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From: Lee, Cynthia [mailto:Cynthia.Lee@tkhr.com]

Sent: Wednesday, May 03, 2006 5:28 PM

To: AB93Comments

Subject: Comments on Proposed Rules on Continuing Application Practice

Robert A. Clarke

Deputy Director

Office of Patent Legal Administration

Office of the Deputy Commissioner for Patent Examination Policy

Dear Mr. Clarke:

Attached are the comments from Thomas, Kayden, Horstemeyer & Risley, LLP on the proposed rule changes to "Practice for Continuing Applications, RCE Practice, and Applications Containing Patentably Indistinct Claims."

We appreciate the opportunity to offer our comments. We would also greatly appreciate confirmation that our comments have been received by the U.S. Patent and Trademark Office.

Thank you.

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Thomas, Kayden, Horstemeyer

& Risley, LLP

100 Galleria Parkway

Suite 1750

Atlanta, GA 30339

Tel: (770)933-9500

Fax: (770)951-0933

www.tkhr.com

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# TKHR

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## THOMAS, KAYDEN, HORSTEMEYER & RISLEY, L.L.P.

ATTORNEYS AT LAW

100 Galleria Parkway, NW  
Suite 1750  
Atlanta, GA 30339-5948  
Telephone: (770) 933-9500  
Facsimile: (770) 951-0933  
[www.tkhr.com](http://www.tkhr.com)

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May 3, 2006

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

**VIA EMAIL ONLY**  
**([AB93Comments@uspto.gov](mailto:AB93Comments@uspto.gov))**

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

Dear Under Secretary Dudas:

We appreciate the opportunity to submit comments regarding the above-referenced Proposed Rules. Our law firm, Thomas, Kayden, Horstemeyer & Risley, LLP, practices exclusively in the field of intellectual property law. We represent a wide variety of individuals, small businesses, large corporations (including Fortune 100 companies), and institutions (including many universities), both in preparation and prosecution of patents, as well as in patent litigation and licensing. The comments below have been prepared by our firm without consultation with our clients. As such, the comments below may or may not represent the views of one or more of our clients.

First of all, we commend the United States Patent and Trademark Office (USPTO) for boldly attempting to address its problems with pendency and any public notice concerns.

However, we are writing in opposition to the proposed rule changes identified above for a variety of reasons.

I. The USPTO's Authority to Adopt the Proposed Rules is Preempted by the U.S. Patent Laws

It appears to us that the USPTO has exceeded its statutory authority in seeking to promulgate the Proposed Rules. Article I of the U.S. Constitution clearly gives Congress, not the USPTO, the authority "to promote the progress of science ... by securing for ... inventors the exclusive right to their ... discoveries." Congress has done this by providing in 35 U.S.C. §§ 119, 120, and 121 the express right to claim priority to earlier applications, without any limitation on the number of applications that can claim priority in a chain. If Congress desired to limit this number on continuation, continuation-in-part, or divisional applications or requests for continued examination, it could have, but thus far, Congress has chosen not to do so. Indeed, Applicants have been claiming priority through a chain of applications for many years. Inaction by the U.S. Congress reflects its tacit endorsement of this practice. Indeed, Congress responded to the issue of submarine patents several years ago by limiting term of an issued patent to 20 years from the earliest effective filing date. If Congress believed that the continuation practice was unreasonable, it could have amended 35 U.S.C. § 120 and/or § 121 at that time.

As an administrative agency, the USPTO has the authority to develop rules and procedures to carry out its task of administering the patent system, not to completely reform fundamental patent laws. The U.S. patent laws under article 35 of the United States Code preempt the USPTO's authority in this instance. Therefore, the USPTO cannot create rules that unduly limit the statutory right to file two or more continuation, continuation-in-part, or divisional patent applications.

Indeed, the Court of Appeals for the Federal Circuit (CAFC) has confirmed that this very issue of limiting the current continuation practice is an issue for Congress. In *Ricoh Co., Ltd. V. Nashua Corp.*, 185 F.3d 884 (Fed. Cir. 1999), an unpublished decision, the CAFC refused to

impose a judicial limitation on the active continuation practice, reasoning that “a limit upon continuing applications [ ] is a matter of policy for Congress, not for us.” (citing *In re Hogan*, 559 F.2d 595, 604 n. 13, 194 USPQ 527, 536 n. 13 (CCPA 1977) (emphasis added)). The CAFC explained that:

In 1994, Congress passed the Uruguay Round Agreements Act, [in which] Congress amended 35 U.S.C. § 154 to provide for a patent term of 20 years from the date of the earliest filed priority application, rather than 17 years from the date of issue of the patent. This amendment in effect addressed the perceived problem of so-called “submarine patents,” *i.e.*, the use of continuation applications to claim previously disclosed but unclaimed features of an invention many years after the filing of the original patent application.

