

-----Original Message-----

**From:** Ashley I. Pezzner [mailto:APezzn@cbllh.com]

**Sent:** Wednesday, May 03, 2006 9:06 AM

**To:** AB94Comments; AB93Comments

**Cc:** rueger.schlund@basf-ag.de; klaus-dieter.langfinger@basf-ag.de

**Subject:** Comments on proposed rules on behalf of BASF Aktiengesellschaft

We are filing this response to the proposed rules on behalf of BASF Aktiengesellschaft (BASF AG). BASF AG files about 1,000 U.S. patent applications a year (utility and provisional applications). BASF AG is a strong supporter in the U.S. Patent system especially in view of the amount of applications BASF files annually. However, BASF AG does not believe that the proposed rules on continuations and claims are desirable. BASF AG is in basic agreement with the AIPLA comments on both the proposed rules on continuations and claims. (see enclosed copy).

In addition, BASF AG believes the proposed PTO rules (with respect to claiming back to only one prior application for divisional applications) is in direct conflict with 35 U.S.C. 120 benefit and the Paris Convention Treaty. According to the proposed rules, if an application was filed under 35 USC 371, and there was a restriction to the application, all the divisional applications must be filed before the first application issued. If the some of the divisional applications were filed after the first application issued, the PCT application would have been published over one year prior to the later divisional applications and would be prior art under 35 USC 102 (b) and this would be in direct violation to the Paris Convention Treaty and 35 USC 120 not permitting the application to claim benefit back to the earliest case.

Again, BASF AG is in basic agreement with the AIPLA comments on both the proposed rules on continuations and claims and request that the rules not be passed.

# AIPLA

---

AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION

2001 JEFFERSON DAVIS HIGHWAY ■ SUITE 203 ■ ARLINGTON, Virginia 22202

April 24, 2006

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

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

Comments on Proposed Rules: "Changes to Practice for  
the Examination of Claims in Patent Applications"  
71 Fed. Reg. 61 (January 3, 2006)

Dear Under Secretary Dudas:

The American Intellectual Property Law Association (AIPLA) appreciates the opportunity to offer comments regarding the U.S. Patent and Trademark Office ("PTO") proposed rules directed to changes to practice for the examination of claims of patent applications published at 71 Fed. Reg. 61 (January 3, 2006).

AIPLA is a national bar association whose 16,000 members are primarily lawyers in private and corporate practice, in government service, and in the academic community. AIPLA represents a wide and diverse spectrum of individuals, companies, and institutions involved directly or indirectly in the practice of patent, trademark, copyright and unfair competition law, as well as other fields of law affecting intellectual property. Our members represent both patent owners and users of intellectual property.

## **General Comments**

The PTO has proposed dramatic and complex changes to the claim examination process to "focus its initial examination on the claims designated by the applicant as representative claims" presented in an application for patent. At

the same time, it has also proposed changes to the current continued examination practice available to applicants (discussed by AIPLA in a separate letter) to expedite the examination process, make it more efficient, and improve the quality of issued patents.

These proposed changes, taken both individually and together, are very troubling. In this rule proposal, the Office proposes to severely limit the number of claims it would accept in an application for initial examination by the Office. We believe that this would tend to limit the ability of an applicant to obtain claims for an invention that is commensurate with the full scope of the contribution by the inventors. In the other rule proposal, the Office proposes to severely limit the opportunity for continued presentation of claims by means of continuation and continued examination practice; we believe that this proposal by itself would be disadvantageous to applicants by prematurely truncating prosecution of their applications. However, it would further disadvantage applicants when combined with the limited number of claims proposed to be accepted for initial examination. Together, as a practical matter, these proposals would tend to require applicants (1) to reduce the scope of the claims pursued (whether in the same or unrelated applications) and (2) to accept more narrow claims as a result of the more limited opportunity for continued presentation of claims.<sup>1</sup>

AIPLA fully supports the PTO in undertaking reasonable efforts to become more efficient and to improve the quality of issued patents. There is considerable concern, however, that the changes being proposed would not lead to greater efficiency in the examination process, would not reduce the pendency of patent applications, and would not improve the quality of issued patents. More likely, the proposed changes would protract the examination process and divert scarce resources from examining activity to administrative tasks.

### **Administrative Tasks Would Detract From Examination**

The PTO is proposing changes to the claim examination process to focus its initial examination on the claims designated by the applicant as representative claims. Representative claims must include all the independent claims in an application and may include dependent claims up to a maximum of ten representative claims without triggering any further requirement. An applicant may obtain initial examination of more than ten claims if an examination support document is filed that covers all the independent and dependent claims designated as representative.

