.72444012
U of Florida	946	403	42.60042283
U of Michigan	876	316	36.07305936
U of Minnesota	817	265	32.43574051
Iowa State	742	164	22.10242588
Columbia University	705	274	38.86524823
U of Pennsylvania	701	312	44.50784593
State U. of NY	664	195	29.36746988
Harvard University	635	277	43.62204724
Duke University	560	223	39.82142857
Michigan State	559	131	23.43470483
U of Washington	545	232	42.56880734
North Carolina	536	130	24.25373134
Washing University	529	222	41.96597353
Stanford	493	148	30.02028398
Total University	23185	7624	32.88332974

SYPang Data as of 4/6/06

[2] Assignee Countries (ACN) terms used: AU, CA, CH, CN, DE, FI, FR, GB, IL, IT, JP, KR, NL, SE, and TW