*Ricoh Co.*, at FN3. Ultimately, the CAFC in *Ricoh Co.* concluded that “absent congressional indication [to the contrary] ... in the context of continuation applications, we [will not] judicially adopt equitable safeguards, in contravention of established precedent, when Congress itself has declined to do so.” *Id.* (emphasis added). For the same reasons, 35 U.S.C. preempts the USPTO’s authority to modify long-established continuation practice.

The USPTO asserts that because it has not imposed an absolute limit on the number of continuation applications that may be filed, it is not exceeding its statutory authority. Specifically, the USPTO admits that the CCPA (predecessor to the Court of Appeals for the Federal Circuit) has restricted its ability to do this in the case law, *e.g.*, *In re Hogan*, 559 F.2d at 603-05, 194 USPQ at 565-66; *In re Henriksen*, 399 F.2d at 262, 158 USPQ at 231. However, because an applicant must petition to file more than one continuation under the Proposed Rules, the practical effect on such an applicant is an expensive and time-consuming petition and/or appeal process in order to be able to file more than one continuation application. Thus, even when a second continuation application is completely justified under the circumstances, the applicant will suffer undue hardship and will likely be deterred from even attempting to request the second continuation application. The result is an added economic burden on applicants to pursue applications they are entitled to file under Title 35 of the U.S. Code. Further, the result will be an effective bar to many applicants, in particular those qualifying for small entity status,

to avail themselves of the right to file two or more continuation, continuation-in-part, or divisional patent applications.

## II. The Proposed Rules Should Not be Adopted

Even if the USPTO were acting within its statutory authority to promulgate rules for the administration of the patent laws, the Proposed Rules should not be adopted.

We have reviewed the Comments submitted by the American Intellectual Property Law Association (AIPLA) on April 24, 2006 and would like to add our support for those comments. Many of our own comments herein are similar to the views express by the AIPLA.

In addition, we agree with the Comments submitted by the Small Business Administration (SBA) that the proposed rules would have a negative economic impact on small businesses, and would deter them from protecting innovations that are important to the health of our overall economy. It will also negatively impact the ability of our nation's universities to protect their inventions. In particular, we agree with the SBA that in this instance the USPTO should conduct an Initial Regulatory Flexibility Analysis (IRFA) prior to publication of the final rules. The IRFA would identify some alternatives to reaching the USPTO's stated goals without having to institute the proposed rules. *See SBA Comments*, pages 3-5.

### A. There Should Not be Restrictions on Number of Continuation, Continuation-in-Part, and Divisional Applications and Requests for Continued Examination (RCEs)

Most continuation, divisional, and RCE filings are legitimately made to fully and properly claim the applicant's invention fully, and are not made simply for purposes of delay. In addition, as admitted by the USPTO through the statistics on second and subsequent continuations and RCEs cited above, lengthy "daisy chains" of continuing applications and RCEs are not commonplace.

Continuing applications and RCEs are made for a variety of legitimate reasons and should not be treated similarly. For example, changes in patent laws or rule changes may change the way in which the applicant wishes to claim the invention or prosecute the application. In addition, if the applicant discovers new art of which the USPTO should be aware, it might be forced to file an RCE even after a Final Office Action or Notice of Allowance in order to have the claims considered by the Examiner in view of the new art, and a petition should not be necessary in this situation. Continuations-in-part are used almost exclusively to add new matter/support to a specification, particularly when research is on-going by the applicant in the field of the invention. Additionally, if an applicant has a potential infringer that it wishes to pursue, yet the USPTO has not granted allowance for the applicant's broader claims, the applicant is effectively forced to accept narrower claims while pursuing broader claims during the pendency of an appeal or a continuation application. In each of these situations, an applicant can be unduly prejudiced by not being allowed to file a second or subsequent continuation application or RCE. This is especially true when continuation filings are made because the initial search and examination by the Examiner was not complete and thorough, resulting in a premature final rejection. Due to the length of the appeal process, continuing applications or RCEs are often used as speedier alternatives to an appeal.

