-----Original Message-----
From: Mark Skoog [mailto:MSkoog@merchantgould.com]
Sent: Tuesday, May 02, 2006 6:54 PM
To: AB93Comments; AB94Comments
Cc: paul.h.mcdowall@medtronic.com; tbianchi@slwk.com; Pedersen@ptslaw.com; Tim Czaja; peter.forrest@gpmlaw.com; Greg Gardella
Subject: COMMENTS ON PTO PROPOSED RULECHANGES - MIPLA ChemBio Practice Committee

Dear Sir or Madam:

Please see the attached comments submitted by the Chemical and Biotech Practice Committee of the Minnesota Intellectual Property Law Association. The attached comments relate to both of the following notices of proposed rulemaking:

1) Notice of Proposed Rulemaking Entitled "Changes To Practice for Continuing Applications, Requests for Continued Examination Practice, and Applications Containing Patentably Indistinct Claims," 71 Fed. Reg. 48 (January 3, 2006); and

2) Notice of Proposed Rulemaking Entitled "Changes To Practice for the Examination of Claims in Patent Applications," 71 Fed. Reg. 61 (January 3, 2006).

Kindly confirm receipt of these comments by responsive email.

Very truly yours,

Mark T. Skoog

email: mskoog@merchantgould.com
phone: 612-371-5240
fax: 612-332-9081
post: Merchant & Gould, 3200 IDS Center, Minneapolis, MN, 55402

May 2, 2006

Via Electronic Mail: AB93Comments@uspto.gov and AB94Comments@uspto.gov

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

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

Robert A. Clarke, Deputy Director
Office of Patent Legal Administration
Office of the Deputy Commissioner for Patent Examination Policy

Re: Comments on

Notice of Proposed Rulemaking Entitled "Changes To Practice for Continuing Applications, Requests for Continued Examination Practice, and Applications Containing Patentably Indistinct Claims," 71 Fed. Reg. 48 (January 3, 2006)

Notice of Proposed Rulemaking Entitled "Changes To Practice for the Examination of Claims in Patent Applications," 71 Fed. Reg. 61 (January 3, 2006)

Dear Under Secretary Dudas, Mr. Bahr, and Mr. Clarke:

The Chemical and Biotech Practice Committee of the Minnesota Intellectual Property Law Association (MIPLA) is grateful for the opportunity to comment on these two Notices of Proposed Rulemaking (the "Proposed Rules").[1] The committee represents a wide and diverse spectrum of individuals, companies, and institutions involved directly or indirectly in the practice of patent law before the United States Patent and Trademark Office. The comments submitted herewith reflect the views of the Chemical and Biotech Practice Committee as a whole, and do not necessary reflect the views or opinions of either MIPLA or of any of the individual members or firms of the Chemical and Biotech Practice Committee, or of any of their clients.

Several meetings were held in January-April, 2006, which were dedicated specifically to the analysis of the policy and practical issues raised by the Proposed Rules. These

[1] The MIPLA is an independent organization affiliated with the Minnesota State Bar Association (MSBA). The MIPLA has nearly 700 members representing all aspects of private and corporate intellectual property practice, as well as the academic community. The MIPLA Committees who submit these comments are doing so on their own authority pursuant to the bylaws of the MIPLA. These comments do not necessarily represent the views of the MIPLA or the MSBA.

comments represent the result of vigorous debate over the objectives, substance, and practical impact of the Proposed Rules. We considered their substantial impacts on the American economy, American innovation, and all stakeholders in the American patent system—particularly our clients, the patent applicants who invest dozens of millions of dollars annually to pursue patent applications prepared by themselves or by patent practioners located in Minnesota. These comments are, therefore, not presented lightly and we thus respectfully urge you to consider them in the same vein.

General Comments

We believe that patent applicants are entitled to a fair opportunity to protect their valuable inventions at a reasonable cost, and—most importantly—preserve the Constitutional mandate to promote the progress of science and the useful arts by providing exclusive rights to patentees that correspond to the scope of their discoveries and inventions.

We also recognize—as have many of our clients who apply for patents—that the United States Patent and Trademark Office (USPTO) faces a difficult challenge to ensure that this opportunity is not lost due to the backlog of pending patent applications in the USPTO.

While we are not opposed in principle to regulations that address this situation by making significant changes in patent practice in the United States, we strongly believe that the proposed regulations will not solve the backlog problem, yet they will introduce new and unjustified—if not illegal—barriers for patent applicants.

In this regard, we encourage the USPTO to seriously reconsider the scope and details of the Proposed Rules, completely withdrawing them from consideration if necessary in whole or in part. We are willing to assist the USPTO in developing reasonable alternatives that address the backlog management issues without crippling the ability of patent applicants to protect their inventions in a fair manner.

Specific Comments

The appended comments are offered on specific rules proposed by the PTO. Please note that these comments are provided for both sets of Proposed Rules. That is because one of the conclusions from our analysis and deliberations is that requirements of one set of Proposed Rules that seem reasonable are in fact not fully appreciated as to their defects until they are considered in the context of the other set of Proposed Rules. We believe the negative implications of this “whipsaw” effect are best addressed by considering the Proposed Rules and our comments together.