---

<sup>1</sup> The Office argues that neither proposal is “absolute” in the sense that applicants are not absolutely precluded from filing a second continuation application or a second request for continuing examination, nor are they absolutely precluded from presenting more than ten claims for examination. However, in a practical sense, these alternatives would be of little comfort to applicants, who would have to accept the higher costs of doing the initial search and examination themselves, the higher cost of pursuing continued claim presentation opportunities through the more costly administrative route of petition and/or appeal, and a much higher potential for subsequent inequitable conduct allegations.

The PTO notice states that the proposed changes would allow the Office to do a better, more thorough and reliable examination since the number of claims receiving initial examination would be low enough to be effectively and efficiently evaluated by an examiner.

AIPLA believes that the proposed changes would introduce several administrative tasks both for patent examiners and applicants that are likely to detract from patent examination efficiency. The number of disputes prior to examination, especially with respect to the proper designation of claims and the adequacy of an examination support document, is certain to add to the period of pendency, examiner inefficiency and the overall cost of obtaining a patent. A guiding principle of patent examination over the last 40 years has been that quality and efficiency are promoted by an initial, thorough consideration of the prior art followed by a complete first Office action. Before changing this time-honored policy, the PTO should be able to demonstrate that this alternative policy and practice would lead to a better, more thorough and reliable examination. The PTO has not made such a demonstration.

### **Effort Is Not Wasted**

The PTO suggests that the current practice for examining claims is not efficient because it requires an initial patentability examination of every claim in an application, notwithstanding that this effort is wasted when the patentability of the dependent claims stand or fall together with the independent claim from which they directly or indirectly depend. This may be true in the small percentage of cases where the initial examination determines that all of the claims are patentable. It is not true, however, where a complete search and examination of the independent claims comes to a different conclusion.

The PTO notice makes a false analogy of the proposed representative claim practice to the court and Board of Patent Appeals and Interferences practice of using representative claims to focus issues in a case. The analogy fails because the claims going to the Board have already been examined and are supported by a fully developed record. An appellant's recognition that certain claims stand or fall together is informed by that fully developed record, but such a record would not exist in the case of a patent application that has not yet received a first Office action on the merits.

### **Failure to Examine Claims**

The statement by the PTO that it would examine every claim in an application before issuing a patent on the application is misleading. The PTO does not intend to search and examine independent claims in excess of ten unless an applicant submits an examination support document for those claims. It would only be able to "examine every claim" by first requiring applicants to cancel claims so that only the requisite number of independent claims remained

in an application. Similarly, the PTO would only examine dependent claims not designated as representative when the independent claims from which they depend are determined to be patentable, and then would only examine them for compliance with sections 101 and 112 of title 35. This proposal raises serious implications for the presumption of validity for any such claim depending from an independent claim found invalid in litigation.

There is a serious question as to whether the statute permits the PTO to ignore claims for which search and examination fees have been paid. The courts have long recognized that the statute prohibits the rejection of claims as unnecessary. In re Wakefield, 422 F.2d 897, 164 USPQ 636 (CCPA 1970). As noted in that decision, an applicant should be allowed to determine the necessary number and scope of claims, provided the required fees are paid and the applicant otherwise complies with the statutes.

The practice of deferring the examination of undesignated dependent claims until the application is otherwise ready for allowance appears to be an inefficient piecemeal examination approach. It would likely prolong both pendency and the resolution of many issues that arguably could and should have been identified in a complete first Office action. It would also complicate and extend prosecution because the examiner has not identified limitations in undesignated dependent claims that would place a claim in condition for allowance.

In many cases, the examiner would have to perform a wasteful duplicate search when additional limitations are introduced from dependent claims that were not initially designated for examination. Valuable patent rights could be lost because the PTO has not done a complete search and examination or because the right dependent claim has not been designated as representative.

The value and enforceability of issued patents examined through this piecemeal practice may be called into question during litigation or in license negotiations. For example, one can only wonder how the courts would view the presumption of validity and enforceability or the burden to overcome the presumption associated with this piecemeal examination practice. Treating an undesignated claim differently than a designated claim during examination violates the fundamental principle that each claim is a separate definition of the invention. At the very least, the different treatment serves to create additional uncertainty and risks for the patent holder.

### **Excessive Claiming**

AIPLA recognizes that PTO statistics indicate that a small minority of applicants engage in claiming practices that may be regarded as excessive (1.2% if one were to use the PTO's definition of excessive), and that such excessive claiming may make an application more difficult to thoroughly examine than the average application. However, all applicants should not be subject to

the proposed representative claim examination practice because of the actions of these very few.

Given the small minority of applications using unusually difficult claiming practices, the problem should be addressed on a case-by-case basis in a balanced and reasonable way. It is neither balanced nor reasonable to penalize all applicants and burden the PTO staff that must administer these complex proposals based on the “excessive practices” of a small minority of applicants.

