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From: Dever, Chad [mailto:CDever@CantorColburn.com]

Sent: Wednesday, May 03, 2006 2:54 PM

To: AB94Comments

Subject: Cantor Colburn LLP response to proposed claims rule change

Dear Under Secretary Dudas,

Please find attached response to the proposed claims rule change.

-Chad Dever

<<Letter Jon Dudas 02May06 re Exam of Claims.pdf>>

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May 3, 2006

Via E-mail and First Class Mail

The Honorable Jon 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

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

Dear Under Secretary Dudas:

The following comments are presented in response to the request for public comment by the United States Patent and Trademark Office ("the Office") concerning the proposal to revise the rules of practice relating to the examination of claims in patent applications appearing in the Federal Register Vol. 71, No. 1 (71 Fed. Reg. 61) dated Tuesday, January 3, 2006.

We are a law firm specializing in intellectual property law with offices in Hartford, CT, Detroit, MI, and Atlanta, GA. We are aware of the comments submitted by the American Intellectual Property Law Association (AIPLA) on April 24, 2006 in response to the notice of proposed rulemaking listed above and concur with that organization's position on the proposed rules. In particular, we support the Office's efforts to increase the efficiency and quality of the examination process, but we are concerned that the proposed rules will not achieve these goals, and may significantly adversely affect the scope of protection currently allowed by statute.

Rather than reiterate AIPLA's arguments regarding the proposed rules, we have limited our response to the following additional points: (1) that proposed rule § 1.75(b) will likely fail to address the problem of excessive claims; (2) the proposed rule exceeds the Director's rule-making authority; (3) the proposed rule results in an unreasonable increased cost to patent applicants; and (4) a progressive fee structure would be a more efficient solution.

In current practice, patent applications conclude with claims particularly pointing out and distinctly claiming the subject matter that the applicant regards as his invention. This practice achieves twin goals of the patent system: (1) to protect the patent owner's claimed invention and (2) to provide the public with notice of the metes and bounds of what is considered to be the invention.

The Office is proposing to focus its initial examination on the claims designated by the applicant as "representative claims." If the applicant wishes to have an initial examination of more than ten representative claims, then the applicant must provide an examination support document that covers all of the independent claims and the dependent claims designated for initial examination. The proposed rule attempts to reduce or eliminate applications that contain a large number of claims and absorb an inordinate amount of patent examining resources.

Proposed rule § 1.75(b) fails to address the problem of excessive claims

The proposed rule fails to address the problem identified by the Office and is unlikely to accomplish the stated goals. Instead of designing a rule that targets the small number of problematic applications with an excessive or "extraordinary" number of claims, the Office has proposed rules that will affect the vast majority of applications that contain an "ordinary" number of claims. Under current practice, a single application fee covers the examination of twenty total claims, including up to three independent claims. Additional claims require additional claim fees. An applicant can therefore determine how many claims are required to adequately protect an invention in a cost-effective way. This progressive fee structure already efficiently limits the average claim number per application. The (non-weighted) average number of claims per application from 1998 to 2002 was about 20.8, although there was an increase of about one claim per year.

By setting the limit at ten claims, the proposed rule is not narrowly tailored to targeting only excessive claims. In 1999, the Office reported that fewer than 20% of applications filed in FY 1997 contained more than 20 total claims and fewer than 5% of applications contained more than 40 total

claims. In fact, the Office has argued that these new rules are not particularly onerous, because only a small number of applications presently filed contain an “excessive number” of claims. However, elsewhere the Office has acknowledged that 40% of new applications filed in 2004 contained more than 20 total claims. Even a cursory review of applications filed in 2005 show that the majority of the applications contain more than 10 claims. Clearly, ten claims per application is significantly less than the average number of claims per application in recent years.

A new rule to remove the small number of applications with an excessive number of claims is also unnecessary. The Office can already issue an undue multiplicity rejection to reject an application that contains a number of claims that is so excessive as to confuse or obscure the invention defined by the claims. See *In re Wakefield*, 422 F.2d 897, 164 USPQ 636 (CCPA 1970); *In re Flint*, 411 F.2d 1353, 162 USPQ 228 (CCPA 1969); MPEP § 2173.05(n).

Furthermore, it does not appear likely that the new rules will be effective in achieving the stated goals. In 2004, the Office of the Inspector General identified suboptimal incentives for Examiners, not excess claims, as a cause of the increasing backlog at the Office. (“*USPTO Should Reassess How Examiner Goals, Performance Appraisal Plans, and The Award System Stimulate and Reward Examiner Production*” (IPE-15722) Office of Inspector General (September 2004). The proposed rules do not even address this concern. The possibility seems remote at best, therefore, that the contemplated rule change will significantly increase prosecution efficiency.

Proposed rule § 1.75(b) exceeds Commissioner’s rule-making authority

The Commissioner has exceeded his rule-making authority because the proposed rule is contrary to the statute as enacted by Congress and interpreted by the courts.

Section 112, second paragraph provides:

The specification shall conclude with one *or more* claims particularly pointing out and distinctly claiming the subject matter, which *the applicant regards as his invention*.

35 U.S.C. § 112, second paragraph (emphases added).

Section 131 provides:

The Director shall cause an examination to be made of the application and the alleged new invention; and if on such examination it appears that the applicant is entitled to a patent under the law, the Director shall issue a patent therefore.

