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From: Michael Walker [mailto:Michael.Walker@usa.dupont.com]

Sent: Wednesday, May 03, 2006 3:24 PM

To: AB94Comments

Subject: DuPont comments on proposed rules

(See attached file: DuPont submission to PTO on claims rules May 2006.pdf)



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May 3, 2006

Attention: Robert A. Clark  
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Mail Stop Comments—Patents  
Commissioner for Patents  
P.O. Box 1450  
Alexandria, VA 22313-1450

Re: Comments to Proposed Rule Regarding Practice for the  
Examination of Claims in Patent Applications

Dear Commissioner Doll:

This letter is submitted on behalf of E. I. du Pont de Nemours and Company (“DuPont”) in response to the request for comments relating to the above-referenced proposed rules, published at 71 Fed. Reg. 48-49 (Jan. 3, 2006).<sup>1</sup> We would like to thank the United States Patent and Trademark Office (“PTO”) for the opportunity to comment on these rules. We also commend the PTO for the Town Meetings and other outreach programs it has held to give the members of the patent community an opportunity to better understand the proposed rules and to hear reasons why the PTO feels these proposed rules are necessary.

## I. INTRODUCTION

DuPont, like many others in the patenting community, recognizes the need for improvements to the United States patent system to allow the PTO to more effectively carry out its mission. In this context, DuPont has actively supported current legislative initiatives to improve the patent system, including legislation to stop the diversion of PTO fees to unrelated government programs so that PTO will have the money it needs to hire new examiners and make investments in technology to improve its ability to handle the examination of an ever-increasing number of applications.

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<sup>1</sup> A detailed discussion regarding the proposed rules changes affecting the number of claims examined and other procedures relating thereto has been submitted separately to [AB94Comments@USPTO.gov](mailto:AB94Comments@USPTO.gov).

We appreciate the efforts the PTO is making to improve its operations, and we appreciate the significant effort that went into the drafting of these proposed rules. Our primary means for analyzing any specific patent reform proposal, such as these proposed rules, is to evaluate the answers to the following four questions:

- Will the proposed reform improve patent quality?
- Will the proposed reform promote efficient and complete examination of applications and thereby reduce patent pendency?
- Will the proposed reform not unduly burden the user community?
- Will the proposed reform support the Constitutional mandate of promoting the progress of science and the useful arts, *i.e.*, will the reform foster innovation?

When evaluated in the context of the proposed rule changes to continuation practice and to claim examination, it is our view that the answers to the above questions are in the negative. Accordingly, we cannot support the proposed rules in their present form because we do not believe the rules will lead to improved patent quality, will reduce the application backlog, will be an acceptable increased burden on the user community, or will promote innovation. Instead of adopting the proposed rules, we recommend that the PTO consider other ways to achieve its goals, and we have made some suggestions in this regard that are set forth in greater detail below. We would welcome the opportunity to enter into a further dialogue with the PTO on our suggestions or on other potential changes to the PTO rules that would allow the PTO to more effectively carry out its mission.

While an increased burden on users is acceptable in certain circumstances, such as when the increases in burden are reasonable and are an exchange for a corresponding improvement to the patent system, the proposed rules do not represent such an exchange. Our analysis leads us to conclude that many of the proposed rule changes appear impractical and will be difficult and costly to implement, especially for companies like DuPont that have large patent portfolios. As demonstrated by our support to pay additional fees in exchange for an end to patent fee diversion, we are willing to incur additional costs to help the PTO increase its efficiency so as to better perform its mission. However, it is not clear that the proposed changes will achieve any of the PTO's desired goals and there appears to be little analysis or data in the Federal Register notice to support a position that such goals would be achieved by these changes. Indeed, we think it is possible that these rules, if adopted, will not improve the current examination process and may actually increase the backlog and pendency of applications in the PTO. Further, these proposed rules can certainly be expected to cause unintended consequences as a result of their significance and their being implemented so quickly without the benefit of further study or the benefit of a pilot program.

A key concern we have with these rules is that they will take away much of the flexibility in the existing patenting system. Companies that invest in R&D and create jobs and solve societal needs must be rewarded for their investment with adequate patent coverage to protect their inventions. Companies like DuPont that make such investments are often threatened by “free riders” who try to take advantage of our spending on R&D by making minor modifications of our inventions to try to avoid infringement. The patent system should work to protect companies that invest in R&D by having flexible procedures that allow patent applicants to strategically protect their investments. When companies that invest in R&D cannot enjoy the flexibility afforded them by the current PTO practices for claiming inventions and for filing continuation applications, then it can be expected that more and more inventions will be kept as trade secrets, frustrating one of the goals of the patent system to broadly disseminate new information and advances in technology.