If the proposed rules are adopted and the number of continuations, divisionals, and RCEs are limited, applicants will be forced to spend much more money on increased filings of petitions and appeals. The result is not likely to significantly reduce the workload of the USPTO. Instead, it will likely shift the workload to the Board of Patent Appeals and Interferences and the Petitions Branch. For example, if applicant receives what it believes to be a premature final rejection, currently the applicant will request reconsideration and withdrawal of the finality of the previous Office Action. If the request is not granted, then the applicant will typically either file an RCE or an appeal. Under the proposed rules, instead of being able to simply file an RCE, the applicant would be forced to file the appeal, or petition the USPTO to remove the premature final rejections or petition the USPTO on the denial of filing a continuing application. Either way, the

applicant will be still continuing to argue its case and use USPTO resources; the resources would just be shifted from the Examiner to the Board of Patent Appeals and Interferences or the Petitions Branch. In this instance, if for example the petition on the denial of the continuing application is granted, then the applicant still proceeds forward with prosecution, and the net result to the USPTO and the applicant under the proposed rules is simply an additional expensive step in the prosecution process, thereby increasing time and cost to both the USPTO and the applicant.

While it has been suggested that limitations on continuations are needed to advance public notice, we submit that there is no public notice problem because competitors are already able to analyze a file history to determine the broadest range of claim protection that may ever be validly granted in a continuing patent. Since continuation applications are now publicly available when the parent application issues as a patent, despite suggestions to the contrary, competitors are aware when continuation applications are filed. Furthermore, for priority to exist in a continuation or divisional application, no new matter can be claimed, and the scope of prior art will only grow larger. Consequently, with proper investigation and analysis, competitors are presently able to know with a great degree of certainty how to design around a patent that will also avoid any continuing patents in the future without the need for the proposed rules.

It has also been suggested that patentees should not be allowed to use continuation applications to trap competitors who invest in legitimate design-around activities. However, we submit that patentees need continuations to prevent unscrupulous copyists from stealing patented inventions through minor variations in knock-off products. For example, the doctrine of equivalents once provided robust protection to patentees to assist in this regard, but this doctrine has so declined in strength in the last decade that it is no longer effective in practice. Competitors are now able to simply read file histories to discover road maps for invoking prosecution history estoppel to avoid the doctrine of equivalents. Furthermore, the conceptual gap between reality and the abstraction of language can always be exploited theoretically through crafty arguments regarding claim terminology; therefore, a patentee often needs to have a

pending continuation application to avoid such distractions and focus discussions with competitors on the essence of a patented invention. Thus, in the end, the viability of the patent system depends in part on effective access to continuation applications to prevent copyists from stealing inventions through knock-off products having only minor variations designed to narrowly avoid patent claims.

We also object to the proposed rules that would limit a divisional application to claiming the benefit of only one earlier application. Under current practice, applicants are able to file a series of divisional applications and prosecute multiple inventions disclosed in an original application over a period of time. Often over time an applicant will decide not to pursue all divisional applications possible. The proposed rules, however, mean that applicants would have to file more divisional applications for each invention that has been restricted, and file them earlier, in order to preserve their rights, even though the applicants may not have had an opportunity to determine the value of all of the inventions disclosed. Thus, the probable result to the USPTO will be more divisional applications under the proposed rules than are currently filed under the current rules. Again, this actually results in more time and expense to the USPTO and the applicants.

In addition, we believe that if the USPTO ultimately determines to restrict the number of continuation applications, the limitation should be raised at least to two continuations as a matter of right. In addition, the limitation should not apply to RCEs, which are processed by the USPTO more quickly than traditional continuation applications and are filed for different reasons than continuations, continuations-in-part, and divisionals. Further, the limitation should not apply to divisional applications for at least the reason that applicants should be allowed to wait and see if they wish to pursue one or more than one divisional application, rather than having to file them all at once before the parent issues. Finally, if the limitation is adopted, it should not apply when the Examiner cites new art for the first time in a final rejection. In this instance, an applicant should be given the immediate right to file as many RCEs or continuation applications that are necessary to address any new art that is cited by the USPTO, since the applicant did not



have an opportunity to argue the art in a previous response.

B. There Should Not be a Presumption that Applications Contain Patentably Indistinct Claims

We also do not agree with the proposed rule that establishes a presumption that two patent applications contain patentably indistinct claims (*i.e.*, the applications are subject to a double patenting rejection) if they are filed on the same day, name at least one inventor in common, are commonly owned, and contain substantially overlapping disclosures. The patent law states in 35 U.S.C. § 132 the following:

[w]henever, on examination, any claim for a patent is rejected, or any objection or requirement made, the Director shall notify the applicant thereof, stating the reasons for such rejection, or objection or requirement, together with such information and references as may be useful in judging of the propriety of continuing the prosecution of his application....

(emphasis added). An automatic presumption of double patenting established on the basis of overlapping disclosures and applicant/owner information, without any examination by the Office of the claims, does not appear to satisfy the USPTO's examination requirements under the patent statutes.

