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From: Terry Callaghan [mailto:tcallaghan@priceheneveld.com]

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To: AB94Comments

Cc:

Subject: Comments on proposed rulemaking-claims

Please consider the attached comments.

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The Honorable Jon Dudas
Under Secretary of Commerce for Intellectual Property
and Directory of United States Patent and Trademark Office

Attention: Robert W. Bahr
Senior Patent Attorney
Office of Deputy Commissioner
for Patent Examination Policy

Re: Comments on Proposed Rules “Changes to Practice for the Examination of Claims in Patent Applications” 71 Fed. Reg. 61 (January 3, 2006)

Dear Under Secretary Dudas:

I am a partner with the firm of Price, Heneveld, Cooper, DeWitt & Litton, LLP and a former examiner. This letter is written on my own behalf and not on behalf of Price, Heneveld, Cooper, DeWitt & Litton, LLP or on behalf of any of its clients. Thus, this letter does not represent the views of my firm or its clients, but solely are the views of the undersigned.

Only a few years ago, the United States Patent and Trademark Office (PTO) sponsored legislation attempting to drastically increase certain fees, particularly those concerning the filing of additional claims. The PTO’s rationale in support of the asserted need for this fee increase was that the fees would cover the costs imposed by applicants for filing excessive claims. The fee increases were so aggressive, however, that the legislation brought wide opposition and was dropped in favor of the legislation that was recently enacted at the end of 2004. Again, the rationale supporting the increased fees for additional claims was that it was needed to cover the added costs imposed by the filing of excess claims.¹

Just less than 18 months from the enactment of the most recent legislation, the PTO now proposes to effectively limit substantive examination to only 10 claims per application, regardless of the number of additional claims for which an applicant has paid. This is despite the fact that the PTO has not otherwise proposed to reduce the fees for additional claims even though they are not examining these

¹ The current fees are actually excessive insofar as the fee for a basic application having 20 total claims with three independent claims is \$1000, whereas the added fee for adding another 20 claims with 3 independent claims is \$1600. Logic would dictate that the additional claim fee should be less than \$1000. This is evidence that the PTO is overly concerned with additional claims when the real problem is hiring and retaining examiners.

additional claims. To make matters worse, the PTO is proposing that the new rules limiting the number of claims that will be examined shall be retroactive and affect those patent applications for which applicants paid higher fees under the recent legislation. Thus, applicants that paid higher fees expecting their claims to be examined are going to be disappointed when not only are these claims not examined, but also only 10 of the 20 claims that are covered by their base filing fee will be examined. The fact that this proposed rulemaking follows so closely on the heels of the last legislation suggests that the PTO fraudulently induced support of the last legislation making the supporters believe they would actually receive examination of the claims for which they have paid extra money.

There is no evidence in the PTO's comments that suggests that the PTO has fully evaluated the impact of the latest fee increase on the number of claims that have been filed or the impact on the amount of fees the PTO is collecting and able to use for additional hiring and training. Nowhere is there any statement by the PTO comparing data from 2004 with that from 2005 to see the effect of the fee increase on the number of claims. In addition, given the average pendency of applications is over 18 months, the full effect of the fee increase has not yet been realized. I believe the PTO should give the last fee increase more time to see if it will be effective.

It is also noted that the PTO is apparently not changing its examination practice or how much time examiners have to examine any particular application. Presently examiners have the same amount of time to examine applications regardless of the number of claims they have. Thus, the whole rationale by which the PTO proposed past legislation to "cover the additional costs imposed by applicants filing excess claims" is nothing but fiction.

I have thoroughly reviewed the PTO's proposed rules and the PTO's comments along with the comments submitted on behalf of the American Intellectual Property Law Association's (AIPLA) on this proposed rulemaking. I do not believe that the PTO has sufficiently considered the implications of this proposal and believe that much more study is needed. I believe that in proposing this rule package, the PTO has hastily and without proper consideration of the true impact this rule package will have.

Having carefully read the AIPLA's comments, I am in full agreement with those comments and thus fully endorse those comments. The remaining portion of this letter highlights certain comments made by the AIPLA and further supplements its comments.

General Concerns

First, like the AIPLA, I question the logic employed by the PTO in its attempt to justify these changes. The PTO begins its supplementary information with the following paragraph:

The Office's current practice for examination of claims in patent applications provides for an initial examination of each and every claim, independent and dependent, in every Office action on the merits of the application. The Office's current practice for examination of claims in patent applications is less efficient than it could be because it requires an initial patentability examination of every claim in an application, notwithstanding that this effort is wasted when the patentability of the dependent claims stand or fall together with the independent claim from which they directly or indirectly depend. Thus, the Office is proposing to delay the patentability examination of most dependent claims until the application is otherwise in condition for allowance. The Office, however, will examine every claim in an application before issuing a patent on the application. [Emphasis added].