Similarly, as you will note, one of our specific comments is that these two sets of Proposed Rules are—to an important extent—incomplete. This is because they necessarily are intertwined with other proposed rules that have not been formally noticed for public comment but mentioned by USPTO officials in the various public meetings held on the topic of these two sets of proposed rules. Specifically, we respectfully

question whether the USPTO should promulgate final rules that implicate 37 CFR §1.56 prior to public review of any changes to that rule proposed by the USPTO.

Conclusion

We appreciate the opportunity to provide comments on the specific proposals made by the USPTO. We would gladly work directly with the USPTO to address the workload issues it faces in ways that circumvent the difficulties we observe in the proposed rules, while ensuring that patent applicants continue to enjoy the rights granted to them under the Patent Clause of the Constitution and the Patent Act as established by Congress.

Sincerely,

/s/ Mark T. Skoog

Mark T. Skoog
Co-Chair
Chemical and Biotech Practice Committee of the
Minnesota Intellectual Property Law Association

COMMENTS ON PROPOSED RULES

I. Introduction

a. The immediate need to address the growing patent application backlog at the USPTO is understood and acknowledged.

b. The present version of the Proposed Rules, however, will not reduce the current patent application backlog.

c. There are alternate and graduated approaches to certain aspects of the Proposed Rules that can better achieve the stated objectives.

d. To the extent the Proposed Rules are implemented, they should be amended to address various points of ambiguity, inconsistency and incompleteness.

II. The USPTO Has No Authority To Enact Proposed Rules Contrary To Law[2]

a. Section 1.78(d)(1) – The USPTO has no authority to enact the proposed continuation limits as they are contrary to the statutory authority for continuations - 35 USC 120, 121[3].

b. Section 1.114(f) – The USPTO has no authority to impose the limit of a single RCE – 35 USC 132[4]

c. Section 1.78(d)(1) and Section 1.75(b)(4) – The proposed continuation limits and designated claim limits will cause applicants to lose statutory rights to seek interferences - 35 USC 135[5]

d. Section 1.75(b)(1) – The USPTO has no authority to enact ESD requirements as the USPTO has statutory burden to prove that applicant is not entitled to patent – 35 USC 102 preamble[6]

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[2] The Patent and Trademark Office ("Office" or "USPTO") derives its rulemaking authority from 35 U.S.C. § 2, which states, in pertinent part, that "The Office … may establish regulations, *not inconsistent with law*…" (*emphasis added*). Exceeding the Commissioners authority also may expose the USPTO to legal action under 5 U.S.C. §702. The Commissioner's actions violate 5 U.S.C. §706(2)(c), rendering them invalid. The Federal Circuit has held that "[e]ven substantive rules cannot be promulgated that are contrary to statute. If the intent of Congress is clear, that is the end of the matter…." *Travelstead v. Derwinski*, 976 F.2d 1244, 1250 (Fed. Cir. 1992), *citing Chevron U.S.A. v. Natural Resources Defense Council, Inc*., 467 U.S. 837 (1984).

[3]The proposed rule would potentially foreclose the possibility of pursuing claims directed to as yet unclaimed inventions in pending applications where a continuation has already been filed. The CCPA held that there is no statutory basis under 35 U.S.C. § 120 to limit the number of continuation applications allowed an applicant who otherwise complies with the requirements of 35 U.S.C. § 120. (*See In re Henriksen*, 399 F.2d 253 (C.C.P.A. 1968). The CCPA in *Henricksen* made it quite clear that the issue of the number of continuations is a matter for Congress, and not the PTO, to define public policy in this regard. In light of this clear pronouncement, it is recommended that the PTO utilize other well-accepted approaches like increasing fees for each additional case as suggested in the alternatives section of these comments.

[4] 35 U.S.C. § 132 (b) unambiguously states, "The Director shall prescribe regulations to provide for the continued examination of applications for patent *at the request of the applicant*…" (*emphasis added*).

[5] 35 U.S.C. § 135 requires applicants to copy claims for purposes of preserving the right to provoke an interference with one year of publication of a patent application or issuance of a patent. The proposed limitations on continuations and designated claims do not account for the legitimate statutory need for applicants to add claims or file further continuation applications in order to copy claims in compliance with the requirements of this statute.

[6] The Patent Office has the statutory burden to prove that a claimed invention is not patentable. 35 U.S.C. §102 states that a *person shall be entitled to a patent unless…*" (*emphasis added*). The obligation to submit an ESD under Section 1.75(b)(1) effectively shifts this statutory burden from the Patent Office to the applicant in violation of the clear intent of the statute.

e. Section 1.78(f)(2) – The USPTO has no authority to enact a presumption that claims are patentably indistinct based only on a test for overlapping subject matter of disclosures – 35 USC 102[7]

[7] The Patent Office does not have the authority to shift the burden to applicant to prove the patentability of a claimed invention absent evidence that establishes a *prima facie* case that the claimed invention is not patentable. 35 U.S.C. §103. The mere existence of overlapping subject matter in co-pending applications does not establish a *prima facie* case that the claimed invention is not patentable. Double patenting can only occur when the subject matter *claimed* in different applications or in an application and an issued patent is either overlapping or not patentably distinct. Obviousness-type double patenting requires that the claimed invention be obvious in view of the *claims* of the co-owned application or patent, not in view of the *disclosure* of the co-owned application or patent. Thus, the mere overlapping of subject matter in the disclosures does not establish a *prima facie* case of unpatentability.