The PTO and supporters of the proposed rules have argued that the proposed changes are necessary because of a few bad actors who file extraordinarily large numbers of claims or who abuse the continuation process. Rather than focus on bad actors, we suggest the PTO should instead focus on the majority of companies who are the “good actors”, and who invest real resources in research and development and who own many thousands of issued patents and pending applications. These companies should not be penalized by changes meant to deal with a few alleged bad actors. There are simpler and less expensive means to deal with bad actors than the ways now proposed, and we include some suggestions in this regard at the end of this letter.

Good patent protection encourages investment in all industry sectors. Good patent protection is the *quid pro quo* of early public disclosure of innovations. The balance achieved by a known, consistent patent system is one hallmark of a sound competitive national economy. Changes to such a known, consistent patent system should be made incrementally, not radically and not without a detailed and intensive review. An important potential consequence of these changes is that the patents that issue under the proposed rules may be of a lower value. The costs and risks associated with enforcement of such patents are expected to be higher than those associated with patents issued under the current PTO rules. Further, the scope of protection based upon the limits to the number of claims examined will likely be narrower. These potential consequences to rule changes are important and worthy of further detailed review.

We have included below alternatives that in our opinion represent acceptable incremental changes to the existing well-understood, flexible patent system. We believe that these alternatives will preserve the strengths of the current patent system while discouraging potential bad actors, provide more time for examiners to substantively examine each innovation, reduce patent pendency, and maintain the current cost and risk profile of the current patent system. We have also provided specific recommendations to modify the current form of the rules as proposed to make them more acceptable.

We appreciate the difficulty the PTO is facing with an ever-increasing workload and fully support the PTO's efforts to improve the patenting process. However, the current proposals fall short of providing the PTO with the means necessary to achieve its objectives. We believe our alternatives and recommendations, together with the PTO's ongoing efforts to hire 1000 new Examiners a year, will achieve the goals of improved quality and reduced pendency, without an undue burden on users.

## II. DETAILED DISCUSSION

For at least the reasons discussed below, the proposed rules relating to limiting the examination of claims are impractical and diminish the flexibility needed by patent applicants to adequately protect their innovations.

### A. Limiting Examination to Ten Representative Creates Ambiguities and Is an Inefficient Means of Examination

The proposed rules create ambiguities around the meaning and impact of applicants' selecting "representative"<sup>2</sup> claims. At a PTO Town Meeting we heard that argument that selecting a few claims for examination purposes is the same as or similar to the selection of a few representative claims in an infringement action against a known accused infringer (e.g., for purposes of a *Markman* hearing). We disagree. The issues are different, the circumstances are different, and result of the proceedings different.

Furthermore, the mere act of selecting a few "representative" claims for examination could present a quagmire for the unwary in enforcement actions in view of existing judicial precedent. Questions raised by the proposed rule changes, which questions we believe have not been fully addressed by the PTO, include those presented below.

- What are the parameters to be used to determine a "representative" claim?
- Is there a qualitative statement or admission against interest associated with those claims not designated as representative?
- When are the non-designated claims to be examined (and how) if the designated representative claims are determined to be unpatentable?<sup>3</sup>

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<sup>2</sup> See proposed rule 1.75(b)(mere presentation of a dependent claim is not sufficient for initial examination). See also proposed rule 1.104(b) (examination of dependent claims not designated shall be held in abeyance until the application is in condition for allowance); and proposed rule 1.75(b)(4) (treatment of two nonprovisional applications having at least one claim that an examiner determines is not patentable distinct, having one inventor in common and are commonly owned).

<sup>3</sup> Proposed rule 1.104(c) provides no guidance of what happens if all claims designated for an initial examination are rejected. What happens to the non-designated claims, if a final rejection of the initially designated claims is entered and there was one continuing application utilized prior to the final rejection?

- What procedures are available during the examination of the non-designated claims if an RCE was used during the examination of the representative claims?
- Can subject matter in the non-designated claims be added to the designated representative claims during the examination in order to obtain an allowance? Will an examination support document be required?

Another important question patent applicants will need to consider is whether the doctrine of equivalents will be available to non-designated claims. If so, to what extent, and under what circumstances will this doctrine be available?<sup>4</sup> While this is not directly a PTO issue, it is a critical consideration to patent applicants that will influence their behavior in filing and prosecuting applications in the PTO.