The underlined statement is incorrect. The patentability of dependent claims does not stand or fall with the independent claims. Dependent claims are presently separately examined and may be indicated as reciting allowable subject matter despite the rejection of the independent claim from which they depend. This is very useful in expediting the prosecution of an application insofar as it more quickly brings to the applicant's attention those claims that the examiner believes are patentable. Quite often, an applicant will rewrite the allowable claims in independent form while cancelling the rejected claims to place the application in immediate condition for allowance. The practice of examining all the dependent claims should be encouraged not prohibited.

The PTO then follows this paragraph with the following:

Both the Board of Patent Appeals and Interferences (BPAI) and the courts commonly employ some form of using representative claims to focus and manage issues in a case. The BPAI's representative claim practice provides that if the applicant desires the BPAI to consider the patentability of a claim separately from the other claims

also subject to the same ground of rejection, the applicant must include a subheading in the arguments section of the appeal brief setting out an argument for the separate patentability of the claim. See 37 CFR 41.37(c)(1)(vii). If there are multiple claims subject to the same ground of rejection and the applicant argues the patentability of the claims as a group, the BPAI will select a claim from the group of claims and decide the appeal with respect to that group of claims on the basis of the selected claim alone. See *id.*

The Office plans to apply a similar practice to the BPAI's representative claim practice to the examination of patent applications. Specifically, the Office will provide an initial patentability examination to the claims designated by the applicant as representative claims. The representative claims will be all of the independent claims and the dependent claims that are expressly designated by the applicant for initial examination. Thus, each independent claim and each dependent claim that is designated for initial examination will be treated as a representative claim for examination purposes. The examination of the dependent claims that are not designated for initial examination will be deferred until the application is otherwise in condition for allowance. Specifically, applicants will be required to assist the Office in eliminating unnecessary effort by permitting the Office to provide an initial examination to a more focused set of claims; that is, only to the independent and designated dependent claims. The Office will continue its practice of withdrawing from further consideration claims that are drawn to a non-elected invention.
[Emphasis added]

The practice now proposed is not similar to the BPAI's representative claim practice, because an applicant is not prohibited from arguing each and every claim on appeal and the BPAI will address every claim argued, whereas the proposed practice prohibits an applicant from doing the same.

The PTO then contends:

See Manual of Patent Examining Procedure § 708.02 (8th ed. 2001) (Rev. 3, August 2005) (MPEP). Based upon the Office's PALM records, it appears that about 1,225 applicants have filed a petition to make special under this accelerated examination procedure to date in fiscal year 2005. The proposed examination support document requirements are similar to the requirements set forth in MPEP § 708.02 for having an application taken out of turn for examination under this accelerated examination procedure.

This is a very small percentage of the total applications filed in 2005. Given the benefit of accelerated examination, it is clear that the above procedures are considered too onerous or else more applicants

would use this procedure. Furthermore, as discussed further below, the requirements for the proposed examination support document are more stringent than those for accelerated examination.

Next, the PTO states:

These changes will mean faster more effective examination for the typical applicant without any additional work on the applicant's part, but a small minority of applicants who place an extensive burden on the Office's ability to effectively examine applications will be required to assist the Office in handling the burden they place on the Office. [Emphasis added].

However, those applicants already assist the office by paying excess fees to cover the cost of the additional examination time. This is something the office has clearly chosen to ignore in this proposal despite justifying prior fee increases on the need to cover actual costs imposed.

Specific Rules

Rule 1.105

On page 64, column 3, line 53, of the Federal Register, the PTO then states:

Section 1.105: Section 1.105(a)(1) is proposed to be amended to provide that an applicant may be required to set forth where (by page and line or paragraph number) the specification of the application, or any application the benefit of whose filing date is sought under title 35, United States Code, provides written description support for the invention as defined in the claims (independent or dependent), and of manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the invention, under 35 U.S.C. 112, ¶ 1. Therefore, in situations in which it is not readily apparent where the specification of the application, or an application for which a benefit is claimed, provides written description support under 35 U.S.C. 112, ¶ 1, for a claim or a limitation of a claim, the examiner may require the applicant to provide such information. The Office considers this authority to be inherent under the patent statute and existing rules (including current § 1.105), but is proposing to amend § 1.105 to make the authority explicit. See MPEP 2163.04.