In addition, applicants are already under "a duty of candor and good faith in dealing with the Office, which includes a duty to disclose to the Office all information know to that individual to be material to patentability..." 37 C.F.R. § 1.56. Clearly, if the applicant believes that another one of its patent applications is potentially subject to a double patenting rejection, it must inform the USPTO of the related application. Thus, provision has already been made under the current Rules to make the Examiner aware of any applications that may be subject to a double patenting rejection. It is our position that the Examiner should review the claims of the two applications and make a determination if the claims are patentably distinct.

To have a rule that creates an automatic presumption that the claims are patentably

indistinct simply because they are filed within the same timeframe, have a common inventor and owner, and have overlapping disclosures would result in an injustice to many applicants. It can be cost-effective to draft a single disclosure that covers multiple inventions, and from the disclosure file multiple applications completely different, and patentably distinct, claims for each. By creating an automatic presumption that the claims are patently indistinct, the applicant would be required to rebut the presumption by discussing the claims and creating prosecution history estoppel before a single rejection has been made. In addition, applicants would have to pay for the patent drafter to argue against this presumption, further increasing cost to the applicant, and ultimately also to the USPTO because it will then be required to examine such arguments.

Moreover, the proposed rule would create an inconsistency within the USPTO's own rules. For example, currently when one files an application including claims to both an apparatus and a method carried out by the apparatus, the USPTO will issue a restriction requirement if it deems that the method could be carried out by a different apparatus. The restriction of the method claims from the apparatus claims are made on the basis that the claims are to patentably distinct inventions. Why should the same claims be considered patently indistinct simply because they are presented in two separate, simultaneously filed applications based on the same specification? Therefore, we believe that this proposed rule should also not be adopted.

### III. The USPTO Should Not Place the Burden on Innocent Applicants to Fix USPTO Inadequacies

We encourage the USPTO to continue to seek a solution to the problem of the backlog of patent applications that has accumulated at the USPTO. However, we believe that the Proposed Rules are an unfair way to accomplish this goal because it places on patent applicants the burden of fixing a problem that is created by the USPTO's system and procedures. Multiple continuation applications and multiple requests for continued examination (RCEs) are a very small part of all filed patent applications. According to the USPTO itself, of the 317,000 patent applications filed in 2005, only about 3.7% of the applications were a second or subsequent continuation application; only about 3.15% of the applications were a second or subsequent

RCE. We believe that this definitively illustrates that second or subsequent continuations and RCEs are not the problem and eliminating them from patent applicants' options for prosecuting their applications will have virtually no effect on the backlog problem.

In our opinion, the backlog problem largely stems from inadequate examination of the initial patent application in the first instance. Based on our extensive experience, inadequate examination is largely due to the following problems with the Examiners: (1) not properly understanding the invention; (2) obviously not reading the specification, and too often not even reading all of the limitations of the primary independent claim in the application; (3) problems with the English language; and/or (4) insufficient understanding of patent laws and rules, presumably due to inadequate training. Patent practitioners typically have to employ the use of an RCE simply because it takes a couple of Responses in many instances before Examiners appear to have put enough time on an application to understand the claimed invention in the context of the prior art. The practitioner is then forced to file an RCE or continuation, effectively because of USPTO problems.

Additionally, the current manner in which Examiner productivity is measured contributes to the number of RCE, continuation, and divisional applications filed. In our experience, Examiners routinely push an application to an RCE or a continuation filing to get additional productivity counts, and also thereby provide additional time to study the application, its claims, and the prior art (and conduct a further search). The same applies to divisional filings that result from restriction requirements. An Examiner is currently motivated to restrict an application into as many groups as possible to slim down an application. We have experienced recently a significant increase in restrictions and elections. Of course, the USPTO benefits from failing to control these practices through the payment of additional RCE, continuation, and divisional filing fees.

We believe the USPTO should focus its efforts on fixing these fundamental problems at the USPTO by hiring more Examiners, as it has already agreed to do. Other solutions include

Under Secretary Dudas

May 3, 2006

Page 11

providing better training for examiners and putting incentives in place to retain examiners that are well-trained and experienced. In addition, we suggest giving Examiners more time to review, search, and examine the patent application in the first place will solve a number of the USPTO's problems. We feel that these changes would obviate the need in many instances for RCEs and continuations. The number of divisional filings has a direct relation to the USPTO's current restriction practice that, in our experience, is presenting more restrictions and more groups for restriction and/or election than in the past.

For all these reasons, we urge the USPTO not to institute the proposed rules. We appreciate the opportunity to offer our comments on the proposed rules.

Sincerely,

**THOMAS, KAYDEN, HORSTEMEYER & RISLEY, LLP**