III. The Proposed Rules Will Not Reduce The Current Patent Application Backlog

a. Continuation limits will result in a deluge of continuation filings of already filed case before the effective date of such limits.[8]

i) In order to avoid the prejudicial effect of Proposed Rule 78(d)(1), applicants are effectively encouraged to file a continuation application for each as yet unclaimed invention in any pending continuation before the effective date of the Rules.

ii) Because there are currently no rules discouraging late claiming or large numbers of cases for already filed cases, some applications will spawn 5, 10 or more continuations.

iii) Application backlog could easily increase by several hundred thousand overnight.

b. RCE limits will result in a huge increase in the number of appeals.[9]

c. The requirement that all divisional applications must be filed during the pendency of the parent will result in a dramatic increase in the number of divisional filings over the next few years.[10]

d. The number of interviews, petitions and appeals will increase significantly due to the necessity of challenging questionable restriction requirements and after-final USPTO practices.[11]

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[8] The only similar experience with continuation filings would be the 100% increase in continuation filings associated with the enactment of the 20 year patent terms in 1996. There is no indication that the USPTO estimates of the decrease in pendency have included the consequences of any increase in continuing applications that will be filed prior to the effective date of the Proposed Rules.

[9] Permitting, in the most common circumstance, only a single RCE (none if applicant desires to preserve their ability to file a continuation application) will significantly increase the number of appeals. As a result, the pendency of such applications will necessarily increase while these appeals are pursued. There is no indication that the USPTO estimates of the decrease in pendency has included the corresponding increase in pendency that would be attributable to such an increase in the number of appeals caused by the availability of no more than one RCE for an entire family of patent applications.

[10] In cases where there are multiple-way restriction requirements, Section 1.78(d)(1)(ii) will require all divisional applications to be effectively front-loaded during the pendency of the original parent application. The options to propose restriction requirements in Section 1.75(b)(3)(iii) under the proposed Designated Claims rule, coupled with the increased limitations on the ability to pursue any other kinds of continuing applications, will also result in a significant increase in the number of divisional filings over the next few years. There is no indication that the USPTO estimates of the decrease in pendency have included the corresponding increase in applications due to the increase in divisional filings.

IV. The Proposed Rules Are Unduly Burdensome And Prejudicial

a. Proposed Rule 261 (ESDs) substantially increases exposure to inequitable conduct allegations arising from good faith omissions and mistakes. Without any corresponding changes to Rule 56, Proposed Rule 261 becomes a focus of future litigation that will significantly increase litigation costs.

b. Preparation of ESDs is estimated to add at least $5,000 to the cost of each patent application and may be significantly higher in many art areas and for small companies and independent inventors. The Proposed Rules create many scenarios with continuation applications and co-pending applications in which it is all but impossible to avoid the necessity of filing an ESD merely by limiting the number of designated claims in one application to less than 10.

[11] Because of the increased importance of restriction requirements and the limit of only one RCE per patent family, applicants will necessarily have fewer alternatives to appeal or petition decisions by Examiners. The calculations in support of adopting the Proposed Rules do not take into account the burden on USPTO resources and the increase in pendency due to this increase in interviews, petition and appeal practice that will be the natural outcome of adopting the rules as proposed.

V. The Proposed Continuation Rules (71 Fed. Reg. 48) Are Unclear, Incomplete, Ineffective, and/or Inconsistent

a. Section 1.78(d)(1)(iv) – Showing required for multiple continuations

i. There is no indication of what constitutes sufficient showing for filing of a second continuing application.[12]

ii. There is no process for appealing a denial of a request to file a second continuing application.[13]

iii. The proposed rule is incomplete in that it does not address the submission of a new set of claims as opposed to amendment or arguments.[14]

b. Section 1.78(f)(1) – Identification of related applications

i. The language is potentially confusing as to what applications are covered by the obligation to identify.[15]

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[12] There is nothing in section 1.78(d)(1)(iv) as to what kind of evidence/argument will be required to satisfy the test that the "arguments, evidence or amendments could not have been submitted during the prosecution of the prior filed application". Given the dramatic departure that the proposed rule represents relative to current continuation practice and the significant volume of such requests for second continuation applications that will be made, it seems prudent for the USPTO to outline better guidelines on what kind of a showing will be deemed sufficient.

[13] There is nothing in section 1.78(d)(1)(iv) which indicates any process for appealing a denial of the decision by the Director. Given the importance of this issue and no other available recourse, it is suggested that the Proposed Rules be clarified or comments be included as to whether appealing a decision under this section will be like any other appeal of a decision of the Director or whether it would/should be handled separately.