This provision serves absolutely no purpose and may be abused. Many examiners do not read the specification of an application. This authority could be abused by those examiners, who would simply shift the burden on applicant to prove support when there is no basis for making a rejection under 35

U.S.C. 112, ¶ 1. If after reading the specification, the examiner can simply make a rejection under 35 U.S.C. 112, ¶ 1 to prompt the applicant to provide the same information. Thus, this rule change serves no purpose other than to provide a basis for abuse.

Rule 1.117

On page 65, column 1, line 15 of the Federal Register, the PTO states:

Section 1.117: The Consolidated Appropriations Act 2005 (Consolidated Appropriations Act), provides that 35 U.S.C. 41(a), (b), and (d) shall be administered in a manner that revises patent application fees (35 U.S.C. 41(a)) and patent maintenance fees (35 U.S.C. 41(b)), and provides for a separate filing fee (35 U.S.C. 41(a)), search fee (35 U.S.C. 41(d)(1)), and examination fee (35 U.S.C. 41(a)(3)) during fiscal years 2005 and 2006. See Pub. L. 108-447, 118 Stat. 2809 (2004). The Consolidated Appropriations Act also provides that the Office may, by regulation, provide for a refund of any part of the excess claim fee specified in 35 U.S.C. 41(a)(2) for any claim that is canceled before an examination on the merits has been made of the application under 35 U.S.C. 131. See 35 U.S.C. 41(a)(2) (as administered during fiscal years 2005 and 2006 pursuant to the Consolidated Appropriations Act). Section 1.117 is proposed to be added to implement this provision of the Consolidated Appropriations Act. Proposed § 1.117(a) provides that if an amendment canceling a claim is submitted in reply to a notice under § 1.75(b)(3) and prior to the first examination on the merits of the application, the applicant may request a refund of any fee paid on or after December 8, 2004, for such claim under § 1.16(h), (i), or (j) or under § 1.492(d), (e), or (f). Thus, if an applicant decides to cancel the claims necessitating an examination support document under § 1.261, rather than provide an examination support document in compliance with § 1.261, the applicant may request a refund of any fee paid on or after December 8, 2004, for such claim under § 1.16(h), (i), or (j) or under § 1.492(d), (e), or (f). As the Consolidated Appropriations Act authorizes a refund only for a claim that has been canceled before an examination on the merits has been made of the application under 35 U.S.C. 131, the Office cannot grant a refund on the basis of the mere rescission of a designation of a dependent claim for initial examination (rather than cancellation of the dependent claim), or on the basis of the cancellation of a claim after an examination on the merits has been made of the application under 35 U.S.C. 131. If an amendment adding one or more claims is also filed before the application has been taken up for examination on the merits, the Office may apply first any refund under § 1.117 resulting from the cancellation of one or more claims to any excess claims fees due as a result of such an amendment.

This provision would be worthwhile regardless of whether the remaining provisions are implemented, particularly if any of the provisions of the proposed rules pertaining to continuations. If the provisions of the proposed rules pertaining to continuations were implemented, there will be more incentive to file as many claims as possible in the first application in order to provoke a restriction requirement in the first application. However, this would be cost prohibitive for small entities.

Rule 1.261

On page 65, column 2, line 50 of the Federal Register, the PTO states:

Proposed § 1.261(a) provides that an examination support document as used in 37 CFR part 1 means a document that includes: (1) A statement that a preexamination search was conducted, including an identification (in the manner set forth in MPEP § 719) of the field of search by class and subclass and the date of the search, where applicable, and, for database searches, the search logic or chemical structure or sequence used as a query, the name of the file or files searched and the database service, and the date of the search; (2) an information disclosure statement in compliance with § 1.98 citing the reference or references deemed most closely related to the subject matter of each of the independent claims and designated dependent claims; (3) an identification of all the limitations of the independent claims and designated dependent claims that are disclosed by the references cited; (4) a detailed explanation of how each of the independent claims and designated dependent claims are patentable over the references cited with the particularity required by § 1.111(b) and (c); (5) a concise statement of the utility of the invention as defined in each of the independent claims; and (6) a showing of where each limitation of the independent claims and the designated dependent claims finds support under 35 U.S.C. 112, ¶ 1, in the written description of the specification (and if the application claims the benefit of one or more applications under title 35, United States Code, the showing must also include where each limitation of the independent claims and the designated dependent claims finds support under 35 U.S.C. 112, ¶ 1, in each such application in which such support exists).

Examiners should not give any faith or credit to any such information provided by an applicant.