We suggest that the Office address excessive claiming concerns in a simple and straightforward manner. This could be done most directly by limiting the number of claims permitted and fully examined under the basic fee structure to, for example, 6 independent and 30 total numbered claims, and allowing multiple-dependent on multiple-dependent claims, each counting as a single numbered claim. To the extent that an applicant believes that a particular invention cannot be appropriately protected within these constraints, allow such applicants to opt to file additional numbered claims at a very high per-claim cost. The higher fees would discourage inadvertent or unnecessary excess claiming. Additional examiner time and credit could be given in the few cases in which this would occur. This approach would permit applicants to effectively claim their inventions and have all claims examined in a first Office action on the merits. Our combined initiative would obviate any need for the complex proposed rules and the piecemeal examination that would result from them.

### **Greater Efficiency and Improved Quality Are Doubtful**

In addition to the concerns about the inefficiencies of piecemeal examination, the PTO should determine whether the PTO and applicants would be the beneficiaries of greater efficiency and improved quality of examination if an examiner is given more time to initially focus on some claims and ignore others. It is far from clear that this would result in either improved efficiency or an improved work product from the examining corps as a whole.

The following comments address the specific provisions of the proposed rules along with alternative suggestions for implementation if these proposals are adopted.

#### *Section 1.75(b) Dependent Claim*

The proposed amendment to this paragraph specifies that unless a dependent claim has been designated for initial examination prior to the time when the application has been taken up for examination, the examination of such dependent claim may be held in abeyance until the application is otherwise in condition for allowance. The mere presentation of a dependent claim in an application containing only ten claims would not act as a designation of that dependent claim for initial examination. This places an affirmative duty on an

applicant to designate claims for initial examination in almost all applications. Failure to designate up to ten claims in an application would result in the initial examination of only the independent claims.

It seems manifestly unfair and wholly unnecessary to impose such a requirement on all applicants, particularly those who prepare a modest claim schedule for examination. If these proposed rules are adopted, their application should be limited to the small minority of applications that place an excessive burden on the PTO. As suggested above, applicants who present up to 6 independent claims and no more than 30 total numbered claims should be exempt from a requirement to designate representative claims. In that case, all presented claims should be examined.

#### *Section 1.75(b)(1) Examination Support Document Requirement*

This proposed paragraph provides that an applicant must submit an examination support document in compliance with § 1.261 that covers each representative claim if either: (1) the application contains, or is amended to contain, more than ten independent claims; or (2) the number of representative claims is greater than ten. Applicants would be able to avoid the high costs and risks associated with submitting an examination support document by limiting the representative claims to no more than ten.

If adopted, AIPPLA strongly suggests that this requirement be imposed only in those situations which clearly impose a unique burden on the PTO in its examination process. It is both unnecessary and undesirable to burden the PTO staff and all applicants with the additional costs and resources that would be necessary to identify claims for initial examination by the PTO. If the Office is unwilling to accept the search report of another foreign office, how can it have any confidence in the search of the applicant? Given the failure of the Office to effectively use even the international search reports that the Office itself prepares under the Patent Cooperation Treaty, there is no reason to believe that the examination support document would reduce pendency. Indeed, the inevitable disputes with respect to the adequacy of the document will clearly operate to extend pendency.

This proposed paragraph also provides that a dependent claim (including a multiple dependent claim) designated for examination must depend only from a claim or claims also designated for examination.

The more complexities that are introduced into the patent examination process, the more difficult it becomes for examiners to focus their attention on the substantive aspects of their jobs. Without very strong evidence that the representative claim practice can lead to greater efficiencies and effectiveness in the examination process, it is unfair and wasteful to add to the burdens of both PTO staff and applicants trying to administer these complex procedures.

### *Section 1.75(b)(2) Independent Claim Redefined*

Proposed Section 1.75(b)(2) seeks to redefine an independent claim to include claims that are currently considered to be in dependent form because they make reference to another claim. Specifically, this proposed paragraph provides that a claim that refers to another claim but does not incorporate by reference all the limitations of the claim to which such claim refers would be treated as an independent claim for both fee calculation purposes under § 1.16 and for purposes of § 1.75(b)(1). This proposed paragraph also provides that a claim that refers to a claim of a different statutory class of invention would be treated as an independent claim, again for both fee calculation purposes and for purposes of paragraph (b)(1) of this section.

AIPLA considers it both unnecessary and inappropriate to change the definition of an independent claim to facilitate the proposed representative claim practice. For over 50 years the PTO has appropriately made the distinction between an independent and dependent claim simple to determine. As presently practiced, the PTO staff and practitioners are able to determine the difference between an independent and a dependent claim for fee calculation and all other purposes: A claim that does not make reference to another claim is an independent claim, and a claim that does make reference to another claim is a dependent claim. The proposed change in the definition of an independent claim would not only complicate and confuse, but it would also effectively increase the amount of fees to be paid for a given patent application under the new fee schedule adopted by Congress.