[14]Section 1.78(d)(1)(iv) is limited to "arguments, evidence or amendments could not have been submitted during the prosecution of the prior filed application". No provision is made for making a showing that subject matter not previously claimed could constitute a valid basis for why a second continuing application is being filed. This situation could occur in either in the context of claims which are patentably distinct under a two-way test for obviousness and therefore would have been subject to a restriction requirement had they been presented in the parent application. In the event that the claims were not presented in the parent application, under Section 1.78(d)(1)(iii) there is no opportunity to pursue a divisional case without losing claim to the earliest priority date of the parent and the claims can only be presented by way of a continuation case or a reissue. Alternatively, if the claims are not patentably distinct under a two-way test for obviousness but represent unclaimed subject matter or alternative claiming strategies, there would never be an opportunity to even present arguments for such new claims as a sufficient reason the need for a further continuation. As previously mentioned, there is no provision for the need to copy entirely new sets of claims into a pending application in order to comply with the provisions of 35 USC § 135(b) for purposes of preserving an applicant's rights to seek an interference. It is recommended that if the proposed Continuation Rules are adopted that the reasons for requesting authorization to file more than one continuation application need to be expanded to address these situations.

ii. No consequences or exceptions are set out in the event that there is a failure to make the required identification.[16]

c. Section 1.78(f)(2) – Substantial overlapping disclosure presumption

i. The language is potentially confusing as to what applications are covered by the presumption of substantial overlapping disclosure.[17]

ii. There is no standard set forth for what degree of common disclosure between co-pending applications constitutes "substantial overlapping disclosure."[18]

iii. There is no indication of when/how the applicant must rebut the presumption or submit a terminal disclaimer.[19]

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[15] The language in section 1.78(f)(1) is potentially confusing as to whether the obligation to identify co-pending applications applies only to applications that (a) name a common inventor and either (b1) owned by another or (b2) under obligation of common assignment (the assumed interpretation) OR applies to applications that are either (a1) name a common inventor and (a2) owned by another or (b) under common obligation of assignment (the alternate interpretation). This should be clarified in any rule that would be adopted.

[16] While section 1.78(f)(1) requires identification of required related applications within four months of the filing of an application, there is no indication of what consequences, if any, would occur if the required identification is not met. There is also no provision for whether and how to appeal or petition an inadvertent failure to meet this requirement has occurred. This should be clarified in any rule that would be adopted.

[17] The language in section 1.78(f)(2) is potentially confusing as to whether the presumption that co-pending applications will be presumed to have substantially overlapping disclosures applies only to applications that (a) name a common inventor and either (b1) owned by another or (b2) under obligation of common assignment (the assumed interpretation) OR applies to applications that are either (a1) name a common inventor and (a2) owned by another or (b) under common obligation of assignment (the alternate interpretation). This should be clarified in any rule that would be adopted.

[18] Given that the obligations of this section are imposed as a rebuttable presumption, the rules should provide guidance for this standard. Otherwise, applicants have no way of knowing whether the provisions of this section will or will not apply to a given application. For example, it is common practice for co-filed applications to include a copy of the co-filed application as an appendix which is then incorporated by reference to, for example, explain how a component part of a system is made. Assuming the component part and the system would satisfy the higher standard of a two-way test for obviousness as separately patentable inventions, would the inclusion of such an appendix place both cases within the reaches of this provision of the Rules?

[19]There is no indication of when the applicant must take action on the alternatives of section 1.78(f)(2)(i) or 1.78(f)(2)(ii), and whether this must be done at the initiative of the applicant or will be handled in response to a pre-examination notice or as part of a response during substantive examination of the application. Given the differing standards imposed on the applicant for action by the Proposed Rules, clarification of these issues is recommended.

iv. There is no guidance on a standard by which applications will be considered "patentably distinct" in order to rebut this presumption.[20]

v. It is unclear whether the showing to rebut the presumption applies to all claims, independent claims or designated claims.[21]

d. Section 1.78(f)(3) – Elimination of patentably indistinct claims

i. There is no indication of when/how the USPTO would require elimination of patentably indistinct claims in multiple cases.[22]

ii. There is no indication of whether refunds for excess claims fees would be made or how counts for designated claims will be impacted if patentably indistinct claims are eliminated.[23]

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[20] There is no existing standard for "patentably distinct" as used in Section 1.78(f)(2)(i). Given that the obligations of this section are imposed as a rebuttable presumption and the applicant is expected to make a showing to the satisfaction of the Director, the Rules should provide guidance for this standard to permit applicants to better present the requisite showing and thereby decrease the amount of processing and review to be done by the USPTO. There is no standard in proposed Section 1.78(f)(2)(ii) for the standard of "to the satisfaction of the Director" or what situations might be considered satisfactory reasons for submitting claims that are patentably indistinct. The requirement of proposed Section 1.78(f)(2)(ii) could effectively obligate an applicant to disclose what would otherwise have been considered privileged advice, namely why a particular claiming strategy has been adopted.

[21] There is no explanation of whether the test and required showing in Section 1.78(f)(2)(i) apply to (a) all claims, (b) independent claims or (c) designated claims (assuming that the Designated Claims rule is adopted). If the test and showing are required for all claims, then the showing will necessarily have to address the potential commonality of dependent claims in one case reciting features that are the focus of an independent claim in another case. In companion cases, it is fairly common practice to draft claims to what are believed to be patentably distinct aspects of a system, for example, where the dependent claim sets for the different claims would recite limitations that are the focus of independent claims in another case. Without a final determination as to whether the independent claims are patentable, it is not possible to determine whether to determine or show that "the application contains ONLY claims that are patentably distinct. If the independent claims are patentable and would satisfy a restriction requirement/two-way test of non-obviousness, then a terminal disclaimer would not be necessary, even though each case had dependent claims that recited the elements/limitations which were the focus of patentability of the independent claims. In this situation, however, if the test of proposed Rule 1.78(f)(2)(i) is applied to all claims, then the two applications would not contain only claims that are patentably distinct because the scope of the two corresponding dependent claims would overlap. Such a result appears to indicate that the test for patentably distinct may be broader than the test for a restriction requirement or two-way test for obviousness where a terminal disclaimer is not required.