Applicants do not examine their own applications and do not issue them. This is the responsibility of the office. Given that examiners can not give full faith and credit to any of the representations made in such an examination support document, they will take more examiner time to review while providing absolutely no tangible benefit to speed the examination process. It should be recalled that in the past, the PTO required applicants to state the relevance of each document submitted in an information

disclosure statement. During the later part of that time, the undersigned was an examiner. It was my recollection that these statements of relevance added to an examiner's workload rather than relieving it. Examiners generally were not willing to give any faith to the representations made by the applicants when they generally had to review the prior art regardless of how an applicant characterized them. Accordingly, the PTO did away with this requirement in the early 90's. I see way that an examination support document will in any way reduce an examiner's workload, not unless the PTO is willing to tell the examiners to not conduct searches and to give full faith and credit to the statements made in the examination support documents. However, doing so would clearly be unwise and would be an inappropriate abdication of the PTO's examining duties.

Moreover, is the PTO willing to give the examiners less time to examine those applications in which an examination support document is filed? If not, why not? After all, if the purpose of the examination support document is to relieve the workload otherwise caused by additional claims, shouldn't the PTO be able to reduce the time credited to the examiner for that application?

On page 66, column 1, line 5 of the Federal Register, the PTO states:

Proposed § 1.261(c) provides that the applicant will be notified and given a one-month time period within which to file a corrected or supplemental examination support document to avoid abandonment if: (1) The examination support document or pre-examination search is deemed to be insufficient; (2) an explanation of the invention or how the independent and designated dependent claims define the invention is deemed necessary; or (3) the claims have been amended such that the examination support document no longer covers each independent claim.

This suggests that if a search results in the amendment of the claims, the search has to be reconducted. Because searches often turn up prior art that may require refinement of the originally crafted claims, two searches would often be required. Further, one typically conducts a search before all the claims are drafted in final form based on general concepts. Thus, an applicant would need to not only pay for a typical search, but would have to pay for complete claim sets to be drafted.

Proposed § 1.261(b) pertains to the examination support document, and reads as follows:

(b) The preexamination search referred to in paragraph (a)(1) of this section must involve U.S. patents and patent application publications, foreign patent documents, and non-patent literature, unless the applicant can justify with reasonable certainty that no references more pertinent than those already identified are likely to be found in the eliminated source and includes such a justification with the statement required by paragraph (a)(1) of this section. The preexamination search referred to in paragraph (a)(1) of this section must be directed to the claimed invention and encompass all of the features of the independent claims and must cover all of the features of the designated dependent claims separately from the claim or claims from which the dependent claim depends, giving the claims the broadest reasonable interpretation. The preexamination search referred to in paragraph (a)(1) of this section must also encompass the disclosed features that may be claimed. [Emphasis added].

It is not at all clear what justification there could ever possibly be for not searching every patent office in the world and in every possible periodical. Given that examiners do not do this it is clear that this requirement is intended to make it impossible to comply with this rule. It is therefore clear that the PTO will never examine more than 10 claims unless someone is willing to commit fraud to try to comply with this rule. Why is the PTO intending to “award” those who are likely committing fraud?

Rules 1.75 and 1.104

On page 66, column 2, line 1 of the Federal Register, the PTO states:

The proposed changes to §§ 1.75 and 1.104 (if adopted) would be applicable to any application filed on or after the effective date of the final rule, as well as to any application in which a first Office action on the merits (§ 1.104) was not mailed before the effective date of the final rule. The Office will provide applicants who filed their applications before the effective date of the final rule and who would be affected by the changes in the final rule with an opportunity to designate dependent claims for initial examination, and to submit either an examination support document under § 1.261 (proposed) or a new set of claims to avoid the need for an examination support document (if necessary). The Office appreciates that making the changes in the final rule also applicable to certain applications filed before its effective date will cause inconvenience to some applicants. The Office is also requesting suggestions for ways in which the Office can make the changes in the final rule also applicable to these pending applications with a minimum of inconvenience to such applicants.

The retroactivity of this provision is unfair to those who filed applications and paid extra claims fees with the expectation that they would actually have the claims they paid for examined. This could be

construed as fraud in the inducement insofar as the office collected fees in return for examination of the extra claims, only to later deny examination of those claims.

Suggestions

Rather than trying to force something on its customers that they do not like, the PTO should revisit its earlier goals of acting more like a business and less like a bureaucracy. If the PTO were acting more like a business it would be trying to encourage its customers to purchase more of its services. This would increase revenue that can in turn be used to hire more examiners. The PTO contends that it cannot train all the new examiners it has to hire. Part of the problem is the high attrition rate. Some of the fees collected could be used to pay the examiners more so as to retain them. Also, training could be outsourced given the large number of qualified former examiners that are now in private practice.

Respectfully submitted,

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