It is suggested that the proposed rules will create litigation opportunities that do not now exist under the current examination process. Ambiguities exploited during litigation will simply add expense and risk to enforcing a patent granted pursuant the proposed rules. Additional risk and expense do not aid in strengthening or improving the United States patent system and do not encourage early public disclosure of innovations.

In addition, when ambiguities created by the examination of representative claims are combined with the new requirements of an examination support document<sup>5</sup> (discussed under Part B, herein), the restrictions on the use of *Markush* language (discussed under Part C, herein), limits on the use of continuation applications (discussed separately), and restrictions on the filing of applications with overlapping disclosure and potentially patentable indistinct claims (discussed separately), the proposed rules will severely

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<sup>4</sup> That is, will the fact that certain claims are non-representative cast them in a different light during an enforcement action or saddle them with inferences that would not have otherwise been present?

<sup>5</sup> To obtain examination of more than 10 designated representative claims, proposed rules 1.261(a)((1)-(6) and (b), require, in pertinent part, that an examination support document include: (i) a statement that a pre-examination search was conducted, include the identification of the field of search by class and subclass, the scope of the search, the search logic used, chemical names, structures or sequence used in the query, the names of the file or databases used, and an explanation of the art; (ii) an information disclosure statement, including the identification of those references deemed most relevant to each designated claim; (iii) identification of all the limitations of the designated claims disclosed by the references; (iv) an explanation of how each claim is patentable over the references cited; (v) a statement of utility; and (vi) a showing of where each claim limitation is supported in the written description of the application.

It is respectfully submitted that by the time an applicant expends the resources necessary to meet these arduous requirements and within the short time period to provided to meet it, if given a choice, many applicants might be more likely to choose to keep this analysis and information confidential and privileged. At minimum, the requirements as now proposed may lead to delayed filing of patent applications involving complex inventions that cannot be adequately claimed by 10 claims. In a first-to-file competitive landscape, rules that delay patent filings hinder innovation.

burden everyone from individual innovators to universities to entities with large research programs with no clearly identifiable improvement in patent pendency or patent quality.

Moreover, assuming that all filed claims are ultimately searched and examined individually on their own merits, we believe that requiring the examiner to search the selected “representative claims” and then, at some time later during the examination, search the art in view of the non-selected claims will increase the overall total time for examination, increase patent pendency, and reduce examiner job satisfaction.

**B. Requiring an Examination Support Document to Obtain Examination of More than 10 Claims Is Impractical, Increases Cost to the User Community and Creates Unforeseeable Perils**

This proposed rule appears to make patent applicants responsible for carrying out a large part of the examination of their claims. No benefit is gained by shifting portions of the current burden of examination from the PTO examining corps, where this burden belongs, to patent applicants. Under the patent statute, it is the obligation of the PTO, and not the patent applicant, to review each patent application submitted for compliance with the requirements of patentability.

Meeting the requirements of the proposed examination support document will add pre-filing expense and time before a patent priority date is obtained. The translation of the foreign patents and non-patent literature alone<sup>6</sup> will be both time- consuming and extremely expensive. Further, if any aspect of the examination support document is deemed to be insufficient, the proposed non-extendable 1-month time period to make the necessary correction will be insufficient for any correction other than a routine, administrative oversight. Should any applicant avail itself of the examination support document en route to an early examination of the full 20 claims (for which a filing fee was paid) and make an error, the penalty of abandonment for not correcting the insufficiency within one month will likely lead to only more appeals and more requests to revive applications for inadvertent abandonment. In the end, examiners should not expect a reduced workload as a result of this proposal.

Moreover, the quality of the search and the various explanations required to be made as part of the proposed examination support document will simply be used in litigation by potential infringers as all of these newly required activities will provide new and fertile grounds for allegations that a patent is unenforceable in view of an alleged misstatement or omission.

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<sup>6</sup> In addition to the U.S. patents and English language technical literature, foreign patents and non-patented documents must be included in the search “unless the applicant can justify with reasonable certainty that no references more pertinent than those already identified are likely to be found . . .” Proposed rule 1.261(b). If this standard is strictly applied, it will be a fertile ground for infringers to challenge patents making patent litigation even more expensive.

Finally, we question whether the process of preparing and submitting an examination support document would be used by patent applicants on a regular basis. When considering the costs to prepare an examination support document and the potential risks a patent applicant would expose themselves to in litigation by submitting such a document, we believe that many applicants will simply not file such a document. If that happens, then the ultimate impact of this requirement will be to foreclose to applicants an early and full examination of all their claims.