[22]There is nothing in Section 1.78(f)(3) about how the patentably indistinct claims would be eliminated (e.g., by Examiner's amendment, by forcing the applicant to cancel). Given the severe consequences imposed on the applicant by the Proposed Rules of canceling claims, clarification of these issues is recommended.

[23] There is nothing in Section 1.78(f)(3) which describes the consequences of such an elimination of claims in terms of refunds for extra claim fees paid or in terms of the counts for designated claims under the proposed

VI. The Proposed Designated Claims Rules (71 Fed. Reg. 61) Are Unclear, Incomplete, Ineffective, and/or Inconsistent

a. Section 1.75(b) – Claims must differ substantially from each other

i. The requirement for claims to differ substantially should only be applied to independent claims.[24]

ii. The requirement for claims to differ substantially should acknowledge that up to 24 or more independent claiming styles may be required for independent claims.[25]

b. Section 1.75(b)(1) – Only 10 designated claims

i. Even with just 3 independent claims (apparatus, method and means plus function), the limit of 10 designated claims practically limits the number of additional dependent features that would be examined to only two per independent claim.[26]

Designated Claims rules.

[24]The proposed change to the definition of claim(s) in Section 1.75(b) requiring the claims "differ substantially from each other" coupled with the construction of dependent claims seems to imply that cross-dependent claims could be objected to as being in violation of this provision. For example, if independent claim 1 includes elements (a), (b) and (c) with dependent claim 2 adding element (d) and independent claim 3 includes elements (a), (c) and (d) with dependent claim 4 adding element (b). In this example, dependent claims 2 and 4 analyzed in isolation could be considered not to "differ substantially from each other". Given that the claims in the application are not yet allowed, there is no way of predetermining whether dependent claims 2 and 4 will ultimately be duplicative or not. Accordingly, it is suggested that the requirement to "differ substantially" only be applied to the independent claims presented for prosecution.

[25] There are potentially up to 8 or more different claiming styles for independent claims, as well as up to 3 or more territorial perspectives. The independent claiming styles would include at least: (1) method non-means plus function, (2) method means plus function, (3) apparatus non-means plus function, (4) apparatus means plus function, (5) product by process, (6) executable method stored on a computer readable storage media, (7) kit claims – apparatus plus instructions, and (8) Beauregard claims. The territorial perspective in light of RIM v. NTP overlays additional valid combinations of independent claims, such that there would be system, client and server perspective claims, depending upon which of the components might be located outside the US. The requirement for claims to differ substantially cannot be interpreted to limit the different kinds of claiming styles an applicant may choose to use to protect an invention.

[26]Three independent claims plus 2 dependent claims per independent claim would total to 9 designated claims. Limiting applicants to having only the elements and limitations of the independent claims and only 2 dependent claims without subjecting themselves to the burdensome requirements of submitting an ESD will substantially prolong examination by not affording the applicant an opportunity to have additional patentable elements or limitations included as part of the initial prosecution of an application. When coupled with the harsh limits of the proposed Continuation Rules, the limits of 10 designated claims effectively requires applicants to accurately predict--at the time of filing--the ultimate patentability of the claims. Given that it is accepted practice that almost all applications are initially rejected, this fundamental

ii. A limit of 10 designated claims is inadequate to cover the up to 24 or more independent claiming styles that may be required for independent claims for a single invention.[27]

c. Section 1.75(b)(2) – Cross-reference claims

i. The second part of this section is unclear as to the different statutory class of invention will be applied.[28]

ii. The second part of this section should apply only to independent claims.[29]

d. Section 1.75(b)(3) – One month, non-extendible deadline for designated claims

i. The one-month, non-extendable deadline is impractical and unrealistic for applications pending as of the adoption date of the proposed rule.[30]

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sea change in trying to get most applications to be essentially in condition for allowance prior to examination is too dramatic of an attempt to change current practice. While such a change may be desirable and necessary in light of the increasing number of applications being filed, there needs to be a planned evolution to such a new way of practicing.

[27] The comments to the Proposed Rules requested examples of where the limits of Section 1.75(b)(1)(i) would not provide sufficient opportunity to protect an invention. Given that there are potentially up to 8 or more different claiming styles for independent claims, as well as up to 3 or more territorial perspectives. The independent claiming styles would include at least: (1) method non-means plus function, (2) method means plus function, (3) apparatus non-means plus function, (4) apparatus means plus function, (5) product by process, (6) executable method stored on a computer readable storage media, (7) kit claims – apparatus plus instructions, and (8) Beauregard claims. The territorial perspective in light of RIM v. NTP overlays additional valid combinations of independent claims, such that there would be system, client and server perspective claims, depending upon which of the components might be located outside the US.

[28]It is not clear whether the last sentence of Section 1.75(b)(2) is intended to apply only to so-called combination method apparatus claims (i.e., the method of x using the product of claim y) as a second way of getting at what is apparently the focus of the first section of this section, or whether this test might also apply to regular dependent claims which add additional limitations of a similar kind (i.e. a method limitation for a method claim, or an apparatus limitation for an apparatus claim). If there is a potential application to the latter, then there need to be some guidelines in the rules about how such dependent claims would be found to be "of a different statutory class of invention." It should also be clarified that the different statutory class is not meant to include different subclasses within the same class.

