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From: Brian Schar [mailto:schar@cardica.com]
Sent: Monday, March 20, 2006 12:56 PM
To: AB94Comments
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Subject: Comments to proposed rules published at 71 Fed. Reg. 61

Comments to proposed rules re Changes to Practice for the Examination of Claims in Patent Applications:

I am a patent attorney in Redwood City, California. I am in-house counsel at a medical device company which, although publicly-traded, is considered a small entity. I am writing in regard to the proposed rules entitled "Changes to Practice for the Examination of Claims in Patent Applications," 71 Fed. Reg. 61 (2006) (to be codified at 37 C.F.R. Part 1) (hereinafter "Proposed Rules"). I am concerned about several points of the Proposed Rules, some of which could be particularly harmful to small entities:

1. The examination of dependent claims generally leads to more efficient prosecution and a more rapid disposition of cases. The line of novelty in a claim family often falls between the broad independent claim and the narrowest claim that depends from it. By examining dependent claims, the Examiner can determine where that line is, and then simply object to that dependent claim and any claims that depend from it. The applicant can then amend the claims in accordance with that objection, and proceed to issue. By reducing the number of dependent claims that will be examined, the new rules make it less likely that an applicant will receive at least one objection in any given case, leading to longer prosecution time and decreasing the efficiency of the process.

2. Proposed rule 37 C.F.R. §1.75(b)(4) will create more work for the Patent Office than the remainder of the rules will save, for two reasons.

First, it will take significant time for an Examiner to review all of the patents owned by the assignee of a given patent application, particularly where the assignee is a large entity owning hundreds or thousands of patents. If the Examiner fails to look at each and every claim of each and every issued and pending application belonging to the assignee, then the Examiner cannot implement the proposed rule 37 C.F.R. §1.75(b)(4) fairly. Thus, where a large entity is involved, the proposed rule 37 C.F.R. §1.75(b)(4) will require the Examiner to spend dozens or even hundreds of hours on each individual case for a large entity, simply to review all of the pending and issued claims owned by the assignee. Because the Examiner cannot do so within the time confines of

examination, it is a certainty that no Examiner will fully implement 37 C.F.R. §1.75(b)(4) with regard to large entities.

As a result, review of commonly-assigned patents under proposed rule 37 C.F.R. §1.75(b)(4) will disproportionately affect small entities with small portfolios. An Examiner will simply throw up his or her hands rather than review an assignee's portfolio with a thousand patents and patent applications for "patentably indistinct" claims, or will pick a few patents and/or patent applications for scrutiny. However, it is comparatively simple for an Examiner to review a small entity's portfolio with, for example, five patents and patent applications. As a result, small entities will face significantly greater scrutiny from an Examiner under proposed rule 37 C.F.R. §1.75(b)(4), giving large entities an unfair advantage.

Second, proposed rule 37 C.F.R. §1.75(b)(4) will create a new area of contention in prosecution, requiring an Examiner to spend even more time on each case. Proposed rule 37 C.F.R. §1.75(b)(4) requires the Examiner to determine whether the claims presented in a patent application are "patentably distinct" over the claims already owned by a common assignee. Two claims are distinct if "the inventions as claimed are not connected in at least one of design, operation and effect...and wherein at least one invention is PATENTABLE (novel and non-obvious) OVER THE OTHER (though they may each be unpatentable over the prior art). (MPEP 802.01(II); emphasis in original).

The question of whether two claims in different applications are patentably distinct generally arises in the context of a double patenting rejection, which is typically overcome with a terminal disclaimer. Such practice minimizes the work of both the Examiner and of the applicant, and avoids creating estoppel because the applicant need not take a position as to the propriety of the double patenting rejection.

However, proposed rule 37 C.F.R. §1.75(b)(4) turns a determination of whether two or more claims are patentably distinct into a flash point for dispute and appeals. If the applicant has designated 10 claims for examination in a particular application, and the Examiner finds claims in commonly-owned applications that are asserted to be "patentably indistinct," the applicant will have to either cancel claims in the application, contest the determination that the claims are patentably distinct, or file an examination support document, which as set forth below is actually a "patent invalidity document." Where the Examiner purports to find a large number of claims that are "patentably indistinct," the rational applicant will not file an examination support document, and as a consequence will have no choice but to contest that determination, if necessary all the way to appeal. Consequently, something that is currently handled with a simple terminal disclaimer will become a large drain on the Examiner's time.

Further, the proposed rule 37 C.F.R. §1.75(b)(4) is superfluous in light of the proposed changes to practice for continuing applications. Proposed rule 37 C.F.R. §1.75(b)(4) is clearly intended to penalize applicants for filing continuation applications. However, the proposed changes to practice for continuing applications would on their own significantly penalize applicants for engaging in continuation practice of any kind.

3. Fees for claims over 20 and independent claims over 3 were recently increased in order to encourage applicants to file fewer claims. If the volume of claims is still too large for the Patent Office to handle, another increase in those fees would be a simpler method for changing the behavior of applicants, and would also have the benefit of providing additional revenue that could to be used hire additional Examiners.

4. The proposed rules penalize the most novel inventions the most severely. A truly novel and unique invention may have a number of different aspects, each of which the inventor would wish to protect thoroughly. Such thorough claiming may require more than 20 claims and more than 3 independent claims.

5. The proposed "examination support document" is in reality a "patent unenforceability document," due to the amount of file history estoppel it would create. Any skillful litigator can and will argue at an infringement trial that one or more references in the information disclosure statement that were omitted from the examination support document were more closely related to the subject matter of the claims than the references that were included in the examination support document. That is, the choice of references for inclusion in the examination support document will be under siege at every infringement trial in which the patent at issue includes an examination support document in its file history. As a result, counsel for infringers will receive yet another chance to attack patent enforceability through alleged inequitable conduct. Such attacks would virtually destroy the presumption of validity established by 35 U.S.C. §282 in any patent that includes an examination support document in its file history. Attorney fees for preparation of an examination support document will likely be high, because that document will be a huge target for malpractice suits in cases where a patent is invalidated because of alleged defects in the examination support document. As a result, the overall cost of patent prosecution will go up, and those small entities who have the least amount of resources to devote to patent protection will be harmed the most.

Thank you for considering these comments.

Sincerely,
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