**C. The Proposed Rules Will Have a Negative Impact on Inventions Claimed Using Long-Accepted *Markush* Language**

The PTO has requested comments on how claims written in alternative form, such as claims written in a form as permitted by *Ex parte Markush*, 1925 Dec. Comm'r Pat. 126 (1924), should be counted for purposes of 1.75(b)(1). In particular, the PTO asked whether each alternative in a *Markush* group should count as a claim for the purposes of this rule unless the applicant shows that each alternative in the claim meets certain common elements.

Proposed rule 1.75(b)(1) should not be interpreted to count alternatives of a *Markush* group as if each were an independent claim and the proposal should not be used to restrict the use of this *Markush* language as indicated by the "Discussion of the Specific Rule".<sup>7</sup> Specifically, applicants should not be required to show:

a common core structure *and* common core property or activity, in which the common core structure constitutes a structurally distinctive portion in view of the existing prior art *and* is essential to the common property or activity.<sup>8</sup>

The usefulness of the *Markush*-style claim language, recognized by the Federal Circuit precedent and long-standing examination practices, is much broader than indicated by the above quoted statement from the Discussion of the Specific Rules.

Moreover, if there is any potential that the alternatives of a *Markush* group will not meet the above standard, innovators will be unnecessarily discouraged from using *Markush* language and overtly encouraged to file separate applications for each alternative as well as a separate application for mixtures of alternatives.<sup>9</sup> Such a result

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<sup>7</sup> See request for specific comments at 71 Fed. Reg. page 64, columns 2-3, bridging paragraph. Moreover, there are potential conflicts in the application of proposed rule 1.75(b)(1) in view of proposed rule 1.75(b)(4) (regarding the treatment of two nonprovisional applications having at least one claim that a patent examiner determines are not patentable distinct).

<sup>8</sup> *Id.* [Emphasis added.]

<sup>9</sup> *Accord*, the MPEP at paragraph 1850-D (B)(2), for the examination of chemical compounds, does not require a common structure shared by all alternatives, and provides that "[i]n cases where the common



will only lead to an increase in the number of applications pending as well as an increase in the early costs (in terms of government fees and well as prosecution costs) to obtain patent protection. This proposed rule is at odds with the stated PTO goals of reducing the number of applications pending and increasing patent quality.

In short, *Markush* language is critical to the chemical and biotechnology industries to allow proper claiming of complex inventions so that innovations in these industries can be adequately protected.

**D. There Should be No Retroactive Application of Any Aspect of the Proposed Rules**

The retroactive application of certain aspects of the proposed rules<sup>10</sup> will substantially and negatively affect applications already filed. Retroactive application places undue burdens on the users of the patent system, all of whom made a public disclosure of innovations in view of the then-existing patent system. Patent applications were drafted in view of known procedures, and strategic and tactical decisions were made because of such known procedures. If the rules are changed in the middle of the game, particularly in ways as dramatic as is now proposed (including the diminished ability to use continuation application to adjust to PTO policy changes) there is an inherent sense that patent applicants are not being treated fairly.

If the proposed rules are adopted, it is requested that they not take effect for at least one year after adoption. For those patent professionals supporting large and/or complex research and development initiatives, it will take at least this amount of time to fully study the implemented rules and potential unintended consequences, to develop management process to meet their requirements, and to educate the staff members responsible for meeting those requirements.

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structure cannot be the unifying criteria, all alternatives belong to a recognized class of chemical compounds in the art to which the invention pertains.”

Indeed, the very use of *Markush* language developed when no commonly accepted generic term existed to cover the scope of the invention, and the members of a *Markush* group may have only one property or activity in common, but no common structure – let alone a common core “structurally distinctive portion in view of the existing prior art *and* is essential to the common property or activity” as may be required by the proposed rules.

<sup>10</sup> See, e.g., 71 Fed. Reg. at page 66, stating that the changes to rules 1.75 and 1.104 will be applicable to any application filed prior to the effective date in which a first Office action on the merits was not mailed before the effective date of the final rules.

### III. ALTERNATIVES TO THE PROPOSED RULES

As a general matter, we suggest that the PTO consider making changes to the rules that lower the total burden of the examination process and not make changes that merely shift the examination burden to applicants. Regardless of what changes are made, we suggest that changes be made incrementally, so that the actual effects can be observed and their consequences appreciated to be sure the changes ultimately result in the desired effect.