The requirement that an independent claim include one that refers to a claim of a different statutory class of invention would lead to confusion, because the statutory classes of invention are not necessarily mutually exclusive. Consider, for example, the new bacterium addressed in Diamond v. Chakrabarty, 477 U.S. 303 (1980). The Supreme Court found it unnecessary to determine whether the new bacterium was a manufacture or a composition of matter. If the PTO is going to adopt this proposal, it should issue guidelines for both PTO staff and the public as to how the proposal is intended to be administered in areas where no guidance is available to distinguish among different statutory classes of invention.

### *Section 1.75(b)(3) Notice to Applicant*

This proposed paragraph provides that an applicant would be notified if an application contains or is amended to contain more than ten independent claims or more than ten claims designated for initial examination, where an examination support document was not included. The proposed notice would set a non-extendable one-month time period within which applicant must: (1) file an examination support document; (2) cancel or rescind a designation for initial examination of more than ten claims; or (3) submit a suggested requirement for restriction accompanied by an election without traverse and a designation of up to ten claims for initial examination.



The one-month period is too short to prepare and submit an adequate examination support document. In addition, the procedures required to simply identify the designated claims for initial examination would be costly to both the PTO and applicants, decreasing the desired efficiencies. The proposed notice to applicants would itself impose costs since it would have to be generated by an examiner because the Office of Initial Patent Examination would not have the necessary qualifications to do so. It is also foreseeable that another round of communications would be needed if an applicant selects the third option and it is not accepted by the PTO. This would needlessly absorb scarce PTO examination resources and be counter productive to the Office goal of improving examination efficiency.

#### *Section 1.75(b)(4) Multiple Applications Containing Patentably Indistinct Claims*

Under this proposed paragraph, the PTO attempts to address a situation where multiple applications are presented that contain at least one claim that is patentably indistinct from at least one claim in one or more other applications. This paragraph provides that, if the patentably indistinct claims are not eliminated from all but one of the nonprovisional applications, the independent claims and the dependent claims designated for initial examination in all such related applications would be treated as being present in each of the applications for the purposes of § 1.75(b)(1). In other words, only ten claims could be designated among all related applications without triggering the requirement for an examination support document.

Under the proposals made by the PTO, if an applicant acknowledges that there exists at least two applications containing patentably indistinct claims, these proposals: (1) require the filing of a terminal disclaimer to overcome a double patenting rejection; (2) expose the applicant to the risk that the PTO would require that all patentably indistinct claims be deleted from all but a single application; and (3) expose this applicant to a requirement that the ten representative claims must be spread out among two or more applications.

These disincentives would discourage most applicants from acknowledging that claims in two or more applications are patentably indistinct. Will this proposal encourage examiners to search for related cases, rather than searching or examining the application at hand? If the PTO concludes that there are multiple applications with patentably indistinct claims and the Applicant disagrees, what is the mechanism for addressing this issue? Would a rejection based on double patenting be made? Would a requirement be made to eliminate allegedly patentably indistinct claims from all but a single application? It would appear that the applicant who disagrees would have to either appeal or petition to address this issue either before or concurrently with a determination of representative claims in each application, thereby causing a substantial increase in pendency. Again, in addition to increasing complexity and unnecessarily consuming PTO and applicant resources, this proposal provides new incentives for applicants to challenge double patenting rejections that are currently handled by filing terminal disclaimers.

This proposed practice could reduce the number of representative claims identified for initial examination in related applications to significantly less than ten, depending on the number of related applications which the PTO determines contain patentably indistinct claims. It is both unfair and unwise to further limit the number of claims examined in a single application because it would almost certainly lead to greater inefficiencies, and may lead to the search and initial examination of only a single claim (e.g., where there are 6-10 related applications) in some applications, notwithstanding that a full search and examination fee has been paid in each of the applications.

### *Claims in Alternative Form*

The PTO has requested comments on how claims written in the alternative form, such as claims in an alternative form exemplified by Ex Parte Markush, 1925 Dec. Comm'r. Pat. 126 (1924) should be counted for the purposes of proposed § 1.75(b)(1).

AIPLA recognizes that there may be situations that would require unique handling, but most claims drafted with an element, step, or ingredient identified by alternative embodiments are no different in substance than a broad claim or generic claim that covers an equal number of embodiments. The principal difference is that in the latter case, there is a generic term that covers all the alternative embodiments, whereas when the claim is drafted to define the alternatives, a generic term may not exist.

As a fundamental principle, a claim drafted to identify any element, ingredient, or step in the alternative should not be treated any differently than any other claim. Moreover, we suggest that the PTO use the standard election of species practice to identify alternatives that could be used for representative claim purposes in those situations that make such an approach desirable. The PTO has not identified any basis for requiring the development of a unique practice to address claims reciting alternative embodiments.