35 U.S.C. § 131 (emphasis added).

The proposed rule is in direct contradiction with the statutory text of sections 112 and 131. The proposed rule effectively limits the number of claims that an applicant can rely on to particularly point out and distinctly claim the subject matter the applicant regards as his invention. In addition, the proposed shifting of the burden impermissibly shifts the statutory requirement for the Director to cause an examination to the applicant to cause an examination.

In interpreting § 112, second paragraph, the predecessor court to the Federal Circuit has held that “applicants should be allowed reasonable latitude in stating their claims in regard to number and phraseology employed.” In re Chandler, 319 F.2d 211, 225, 138 U.S.P.Q. 138, 148 (CCPA 1963). The courts have repeatedly rebuffed the attempts by the Office to arbitrarily limit the number of claims. See e.g., In re Wakefield, 422 F.2d 897, 900, 164 U.S.P.Q. 636 639 (CCPA 1970); In re Flint, 411 F.2d 1353, 1357, 162 USPQ 228, 231 (CCPA 1969). The CCPA also discounted the factor of burden on the Office. “Examination of forty claims in a single application may be tedious work, but this is no reason for saying that the invention is obscured by the large number of claims.” Wakefield, 422 F.2d at 902, 164 U.S.P.Q. at 639.

Clearly, the courts have interpreted § 112, second paragraph, to mean that Congress intended that the applicant, not the Commissioner, should determine the proper number of claims to particularly point out and distinctly claim the subject matter which the applicant regards as his invention. By proposing a rule that severely limits the applicant’s latitude in stating their claims, the Commissioner is acting contrary to the literal text and intent of the statute. The proposed rule attempts to accomplish indirectly what the Office cannot do directly.

Section 131 requires the Director to cause an examination. United States patents are presumed valid in part due to examination of the applications by a professional corps of trained examiners. The presumption of validity will be eroded by the self-examination of applications required by the proposed

rule. This will clearly increase litigation costs as infringers can now more easily challenge the validity of patents. By weakening the property right of patent owners, inventors will either decrease investment into research and development or find alternative ways of protecting their invention, such as by maintaining them as trade secrets. The proposed rule runs counter to the fundamental public policy underlying the patent system, which is to provide incentives in the form of limited exclusive rights in exchange for the creation and disclosure of new discoveries.

Proposed rule § 1.75(b) results in higher costs paid by applicants

The proposed rules result in nothing more than an increase and shifting of expenses. Instead of fees being paid to the Office, increased costs will be borne by the applicant as lost inventor time, attorney drafting time, and increased litigation costs.

For applicants who want more than ten claims to be examined at one time, the proposed new rules will require the preparation of an "Examination Report Document" that essentially forces the applicants to do the work that Examiners have traditionally performed. For example, the applicants will have to perform a prior art search, and describe the search to the Office. The applicants will also have to decide which of the references developed in the searches are most relevant to the claims of the application, and cite these references to the Examiner. Most importantly, the applicants will be required to identify all of the features of the claims that are disclosed by the references cited, and provide a detailed explanation of how each of the claims are patentable over the cited references. The added costs associated with this procedure will be particularly onerous for individual inventors and small companies. In effect, therefore, these entities will experience reduced access to the Office.

Even for relatively simple technologies, the drafting of the Examination Report may end up costing as much as drafting the application itself. The Reports will almost certainly increase the costs of patent litigation, as attorneys argue over whether an adequate search was performed, the most relevant prior art was selected, and the claims and prior art were properly characterized. These increased costs do not result in increased fees paid to the Office where the funds could be used to hire more Examiners as well as to improve the incentives awarded to efficient Examiners.

A Progressive Fee Structure Is A More Efficient Solution

An effective solution to reducing the amount of unnecessary excess examination that currently burdens the Office may be to implement a progressive fee structure for claims as well as for continuations.

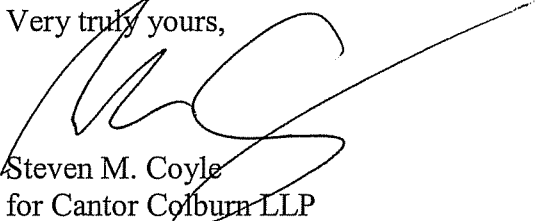
The progressive fee structure already effectively limits the number of independent claims and the total number of claims. Although it appears that only a small number of applications contain an extraordinarily excessive number of claims, the Office may consider increasing the fees for excess claims. This approach targets specifically the most burdensome applications. Like the proposed rule, this approach places an economic cost on Applicants that is proportionate to the examination burden on the Office. Unlike the proposed rule, the increased cost is paid directly to the Office where the fees can be used to reward Examiners for their efforts.

Similarly, progressive fees could be required for serial continuations and requests for continued examination. Such a fee structure should be commensurate with the realities of patent prosecution and take into account, for example, the average number of continuations per application and the frequency of continuation applications. These data are readily available and could lead to a sophisticated, targeted approach to solving the burden imposed by the large number of applications for increasingly complicated technology that the Office is required to examine.

The fact that the number of applications submitted to the Office is increasing and that the applications are directed to increasingly complicated technology should be welcomed, not discouraged. As more and more potentially patentable inventions come before the Office, the increased number of disclosures through publication of applications and patents also increases our knowledge base. These disclosures should also result in more and more inventions entering the market and becoming available to the American public. Any effort to diminish the number of applications runs counter to the mandate of the Office and the policy of the patent system.

We appreciate the opportunity to provide comment on the proposed rules and this Office's consideration of our response.

Very truly yours,



Steven M. Coyle
for Cantor Colburn LLP