[29]In light of the comments in footnote 36, it is suggested that the second part of Section 1.75(b)(2) be applied only to independent claims.

[30]The non-extendable one-month time period to respond to a notice under Section 1.75(b)(3) is wholly inappropriate to be applied to applications that were pending as of the effective date of the adoption of these rules. There literally will be more than 500,000 applications that would be potentially subject to this one-month non-extendable period. Assuming that the Office could actually send out all of such notices in a timely manner, there is simply no practical way that 500,000 applicants could comply with the requirements

ii. The one-month, non-extendable deadline is also impractical for applications filed after the adoption date of the proposed rule.[31]

iii. There is no indication of how the notice and deadline would be applied where multiple applications are considered together for purposes of determining the number of "designated claims."[32]

iv. There is no provision for appealing or petitioning the USPTO determination and notice of the number of designated claims.[33]

e. Section 1.75(b)(3)(iii) – Suggested restriction requirement

i. There is no guidance as to the standards to be used in evaluating a suggested restriction requirement, particularly a multi-way restriction requirement.[34]

ii. There are no provisions for how the requirements of the proposed rule would be addressed in the event that the proposed restriction requirement is not accepted.[35]

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even if less than 10% elected to have a search performed and submit an ESD in compliance with Section 1.261. There are simply not enough independent search firms to fulfill the search requirements of Section 1.261 in this one-month period. After the search results are obtained, the amount of effort to comply with the requirements of proposed Section 1.261 will most certainly take longer than whatever time is left in the one-month period given the obligations of "reverse-mapping" of each and every reference set forth in Section 1.261.

[31]Even for new applications filed after the effective date of enactment of the Proposed Rules, the one-month period is still too short for effectively being able to comply with these rules.

[32] In the event that multiple applications are combined by the USPTO to determine that there are more than ten potential designated claims, there is no indication in the Proposed Rules requiring that the notices for all such cases be sent on the same date such that the time period for responding could be different for different applications subject to essentially the same designation requirement.

[33] If an applicant disagrees with the counting or combination of applications for purposes of the designated claim rules, there is no provision for appealing or petitioning that decision that is separate from the general provisions for appeal and petitions. Given the one-month, non-extendable deadline, the rules should provide guidance at a minimum on how the non-extendable deadline would be treated in the event that a petition or appeal is filed.

[34]No standards or guidance are provided by Section 1.75(b)(3)(iii) for submitting a suggested requirement for restriction in terms of how such a suggested restriction will be handled during examination, particularly in the case of multi-way restrictions. It is assumed that the initial notice under Section 1.75(b)(3) would be sent out by the Office of Initial Patent Examination (OIPE), whereas the evaluation of a suggested restriction requirement will be delayed until the first substantive action on the merits by the Examiner. This could mean a delay of potential several years between the submission of a suggested restriction requirement and the time when the Examiner would act upon that suggestion.

[35]The option under Section 1.75(b)(3)(iii) of submitting a suggested requirement for restriction does not

f. Section 1.75(b)(4) – Counting of patentably indistinct claims in co-pending applications

i. There is no guidance on a standard by which applications will be considered "patentably indistinct"[36]

ii. It is unclear whether the counting of claims applies to all claims, independent claims or designated claims.[37]

iii. The requirements of this section will effectively insure that all currently pending continuation applications will have to comply with the ESD requirements.[38]

iv. The language for commonly assigned applications in the proposed Designated Claims Rule is different than in the proposed Continuation Rule.[39]

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provide any guidance on the options or obligations of the application in the event that (a) the suggested requirement is rejected in its entirety, or (b) a restriction requirement is maintained that is different than the suggested requirement and ends up being drawn to more than ten claims.

[36]There is no existing standard for "patentably indistinct" as used in Section 1.75(b)(4). It is not clear whether the standard of "patentably indistinct" in Section 1.75(b)(4) is meant to be consistent with the "patentably distinct" and "patentably indistinct" standards proposed for Section 1.78(f)(2) and 1.78(f)(3) of the proposed Continuation Rules. The potential for different interpretation of the standards across the two sets of Proposed Rules should be addressed.

[37] It appears that the test in Section 1.75(b)(4) would apply to (a) all claims including dependent claims, as opposed to only (b) independent claims or (c) designated claims. If the test is applied to all claims, then it could permit the USPTO to preemptively require applicants to cancel claims due to any potential commonality of dependent claims in one case reciting features that are the focus of an independent claim in another case. In companion cases, it is fairly common practice to draft claims to what are believed to be patentably distinct aspects of a system, for example, where the dependent claim sets for the different claims would recite limitations that are the focus of independent claims in another case. Doing so permits the applicant to seek the broadest possible claim coverage in the situation where there are potential multiple combinations of inventive aspects for a combination invention. As currently worded, Section 1.75(b)(4) could be used to force an applicant to eliminate claims prior to examination in such a way as to limit the ability of the applicant to present different combinations of multiple inventive aspects. In contrast, the current practice of double patenting rejections and provisional double patenting rejections are applied only after there is an indication that the claim is otherwise allowable or is assumed to be allowable.