### *Section 1.104 Nature of Examination*

This section is proposed to be amended to reflect that initial examination would be conducted on only the independent claims and any dependent claim that was designated for initial examination. It is further amended, consistent with the amendments proposed above, to specify that the examination shall be complete as to the patentability of the invention as claimed in the independent and the designated dependent claims only. Also, as noted above, this section is amended to state that the examination of a dependent claim that has not been designated for initial examination may be held in abeyance until the application is otherwise in condition for allowance.

AIPLA's concerns and suggestions made above regarding piecemeal examination also apply to this section.

### *Section 1.105 Requirements for Information*

This section is proposed to be amended to provide that an applicant may be required to identify where in the specification of the application, or in any application the benefit of whose filing date is sought, there is set forth the written description of the invention as defined in the claims, and the manner and process of making and using it.

AIPLA supports the appropriate use of this proposed requirement in situations where a reasonable question exists and is relevant to a determination of patentability. However, it should only be used where this information is relevant to the determination of a patentability issue before the examiner.

### *Section 1.117 Refund Due to Cancellation of Claim*

This proposed paragraph provides for the refund of any part of the excess claim fee specified in 35 U.S.C. § 41(a)(2) for any claim cancelled before an examination on the merits has been made in the application.

AIPLA understands that the authority to make this refund will expire on September 30, 2006, possibly even in advance of publication of any final rule. We support an extension of this authority for the PTO and encourage the PTO to accelerate implementation of this portion of the proposed rules. In this connection, AIPLA has expressed to Congress its support for H.R. 2791 to make permanent the PTO fee structure with protection against fee diversion and will continue to work toward its enactment.

### *Section 1.261(a) Examination Support Document*

An examination support document, as proposed in this section, means a document that includes: (1) a statement that a preexamination search was conducted; (2) an information disclosure statement; (3) an identification of all the limitations of the independent claims and designated dependent claims that are disclosed by the references cited; (4) a detailed explanation of how each designated claim is patentable over the references cited; (5) a concise statement of the utility of the invention; and (6) a showing of where each limitation of the designated claims finds support in the written description not only of the specification under examination, but also of any application from which priority benefit is claimed.

The requirements for the examination support document are so onerous and fraught with dangers for the patent applicant that few practitioners would recommend this approach to their clients. It would provide an infringement defendant with a wealth of opportunities to challenge a patent on the grounds of inequitable conduct. Notwithstanding the care an applicant takes in preparing such a document, it could always be alleged that a reference in the identified search template was withheld or mischaracterized, that the explanation of how a claim is patentable over the references was misleading, etc.

In addition, the search and analysis necessary to prepare an examination support document would add significant cost to the preparation of an application, a burden that would significantly disadvantage independent inventors and small businesses. According to the 2005 AIPLA Economic Survey, the median cost for a preexamination search alone – without any patentability analysis - is approximately \$2,500. The necessary legal analysis to prepare an examination support document would add substantial costs to this amount - far in excess of the cost of the underlying search. On one hand, a patentability opinion prepared as a result of a preexamination search is typically 2 or 3 pages in length. It summarizes the invention and compares the most relevant art to the invention to determine if there is at least one unobvious feature of the invention that is not found in the prior art. On the other hand, the Examination Support Document requires an identification of all the limitations of the independent claims and designated dependent claims that are disclosed by the references cited. This is not done with a patentability opinion because at that point in time no claims have been drafted. Also, the object of the opinion is merely to establish that there is at least one patentable feature. For the same reason, the opinion does not require a detailed explanation of how each designated claim is patentable over the references cited. In fact, in a patentability opinion many of the less relevant references are not even discussed. Further, such an opinion would not consider any statement of the utility of the invention, because that would be understood. Finally, the opinion would not include a showing of where each limitation of the designated claims finds support in the written description, because at that point in time there would be no claims and no specification. Thus, instead of being similar to a preexamination search and a patentability opinion, the Examination Support Document is more like a validity opinion, which according to the 2005 AIPLA Economic Survey has a 75th percentile cost of \$18,000. That amount covers only the legal opinion and does not include the separate cost for the search itself.

Furthermore, it is almost impossible to determine the extent to which the prior art must be searched to satisfy this requirement. Even a good faith attempt by a practitioner is likely to be attacked as being inadequate and calculated to somehow avoid discovery of the most relevant prior art.

Should this requirement be adopted in any form, the failure to provide any “safe harbor” to protect applicants who make good faith attempts to prepare examination support documents from charges of inequitable conduct is compounded by the Office’s refusal to even consider inequitable conduct reform in the pending patent reform legislation. The danger that the submission of the proposed document would present would effectively force applicants to limit their applications to 10 or fewer claims, denying them the right to adequately protect their inventions.

