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**From:** Jeff Stewart [mailto:[jeff@ivormhughes.com](mailto:jeff@ivormhughes.com)]

**Sent:** Wednesday, May 03, 2006 10:53 PM

**To:** AB93Comments

**Subject:** AB93 Comments

Please see attached.

May 3, 2006

The Honorable Jon Dudas  
Under Secretary of Commerce for Intellectual Property  
and Director of the United States Patent and Trademark Office

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

Comments on Proposed Rules: “Changes to Continuing Applications, Requests for Continued Examination and Applications Containing Patentably Indistinct Claims” 71 Fed. Reg. 48 (January 3, 2006)

Dear Under Secretary Dudas:

Thank for providing the opportunity to provide comments for this new proposed rule change.

These comments are in respect of the Notice of Proposed Rule Making published in the 71 Fed. Reg. 48 titled **Changes to continuing applications, requests for continued examination and applications containing patentably indistinct claims.**

The practice of continued examination including both continuing applications and requests for continued examination has been a fundamental process in the United States Patent and Trademark Office (USPTO) since its inception. It is a means for applicants to amend their claims in light of an Examiner’s comments and arguments so that any patent issuing contains claims that define to the public what the invention really is. Another benefit is the flexibility it gives independent inventors in being able to evaluate the state of the art after filing their first application, to tailor their claims to make the most of their patent monopoly. The two major changes proposed by the USPTO are: 1) to require that applicants filing second and subsequent continuations, continuations-in-part or requests for continued examination (RCE) demonstrate to the Director why the amendment, argument or evidence could not have been previously, and 2) to revamp and promote the Board of Patent Appeals and Interferences as a viable final option for applicants if they are unhappy with the outcome of their particular case. We feel that these

changes are not only unnecessary but will adversely affect the prosecuting of future patent applications.

### **The Proposed Rules Will Negatively Affect Applicants**

Restricting continuing examinations will negatively affect applicants by increasing the costs for patent filing, extending the time from filing to issuance due to increased appeals and in general severely limit access to the Patent Office by independent inventors. By limiting this option during prosecution applicants will be forced to file patents with narrow claims in order to obtain a favorable first Office response, and to avoid having to decide after a Final Action whether to convince the Director that an RCE is justified or to enter into the appeal process. Either option will require additional time and money to pursue, something that many applicants simply don't have.

Another consequence that will adversely affect applicants will be the tendency to file "omnibus" patents in which anything and everything is included due to restrictions placed on the definition of divisional applications. An Examiner faced with such a voluminous filing will in turn respond with "omnibus" rejections and issue restriction/election requirements. This does nothing to facilitate timely examinations of applications.

A further consequence of these proposed rules is that there are no real guidelines as to what arguments would be considered convincing to the Director. Under the new rules if an applicant wishes to file a second continuation he must persuade the Director, a task that has probably already been carried out with the Examiner during prosecution. This extra step will take time and cost money. If the applicant fails in his arguments the application is rejected altogether and he is back to square one. Certainly in many cases it takes time for an applicant to properly draft claims to completely protect the invention, something that is particularly true of independent inventors. In *Kingsdown Medical Consultants v. Hollister* (863 F.2d 867 (Fed. Cir. 1988)) the court ruled that a patent applicant has every right to amend or insert claims (as long as they are supported in the description) that take advantage of a competitor's product that the applicant has learned about during the prosecution of his application. In many cases, this process will take more than two iterations to successfully complete. Having to convince an additional level of bureaucracy is an unnecessary step.

### **The Proposed Rules Will Not Solve the Patent Office's Current Problems**

In 2005 USPTO received approximately 317,000 non-provisional applications of which 62,870 were continuing applications. Also, the Office received 52,750 requests for continued examination. That works out to approximately 30% of the Office's patent examination resources being apportioned to examining continued examination filings which, they argue, could have been used to examine new applications. However what is not stated is that of those 317,000 new applications only 289,000 actually received a first Office Action, leaving approximately 28,000 unexamined cases. Taking into account the roughly 21,800 second and subsequent continuing applications and RCE's that would have been eliminated by these proposed rules, the Patent Office will be no further ahead in terms of examining new applications; the backlog will still exist. In addition, it is expected the number of appeals will increase if these proposed rules are brought into force. The Board of Patent Appeals and Interferences (BPAI) was originally created to be a "last resort" in patent prosecution. USPTO claims that the number of pending appeals has dropped from 9,201 in 1997 to 882 in 2005. Clearly they have made some headway in resolving these disputes. However, in the hypothetical event that all 10,000 requests for continued examinations in 2005 were rejected by the Director the next obvious step would be to appeal the decision. The Board would be inundated with requests, resulting in lengthy delays to patent applicants wishing to have their rejected applications re-examined. The Board was not designed to handle this heavy a caseload. Moreover, the success rate for applicants is not good: in 2004 only 38% of rejections were reversed. In this regard, the proverbial deck is stacked against applicants who are forced to go to the BPAI to argue their case.

### **The Proposed Rules Will Negatively Affect Innovation**

Many companies use continuing applications to refine and protect their key technologies. More often than not patent applications are filed long before the technology is commercialized. Continuing applications are critical to protecting these ideas from start to finish by allowing applicants to draft claims that cover the eventual commercial embodiment. The proposed rules will limit the number of continuing applications an applicant can file and require them to justify why they need to file them. This adds unreasonable delays and costs. Moreover, companies will be more selective about which inventions will receive the resources required for commercialization. Or, alternatively, companies will simply protect their inventions as trade

secrets. This will adversely affect the public at large because new products are often critical to quality of life improvements and lack of disclosure will prevent other companies from improving upon those technologies.

In addition, independent inventors can take particular advantage of continuation examination practice because it allows them to file an application and later modify their claims depending on what competitors are doing in their particular technological field. The proposed rule changes will effectively eliminate this one advantage that independent inventors had against other, usually bigger competitors.

In conclusion, while we appreciate and understand the reasoning behind USPTO's proposed changes to the continuation examination process we feel these changes are wrong and will severely undermine patent prosecution in the United States.

We thank the Director for providing the opportunity to submit comments in respect of this proposed rule change.