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From: Katopis, Chris J. [mailto:Chris.Katopis@dbr.com]

Sent: Tuesday, May 02, 2006 2:50 PM

To: AB93Comments

Cc: Bahr, Robert

Subject: BSA Comments on Proposed Rules: "Changes to Practice for Continuing Applications . . ."

Enclosed for submission are the Business Software Alliance's comments on the Proposed Rules "Changes to Practice for Continuing Applications . . ."

Please do not hesitate to contact me if you have any questions or if you require this document in another format. Thank you.

~hope all is well

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May 3, 2006

The Honorable Jon W. Dudas
Under Secretary of Commerce for Intellectual Property
And Director of the United States Patent and Trademark Office
Mail Stop Comments
P.O. Box 1450
Alexandria, VA 22313-1450

Attn: Robert W. Bahr
Senior Patent Attorney
Office of the Deputy Commissioner
For Patent Examination Policy

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 Business Software Alliance (BSA)* appreciates the opportunity to offer comments regarding the U.S. Patent and Trademark Office ("USPTO") proposed rules directed to changes to practice for continuing applications, requests for continued examination practice, and applications containing patentably indistinct claims published at 71 Fed. Reg. 48 (January 3, 2006).

As the National Academy of Public Administration ("NAPA") report for the U.S. Congress noted "[a]lthough continuations have a legitimate role in the patent prosecution process, increasingly they are the subject of debate because of their growing volume, their effect on pendency, and the opportunistic use of them."¹ **BSA recognizes these trends and supports the changes aimed at ending abuses of continuation practices whether by rule-making or through legislation. The use of continuations to expand an applicant's monopoly after surveying developments in the marketplace is especially troubling for innovators and the public.**

¹ *U.S. Patent and Trademark Office: Transforming to Meet the Challenges of the 21st Century*, NATIONAL ACADEMY OF PUBLIC ADMINISTRATION (Aug. 2005) at 50.

We commend you for your leadership and ongoing efforts to improve the patent examination process, manage the limited resources afforded to you by Congress, and reduce the manipulation of the patent process that hurts innovation and the public.

We support the USPTO business plan which focused on three areas to guide the agency into the 21st Century: productivity, quality, and e-government. You and your USPTO management team are to be highly commended as you continue to innovate and strive to improve productivity and enhance quality as evidenced by this proposed rule concerning continuations.

BSA believes that the patent system is fundamentally sound and works well for most innovators, whether they toil in their garage, experiment in a university laboratory, or work for a large corporation that provides goods and services to consumers. We believe that a periodic review and recalibration of the patent law is not only a good idea, but also essential to ensuring that patents remain a vital incentive for innovation.

The suggestion to reform continuation practice and its abuses is hardly novel and has been suggested by a number of academic papers and government reports for decades, including:

- REPORT OF THE PRESIDENT'S COMMISSION ON THE PATENT SYSTEM (1966).
- *To Promote Innovation: The Proper Balance of Competition and Patent Law and Policy*, A REPORT BY THE FEDERAL TRADE COMMISSION, (Oct. 2003).
- *U.S. Patent and Trademark Office: Transforming to Meet the Challenges of the 21st Century*, NATIONAL ACADEMY OF PUBLIC ADMINISTRATION (Aug. 2005).

Currently, a patent applicant may file follow-on patent applications with broader and broader claims long after the publication or issuance of its original patent application. Through these mechanisms, some applicants keep their applications pending for extended periods while monitoring the developments in the relevant market. By modifying their claims to cover other companies' products, often after those other companies have invested significant funds in their products, such applicants can legally abuse the system. In some cases, the applicants seek to obtain patent protection for ideas that they never considered before seeing them in the marketplace. While this practice is currently permitted and even sanctioned by the courts, a reform curtailing the ability to broaden claims beyond the scope of the broadest claim previously published or issued would roll back significantly the invitation to abuse created by the current system. Hence current continuation practice discourages

innovation, research and development investment, and business certainty. It is hoped that the USPTO will not make a practice of granting further continuations solely on the basis of an applicant's request to broaden an application, and potentially resulting in the abuses previously described.

As frequently noted by legal scholars, there is no other mechanism in the U.S. legal system that provides "endless bites at the apple." The terrible truth is that the current system provides no finality to the review process, encourages unlimited chains of applications, and anticompetitive marketplace abuses.

Previous governmental reports and former USPTO officials considered proposing legislation to Congress that would eliminate continuations entirely. BSA would encourage a vigorous public debate on that suggestion and its potential merits in solving the worsening conditions of the U.S. patent system. The consequences of a patent system with a million-plus application backlog and 8 year average pendency in art areas relating to the technologies being developed by our members is very troubling and particularly burdensome to the highly innovative technology companies in the software and hardware sectors.

BSA supports the proposed rule making to enact the following modest reforms to continuation practice. In our view, these modest reforms strike the proper balance between the needs of applicants who desire reasonable flexibility in the process against the aforementioned potential abuses and USPTO workload concerns: *Continuing Applications*, requiring that the second or subsequent continuation or continuation-in-part application include a petition and a fee with a showing to the satisfaction of the Director as to why the amendment, argument, or evidence could not have been submitted prior to the close of prosecution; *Requests for Continued Examination ("RCE")*, requiring that any second or subsequent RCE include a petition and a fee with a showing to the satisfaction of the Director as to why the amendment, argument, or evidence could not have been submitted prior to the close of prosecution; and, finally, *Patentably Indistinct Claims*, requiring that applicants in some cases must either include an explanation of how the claims are patentably distinct, or a terminal disclaimer and explanation of why there are patentably indistinct claims in multiple applications.

These narrowly-tailored proposed changes will advance the needs of our patent system, including improving the USPTO's productivity, enhancing patent quality, eliminating growing abuses in the patent prosecution process, and accelerating innovation by U.S. software and hardware companies. While critics may argue that this is not a perfect solution,

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the silence regarding alternative solutions has been deafening for forty years.

BSA and its members appreciate the opportunity to submit our comments on the proposed rules and your ongoing efforts to ensure that the U.S. patent system remains the envy of the world.

Sincerely,

A handwritten signature in black ink that reads "Robert Holleyman II". The signature is fluid and cursive, with a large, sweeping initial "R" that extends to the left.

Robert W. Holleyman II.
President and CEO

**The Business Software Alliance (www.bsa.org) is the foremost organization dedicated to promoting a safe and legal digital world. BSA is the voice of the world's commercial software industry and its hardware partners before governments and in the international marketplace. Its members represent one of the fastest growing industries in the world. BSA programs foster technology innovation through education and policy initiatives that promote copyright protection, cyber security, trade and e-commerce. BSA members include Adobe, Apple, Autodesk, Avid, Bentley Systems, Borland, Cadence Design Systems, Cisco Systems, CNC Software/Mastercam, Dell, Entrust, HP, IBM, Intel, Internet Security Systems, McAfee, Microsoft, PTC, RSA Security, SAP, SolidWorks, Sybase, Symantec, Synopsys, The MathWorks, and UGS.*