If the PTO ultimately determines to go in this direction, it should take a more holistic approach to these reforms prior to implementation and facilitate the applicant’s ability to assist the PTO during the examination process. Before even considering any changes such as those proposed, the Office must create a “safe

harbor” that appropriately protects the applicant when identifying and characterizing important prior art, while discouraging disclosures of little or no relevance. Applicants must not be exposed to allegations of inequitable conduct for good faith attempts to aid examiners by providing them with prior art.

A “Coalition bill” currently under consideration in Congress presents one such safe harbor by codifying the duty of candor and good faith and clarifying the law related to inequitable conduct, fraud, and other misconduct before the Office. Good policy and fairness demand the implementation of such a safe harbor prior to increasing the burden and potential legal exposure of applicants.

Beyond these serious problems, there is no indication of how the PTO would use an examination support document. Would an independent search be conducted based on the claimed invention? Would the documents cited in the document be independently evaluated by the examiner? Would the patentability analysis and support determinations be reviewed and evaluated by the examiner? Or would they simply be ignored? The differences among the more than 4,000 examiners are only magnified in view of the more than 32,000 registered practitioners using a huge variety of resources to create examination support documents. Even a good faith attempt to meet the requirements specified for this document would provide an abundance of new opportunities to attack the patent on the basis of an alleged misrepresentation to the PTO.

Many of the tasks associated with the formulation of an examination support document are already conducted by foreign examiners. Yet, we understand that the PTO does not rely exclusively on any of these searches or examination results, nor has the PTO acknowledged in any explicit way that these results improve either the efficiency or quality of the examination process. This highlights the manifest unfairness and inconsistency in requiring applicants to produce a search document while at the same time refusing to effectively use foreign search reports.

Finally, there remains the fact that the proposed examination support document transfers to the applicant the costs and responsibilities of the examination process for which fees have been paid. This represents an abdication of the inherently governmental function of determining patentability, and the PTO has thus far failed to demonstrate that the requirement would produce a corresponding benefit in pendency reduction.

#### *Section 1.261(b) Preexamination Search*

This proposed paragraph provides that the preexamination search necessary to prepare an examination support document must involve U.S. patents and patent application publications, foreign patent documents, and non-patent literature. The exception is where the applicant justifies with reasonable certainty that no references more pertinent than those already identified are likely to be found in the eliminated source, and includes such justification with the search statement required in the examination support document. (Rhetorically,

one might ask “How would an applicant be able to make such a statement unless the search has been conducted?” The inequitable conduct consequences would be huge for an applicant following this avenue.) The PTO makes clear that a search report from a foreign patent office would not necessarily satisfy these requirements.

The proposed requirement is more of a validity search that would be done for litigation than a patentability search, and imposes on applicants all of the costs that such searches entail. Significantly, those costs would be especially burdensome to small businesses and independent inventors who typically rely on the PTO search that has traditionally been covered by their filing fee. To the extent that an applicant must perform a preexamination search, such a search should not be required to go beyond the resources that are publicly available in the PTO search room.

As with the proposed examination search document, it is almost impossible to determine the extent to which the prior art must be searched to satisfy this requirement. Similarly, this requirement makes the applicant an easy target for an inequitable conduct charge in an enforcement action. The proposal is fatally flawed and should be withdrawn.

#### *Section 1.704 Reduction of Period of Patent Term Adjustment*

This proposed paragraph provides that a failure to timely file an examination support document would constitute a failure of an applicant to engage in reasonable efforts to conclude processing or examination that could result in a reduction of any accumulated patent term adjustment.

Since very few of these examination support documents are likely to be filed, there is not likely to be any opportunity to reduce a patent term adjustment. However, if such a document were to be filed by an applicant, the one-month time-frame permitted by the PTO to timely submit such a document is clearly inadequate.

#### **Implementation**

According to the PTO notice, the proposed changes to the rules would be applicable to any application filed on or after the effective date of the final rule, as well as to any application in which a first Office action on the merits was not mailed before the effective date of the final rule.

If the proposed rules are adopted, they should apply only to those applications filed on or after the effective date of the final rule. The cost of retroactively imposing this proposed rule on the more than 600,000 pending patent applications would be enormous. To avoid the draconian consequences of the proposed rule, most applicants would review their pending applications for compliance, a step that would impose millions of dollars of unnecessary costs on them. As suggested above, if this proposed practice is adopted at all, it should be

limited to the small minority of applications that pose a unique burden to the Patent and Trademark Office.

We appreciate the opportunity to provide comments on the proposed rules and are available to assist the PTO in further developing patent practice and procedures.

Sincerely,

A handwritten signature in black ink that reads "Michael K. Kirk". The signature is written in a cursive style with a large, stylized 'M' and 'K'.