[38] The combination of the vague standard for patentably indistinct and the application of that non-standard to all claims, including undesignated dependent claims, appears to all but guarantee that any continuing applications will be subject to an obligation to submit an ESD as there would be no practical way in most cases for the count of all independent claims and dependent designated claims in a parent case to not exceed 10 when added to the independent claims of a child case. Because there would be no way to cancel or propose a restriction for the "phantom" designated claims in the child case, the only recourse for child continuation case would be to file the ESD or cancel the claim(s) objected to as being patentably indistinct without ever getting an opportunity to prosecute those claims.

g. Section 1.104(a) – Application of designated claims rules to requests for reexamination

   i. The designated claims rules should not apply to reexaminations of patents granted prior to enactment of the rules.[40]

   ii. There is no indication of how claims designated during original prosecution are to be treated as designated or not designated during a reexamination.[41]

h. Section 1.261 – Examination Support Document (ESD)

   i. It is unclear under whether an ESD document includes an obligation to designate dependent claims.[42]

   ii. The reverse claim mapping requirement for an ESD goes significantly beyond the obligations imposed for appeals to the BPAI.[43]

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[39] The language in Section 1.75(b)(4) concerning owned by the same person or under an obligation of assignment to the same person is different than the language used in 1.78(f)(2) which also requires that there be a common inventor. It is believed that Section 1.75(b)(4) should include the common inventor language.

[40] The inclusion of reexamination proceedings under the scope of the designated claims rule should be limited to patents issuing from applications pending as of the adoption of the proposed rule in order to minimize the increase in the number of requests for reexamination that would otherwise be filed to take tactical advantage of the designated claims and ESD requirements of the Proposed Rules.

[41] For patents issued after the designated claim rule is adopted, there is no indication in Section 1.104(a) as to whether a designation of claims during the prosecution of a patent application would apply to a subsequent request for reexamination of that patent.

[42] The inclusion of the reference to designated dependent claims in Section 1.261(a)(2) and Section 1.75(b)(3)(i) seems to imply that even with the submission of an ESD, there would still be some kind of requirement to submit a designation of dependent claims. Given that the ESD submission is a mechanism to avoid the need for such a designation, it is suggested that the rules be clarified with respect to the option of designation by the applicant of dependent claims as designated claims for purposes of reducing the burden of the ESD, otherwise without such a designation all dependent claims would be assumed to be "designated claims" in the event that an ESD was submitted.

[43] The obligation of so-called reverse claim mapping of the claims back onto each reference in Section 1.261(a)(3) is far beyond any similar kind of obligation for appeals to the BPAI which purportedly is serving as the model for obligations to be imposed on applicants by the ESD requirements. The consequences in terms of potential arguments of inequitable conduct generated as a result of making such a reverse claim mapping will almost certainly and significantly increase the costs of patent litigation. It is strongly urged that this provision not be included or, that inclusion of any similar provision be deferred until such time as there are changes to Rule 1.56 that would define the obligations and consequences to applicants resulting from attempts to comply with such a provision.

iii. The requirement for broadest reasonable interpretation of the claims in conducting the search for an ESD is inconsistent with current case law.[44]

iv. The one-month non-extendible deadline for a supplemental ESD is inconsistent with the other deadlines for responding to an Office Action and will lead to duplicative work.[45]

i. Section 1.704(c) – Reduction in Patent Term

i. It is unfair to reduce patent terms for not complying with this requirement effectively as of the adoption of the proposed rules.[46]

[44] The requirement for broadest reasonable interpretation of the claims for a pre-examination search in Section 1.261(b) is inconsistent with court decisions requiring the USPTO to interpret the claims reasonably in light of the specification. See *In re Johnston* and *In re Donaldson.*

[45] The one-month non-extendible period for submitting a supplemental ESD in Section 1.261(c) is unwarranted as, with the exception of an initial finding prior to a substantive Office Action that an ESD was deemed to be insufficient, this requirement would be part of some form of Office Action for which the typical 3 month and 3 month extension deadlines would apply. The difference in the periods for responding will create an unworkable acceleration of preparation of responses which otherwise are not required to be prepared by a one-month deadline as the submission of any supplemental ESD would almost certainly involve other arguments and analysis that will be submitted as part of the response to the Office Action. A standard period of response for any deficiency of an ESD other than an initial determination of insufficiency prior to a substantive action on the merits should be the rule.

[46] The reduction in the patent term adjustment for failure to promptly file an ESD under Section 1.704(c)(11) is unworkable as proposed for all applications pending as of the adoption of any such rule. The reduction in patent term would occur for the period of time before the USPTO sent out any notice. To avoid any potential reduction in patent term, every applicant and attorney would have to preemptively make a filing under Section 1.75(b) immediately upon the effective date of the rules, which is a situation that would only further compound the confusion and huge influx of work which the USPTO has not anticipated in promulgating these rules.