The alternatives below are incremental changes for consideration that address, in part, all of the above goals.

1. In place of the proposed rules relating to practices for the examination of claims, implement a deferred examination process (including a reduction in filing fees accordingly). Charge an examination fee, with examination deferred to various later years, with, optionally, an ever escalating examination fee at year 3, year 5, or year 7, as measured from the priority date. This would ease demand on examiner time, permit applicants to enjoy the benefits of an early filing date (in recognition of first-to-file countries), encourage abandonment of unexamined applications and focus examination on commercially-relevant patent applications. The measure of the backlog and patent pendency can then be based on actual requests for examination.

2. In addition to alternative No. 1, permit an examination request (with examination fee) to be filed by a third party, such as between the 36<sup>th</sup> and the 48th month from the priority date.

3. To reduce the truly abusive continuations while allowing for their legitimate uses, permit two RCEs and continuations under the current fee schedule, but implement radically increasing fees for each subsequent RCE or continuation. Leave current divisional practice unchanged.

4. The patent pendency problem could be solved by the tactical use of overtime for examiners and/or temporarily re-employ retired examiners until the examining corps is brought up to full staff; and, rather than having allowance conferences, provide more time and training to those examiners with signatory authority. This would free up many man-hours for examination purposes.

5. We feel that there is a great lack of efficiency in having the major patent offices in the world (PTO, Japanese Patent Office, and European Patent Office) conduct basically the same substantive examination for a claimed invention. We strongly encourage the PTO to aggressively pursue its trilateral efforts to promote efficiency by finding ways for the major patent offices to share substantive reviews of pending applications.

#### **IV. SUGGESTED MODIFICATIONS TO THE PROPOSED RULES**

If the PTO proposes to implement the proposed rules in essentially the same form as published, we suggest the following modifications to those rules.

1. Do not implement the proposed rule changes to the number of claims to be examined simultaneously with the proposed rule changes to the examination of the claims. Rather, consider running a pilot program to assess the impact of one of the changes before fully implementing these changes or, at the very least, implement changes incrementally and wait to determine if the backlog continues.

2. Do not make the changes retroactive, in any respect, to applications already filed or filed within one year after the adoption of such rules. Invention-owners, particularly those with large research and development programs to support, will need time to study means to implement best practices under the rules, determine how best to mitigate the expected negative effects, and hire additional resources while re-allocating existing resources to administer patent prosecution under the proposed rules.

3. Alter how the examiners are evaluated for performance and use a different method than is currently used. Provide more time for the examiners to search, review art, and examine the application. No final rejection should be entered until the examiner is confident that all relevant art is of record. The applicant should have at least one opportunity to amend the pending claims if arguments distinguishing such prior art of record are determined to be not persuasive. In effect, this would allow for more than two office communications on the merits before a final rejection is entered, and/or permit claim amendments after a final rejection. This would enhance patent quality, streamline prosecution, and reduce the backlog (*i.e.*, reduce the number and use of RCEs and reduce appeals).

4. When the current filing fee is paid, 20 claims should be examined. Increase the excess claim fee rapidly if the number of independent claims goes above 10 and the number of total claims is more than 50.

5. If selection of a certain number of claims is required, do not use the terminology "representative". Rather, use "selected for initial examination by the PTO".

6. Always allow for at least one continuing application after each unsuccessful appeal regardless of the issues on appeal and regardless of whether a continuing application was filed during the pre-appeal prosecution of the specific application.

7. Allow for immediate and expedited appeals from all decisions relating to the new submissions required by any aspect of the proposed rules.

8. Amend the proposed rules to permit a continuation as a matter of right (in addition to any other continuing applications) if any of the 10 representative (selected) claims are determined to be unpatentable.

9. Obtain statutory (to better ensure judicial acceptance) prohibitions against allegations that a patent is unenforceable due to non-fraudulent misstatements or omissions that are made during prosecution to meet the requirements of the proposed rules' submissions, explanations, or other statements.

10. Amend proposed rule 1.261(c) to provide a time period of at least 3 months (with 3 more months of extensions upon payment of an extension fee) to correct or supplement any aspect of or statement in the examination support document.

Thank you for this opportunity to submit comments. If you have further questions, please do not hesitate to contact me at the above address, telephone number and/or email.

Respectfully submitted,

/s/ P. MICHAEL WALKER

**E. I. DU PONT DE NEMOURS AND COMPANY**

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