Michael K. Kirk  
Executive Director

# AIPLA

---

AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION

2001 JEFFERSON DAVIS HIGHWAY ■ SUITE 203 ■ ARLINGTON, Virginia 22202

April 24, 2006

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

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

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

Dear Under Secretary Dudas:

The American Intellectual Property Law Association (AIPLA) appreciates the opportunity to offer comments regarding the U.S. Patent and Trademark Office ("PTO") proposed rules directed to changes to practice for continuing applications, requests for continued examination practice, and applications containing patentably indistinct claims published at 71 Fed. Reg. 48 (January 3, 2006).

AIPLA is a national bar association whose 16,000 members are primarily lawyers in private and corporate practice, in government service, and in the academic community. AIPLA represents a wide and diverse spectrum of individuals, companies, and institutions involved directly or indirectly in the practice of patent, trademark, copyright and unfair competition law, as well as other fields of law affecting intellectual property. Our members represent both patent owners and users of intellectual property.



The PTO has proposed dramatic and complex changes to the continued examination practice now available to applicants in an attempt to better focus the examination process, make it more efficient, and improve the quality of issued patents. At the same time, it has proposed changes to the claim examination process (discussed by AIPLA in a separate letter) to focus the initial examination on claims designated by the applicant as representative claims.

These proposed changes, taken individually or together, are troubling. In one instance, the Office proposes to severely limit the number of claims it would accept in an application for initial examination. We believe that this would tend to limit the ability of an applicant to obtain claims for an invention that are commensurate with the full scope of the contribution by the inventor(s). In the other instance, the Office proposes to severely limit the opportunity for continued presentation of claims by means of continuation and continued examination practice. Standing alone, this proposal would disadvantage applicants by prematurely truncating prosecution of their applications; however, it would further disadvantage applicants when combined with the limited number of claims proposed to be accepted for initial examination. As a practical matter, these proposals would place great pressure on applicants (1) to reduce the scope of the claims pursued (whether in a single application or in unrelated applications) and (2) to accept more narrow claims as a result of the more limited opportunity for continued presentation of claims.<sup>1</sup> Inventors would be far less able to adequately protect their property.

AIPLA fully supports the PTO in undertaking reasonable efforts to improve both the efficiency of the examination process and the quality of issued patents. We have considerable concern, however, that the changes being proposed would not lead to greater efficiency in the examination process, would not reduce the pendency of patent applications, and would not improve the quality of issued patents. More likely, the proposed changes would protract the examination process and divert scarce resources from examining activity to administrative tasks.

### **Continuations Change Will Not Remedy the Backlog**

The Federal Register notice announcing the proposed changes to the continued examination practice seeks to justify the changes, in large measure, on the need to reduce the PTO's backlog of pending patent applications. For the reasons that are offered below, AIPLA believes that the proposed changes in continued application practice (and also, to the extent motivated by the same goal, the proposed rule limiting the number of claims to be examined) are the wrong way to attack this problem.

---

<sup>1</sup> The Office argues that neither proposal is "absolute" in the sense that applicants are not absolutely precluded from filing a second continuation application or a second request for continuing examination, nor are they absolutely precluded from presenting more than ten claims for examination. In a practical sense, however, these alternatives will be of little comfort to applicants, who will have to pay the higher costs of performing the initial search and examination themselves and pursuing continued claim presentation opportunities through the more costly administrative route of petition and/or appeal and a much higher potential for subsequent inequitable conduct allegations.

In testimony before the House Judiciary Subcommittee on Courts, the Internet and Intellectual Property on April 3, 2003, then Under Secretary James Rogan made the following statement in respect to the PTO's 21st Century Strategic Plan:

The 21st Century Strategic Plan is targeted toward timeliness, e-Government, employee development and competitive sourcing—all with a central quality focus. Assuming the needed changes to our fee structure are passed by Congress, the Plan will boost productivity and substantially cut the size of our inventory.

AIPLA supported the fee increase, which was said to be necessary “to substantially cut the size of [the PTO's] inventory,” because we believed that it would allow the PTO to both improve quality of the patents it granted and reduce the pendency of its backlog of patent applications. Congress did increase patent fees beginning in fiscal year 2005, and the PTO is now in the second year of that increase. It hired approximately 1,000 new patent examiners in FY 2005 and plans to hire 1,000 more for each of the next four years. We understand that the Office has experienced some difficulties in training and retaining these new examiners. We also understand that the Office has developed a new approach to training examiners and is targeting new hires that will be more likely to make their career in the PTO.

On the other hand, the Office has repeatedly stated, without providing any justification, that it “cannot hire its way out” of the backlog situation in which it finds itself. Absent some compelling evidence to back up this claim, AIPLA cannot accept this mere statement as justification for the proposed rule changes.

