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**From:** Marcella Watkins [mailto:mwatkins@conleyrose.com]

**Sent:** Wednesday, May 03, 2006 11:55 AM

**To:** AB93Comments

**Subject:** HIPLA's Comments on Proposed Rules Relating to Continuing Application Practice

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

Dear Mr. Bahr,

Attached are the comments of the Houston Intellectual Property Law Association on the proposed rules changes to "Practice for Continuing Applications, RCE Practice, and Applications Containing Patentably Indistinct Claims."

We appreciate the opportunity to offer our comments.

Thank you.

Marcella D. Watkins  
Vice President, HIPLA



# Comments On Proposed Changes To Continuation Practice

Submitted by

Houston Intellectual Property Law Association (HIPLA)

## I. ARGUMENTS AGAINST PROPOSED CHANGES

- A. The proposed changes to continuation practice are not permitted under present law
  - 1. 35 U.S.C. 2(b)(2) states that the Office “may establish regulations, not inconsistent with the law”
    - a) 35 U.S.C. 120 states that an “application for patent for an invention disclosed ... in a previously filed application *shall* have the same effect ... as though filed on the date of the prior application, *if* filed before the patenting or abandonment of or termination of proceedings on the first application or on an application similarly entitled to the benefit of the filing date of the first application”
    - b) Nothing in the statute gives the Office any authority to require a “showing of entitlement” to a continuation properly filed under Section 120
    - c) Similarly, the Office cannot overturn the C.C.P.A. cases of *In re* Hogan or *In re* Henriksen by imposing such a “showing of entitlement” requirement
- B. The PTOs reasons for changing continuation practice do not appear to justify the proposed changes
  - 1. The proposed changes to continuation practice does not solve overload
    - a) Only a small percentage of applicants file more than one continuation right now
      - (1) USPTO admits that limiting continuation practice will not affect the vast majority of applications
      - (2) Based on FY 2005, only about 22K of 369K total filings (*i.e.* non-provisional applications + RCEs) were “second or subsequent” filings (approx. 6%)
    - b) Likely to shift practice behaviors
      - (1) More applications will be filed
      - (2) More appeals will be filed
    - c) Continuations should be easier to examine than new applications
      - (1) If same Examiner is used, he/she should be familiar with the case
  - 2. There are no “diminished returns” for continuation applications, as most are filed to obtain broader claims than allowed in previous related applications
  - 3. The public is not prejudiced by second or subsequent continuations

- a) The file histories of earlier applications often contain claims pursued in a later continuation and early publication of continuations addresses this issue in any event
    - b) An applicant cannot obtain claims to subject matter not disclosed in accordance with Section 112, so there should be no concerns related to adding claims to “subsequent discoveries in the marketplace” unless such subject matter was present in the original application – further, present case law permits such claiming, as recognized by the Office
  - 4. There is no evidence to support a decrease in the “marginal value” of exchanges between an applicant and the examiner after the first continuation – indeed, issues often do not crystallize until this point, thus increasing the value of the later communications
- C. The proposed changes to continuation practice will place undue burden on many applicants
  - 1. Different industries need continuation practice more than others
    - a) Some technologies will not come into effect until years after a patent issues, e.g., chemicals and pharmaceuticals
    - b) Current continuation practice gives applicants the opportunity to adjust claim language, which is an established right
  - 2. Typically not all claims are simultaneously allowed
    - a) Current continuation practice allows applicants to “take” allowed claims and pursue rejected claims and/or new claims, i.e. patent term starts sooner (pre-grant rights mitigate this point)
  - 3. Inexperience of Examiners and Applicants necessitates continuation practice
    - a) Many issues don’t “crystallize” until after a final rejection
    - b) Many applications are written by one person and prosecuted by another
- D. The proposed changes would create another type of inequitable conduct claim, in which a party alleges that the patentee committed fraud in his “showing of entitlement.”

## II. ALTERNATIVE METHODS TO DEAL WITH OVERLOAD

- A. Modify current fee structure
  - 1. Maintain low filing fees for small entities (maybe even go to zero); increase filing fees for large entities
    - a) Pay for more Examiners and/or pay higher salaries to retain Examiners
    - b) Higher filing fees should cause companies to limit applications
  - 2. Increase fees for continuation applications and/or RCEs

- a) Use graduated fee schedule; charge more for each subsequent filing
  - b) Higher fees should cause companies to limit filings
- B. Improve productivity of interaction between Applicants and Examiners
  - 1. Improve training and oversight of primary examiners
  - 2. Improve objective quality of first office action
  - 3. Allow more amendments and allow amendments on appeal; allow more European-style prosecution
  - 4. Allow for response/amendment as a matter of right to final action

III. SUGGESTIONS FOR ADDITIONAL CHANGES IF PROPOSED CHANGES TO CONTINUATION PRACTICE GO INTO EFFECT,

- A. Do not include RCEs that are motivated solely by Duty of Candor (Rules 56 and 97) in the limit
  - 1. If Applicant discovers prior art and it is necessary to file an RCE in order to have the art considered, the RCE should not “count” as a continuation
  - 2. Alternatively, change Rules so that the Duty of Candor and the right to have new art considered by the Examiner both end at the same time
- B. Allow Applicant to “take” allowable claims and pursue rejected claims without incurring a continuation “count”
- C. Reduce need for second and subsequent filings by allowing more opportunity for amendments before Final and allowing amendments on appeal
- D. Rethink policy on “acceptable showing” requirement because it will either be too hard or too easy to satisfy
  - 1. PTO currently suggests that an “acceptable showing” requires a showing that the amendment, argument or evidence could not have been previously submitted.
  - 2. It seems unlikely that many applicants will be able to make such a showing in good faith; many times amendments that “could” be made are not made because the Applicant simply believes that they are unnecessary in view of other amendments or arguments
  - 3. If the explanation in item 2. above (*i.e.* “Applicant did not previously believe the amendment was necessary,”) is sufficient, then every applicant will be able to make the requisite showing; if the argument is not sufficient; applicants will be driven to file even more claims in order to preserve legal rights while presenting all possible arguments.
- E. Codify prosecution laches