VII. Proposed Alternatives

a. Alternative to the Proposed Continuation Rules: Instead of a blanket one-and-out rule, it is recommended that the Rules be amended to treat different kinds of continuing applications differently by increasing filing fees for continuations, allowing only one RCE per application as a matter of right, allowing for cascaded divisional applications, and requiring a showing of compliance with 102(b) for CIPs filed more than 12 months after the original parent.

i. RCE: Initially adopt a limit of one RCE per application, instead of counting them together with other kinds of continuing applications. Based upon experience with this limit, further limits could then be proposed if this approach did not adequately address the rework problems being claimed by the USPTO.

ii. For all other kinds of continuing applications, fees for each successive continuing application should be increased based on a schedule that increases fees as a function of the number of claims to priority of earlier non-provisional applications. Again, further steps could be proposed if the increased fees based on the number of claims to priority does not adequately address the rework problems being claimed by the USPTO.

iii. Divisional applications in response to a proposed restriction requirement should be permitted at any time during pendency of any application in an application family that is approved by the USPTO. A formalization of the proposed restriction practice will need to be developed to standardize guidelines on restriction requirements and when cases are patentably distinct.

iv. Establish a rebuttable presumption for any CIP having a filing date of more than 12 months after the earliest claimed priority that would require the applicant to certify compliance with the statutory bars of 35 USC 102(b) for any claim in the CIP that only has priority as of the filing date of the CIP.

v. Use 35 USC 251 as a statutorily authorized limit on the filing of continuations and CIPs such that no broadening claims in any continuation or CIP application could be filed more than 2 years after issuance of a patent for any application in the chain of priority for the continuation or CIP. This limit should not apply to divisional applications.

b. Provide a phased adoption of restrictions on continuation practice for existing applications: In order to avoid the anticipated bulge of continuation filings prior to adoption of the Proposed Rules, it is recommended that revised Rule 78 only apply to newly filed applications that do not have a common disclosure with and claim benefit to an earlier application and that application of this rule could then be phased in for existing applications. For example, 6 months after adoption of the Rule it could begin applying to cases claiming priority to a filing date more than 4 years before the adoption date, 12 months after adoption of the Rule it would apply to cases claiming priority to a filing date of more than 3 years before the adoption date, etc..

c. Alternative to the Proposed Designated Claims Rules: Change the designated claims requirements from 10 to 20 in order to ease the transition to the proposed rules. This is much more consistent with current fee structures, will greatly reduce the effort required by the USPTO and represents a good compromise that addresses the very valid concerns that 10 designated claims are not sufficient to adequately protect many inventions where no attempt is being made to abuse the system.

d. Delay implementation of ESD rules until corresponding amendments are made to Rule 56: Delay full implementation of the requirement for submission of an ESD until such time as changes to Rule 56 are implemented. In the interim, at a minimum eliminate the “reverse claim mapping” requirement of Section 1.261(a)(3). This change will make the requirements of the ESD more consistent with current practice for the Board of Patent Appeals and Interferences (BPAI) and will substantially

reduce the potential for problematic admissions against interest and the risk of potential inequitable misconduct claims that will be associated with the ESD requirements as proposed.

e. Create threshold that triggers presumption of patentable indistinctness: Change the presumption of patentably indistinct claims due to substantial overlapping disclosures of co-pending applications in Section 1.78(f) to a springing burden that occurs only upon an initial double patenting rejection by the USPTO for any of the co-pending applications identified as related applications.

f. Delay implementation of Rule 75(b)(4): At a minimum, defer or delay implementation of Section 1.75(b)(4) with respect to counting designated claims in patentably indistinct related cases until some experience with the other changes to be implemented by the proposed Rules can be evaluated in order to determine whether this enhanced counting is needed in order to achieve the desired effect of the proposed rules.

g. Enlarge time(s) to respond: Change the period of response to a notice of designated claims under Section 1.75(b)(3) or deficiency of an ESD under Section 1.261(c) to the normal three month and three month extension period.

h. Permit Examiner Interview's Prior to First Office Action: Change the current practice of not permitting interviews prior to the first Office Action in order to allow the applicants an opportunity to educate the Examiner and thereby obtain a better and more efficient prosecution of a given application.

VIII. Other Comments

a. The combination of both proposed rules would create significant disadvantages if a "first-to-file" patent system is adopted in the US.

i. Limiting both the number of claims per application and the number of continuation places are two-fold squeeze on applicants to spend more money earlier on in the innovation process in order to attempt to guess what claims related to a development project are likely to be both patentable and commercially significant.

ii. This pressure to spend more money to guess correctly about patent claims will be diametrically opposed to the need to get patent applications on file as soon as possible under a first-to-file regime.

b. The combination of both proposed rules precludes US inventors from effectively refining the peripheral boundaries of their claims in response to ongoing development and infringement of an invention, a situation that is unique to the US Patent Laws

i. Unlike the European Patent Office (EPO) and most other countries in the world where a central claiming style prevails for the interpretation and enforcement of patent rights, US Patent Laws rely on a peripheral claiming approach where the boundaries of the invention, and not the core of the invention, must be defined by the claims.

ii. The need to define the peripheral boundaries of an invention often requires the submission of multiple claiming strategies.

iii. The need to define the peripheral boundaries of an invention is much more likely to change as development continues and is refined, a need that is accommodated by current continuation practice, but that is effectively ignored by the proposed rules.

iv. The need to define the peripheral boundaries of an invention also needs the ability to refine claim strategies in view of changing case law on claim interpretation.

v. The need to define the peripheral boundaries of an invention is also why the late claiming doctrine has been the rule of law that permits applicants to revise their claims after examination of a potential infringement.