While it is true that hiring additional examiners would not instantly reduce the backlog of pending applications, any search for a remedy to this problem must consider the PTO's current situation and how it got there. Congress essentially starved the PTO of the resources it needed to keep pace with the increase in patent application filings from roughly FY 1992 through FY 2003, diverting nearly \$800 million in fees generated by this increase. Hundreds of examiners, who would be fully trained and experienced today, were not hired. Many of the examiners in the PTO at that time have aged and are retiring. Now the Office must find and train the needed examiners, and must provide an attractive workplace and appealing working conditions in order to retain them. This solution will take time; it will not happen overnight. But neither did the crisis in which the Office finds itself arise overnight.

Thus, AIPLA urges the PTO not to adopt ill-considered rules in an effort to achieve an instant over-night fix for a problem that has been a decade in the making—rules which we are convinced would not alleviate the problems, but instead would make them worse. The PTO should stay the course—hire and train the examiners needed to improve quality and reduce the backlog. If it is necessary to increase examiner salaries to find the right people and to keep them, the PTO should request the authority to do what is necessary, including changing Title 5 of the United States Code. AIPLA will support such steps, which we believe are far more appropriate than the “quick fixes” the proposed rules are intended to provide.

## **Deliberate Prosecution is Not an Abuse**

The other justification advanced for changing continuation practice is the misuse of the process by applicants who file multiple applications to delay the conclusion of examination while targeting new technology as it is introduced in the marketplace.

Responsible practitioners adopt a cautious and deliberate strategy in the prosecution of a patent application. While practitioners recognize the value of a patent granted over the best available prior art, they also seek a patent with the fewest number of limitations in the claims, the least number of arguments made in support of patentability, and, when possible, no amendments or new data at all. These strategies—adopted to obtain the broadest possible protection, to avoid prosecution history estoppel, and to preserve doctrine of equivalents protection—necessarily tend to extend the prosecution process.

This process has long been used productively to develop the best prior art, sometimes through the assistance of other Patent Offices, through the work of a new examiner, or even through a discovery of new prior art by the same examiner. Some of our members report that it may take several exchanges between the Office and the applicant before the examiner appears to understand the invention—a process often aggravated by an examiner’s lack of experience and/or difficulty using the English-language. Practitioners performing prosecution before the PTO often have the impression, particularly when it applies to practice after a final rejection, that examiners force applicants into a continued examination filing to obtain an additional “count” that will benefit them when it comes time for performance evaluation and awards.

Most practitioners who engage in these strategies are not trying to game the system, but are simply trying to protect the interests of the creative people who make and disclose inventions to the public, and of the entities that convert ideas to reality and bring tangible benefits to the public. While there is little doubt that continuing prosecution abuses occur, we believe that most continuing prosecution applications are filed for legitimate reasons, not simply to delay prosecution. The more likely explanations for any change in continuing prosecution trends are the quality of the examination process and the developing case law on the doctrine of equivalents and prosecution history estoppel, particularly Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., 535 U.S. 722 (2002), and the Federal Circuit’s decision in that case on remand at 344 F.3d 1359 (Fed. Cir. 2003) (en banc).

## **Public Notice and Delay**

The Federal Register notice expresses the PTO’s apparent concern that the possible issuance of multiple patents arising from a process of multiple continued examination filings “tends to defeat the public notice function of patent claims in the initial examination.” 71 Fed. Reg. at 48. Whatever the validity of this general observation, it is less a concern today, now that about 90% of patent applications are published and the prosecution of those applications is transparent to the public. The

PTO itself could assist in eliminating the remaining 10% of applications that are not published by supporting the proposals to accomplish this end in the pending patent reform legislation. Even under the proposed rules, the final patent to issue on any one application could be delayed for ten years and even longer when the Patent Cooperation Treaty and normal PTO delays are taken into account. It is predictable that appeals to the Board would increase.<sup>2</sup> Petition practice will become more robust under the proposed rules. The PTO would be forced to expend its scarce resources in handling these activities (which it is not under current practice).

The Office estimates in the Federal Register notice that the proposed change would reduce continued examination filings only by about 22,000. That estimation does not take into account, however, alternative strategies that practitioners doubtless would develop to best protect an inventor's interests under the new practices, if adopted. For example, AIPLA foresees that practitioners would file many more divisional applications and would make greater use of reissue and reexamination to reshape and reinforce patent protection. They would draft applications in a different manner to avoid some of the limiting aspects of the proposed rules. The proposed rules simply would remove a few options for prosecutors who tend to prosper by delayed issuance of patents; they would not seriously reduce the occurrence of significant delays.

To the extent the public is prejudiced by the conduct of a few practitioners who intentionally delay the conclusion of examination and "game" the system, the Office admits in the Federal Register notice that this involves "a small minority of applicants," whereas the proposed changes would affect every applicant in every industry. Moreover, there are other controls on such conduct, including the reduction of patent term while the application remains pending and the penalty of unenforceability for prosecution laches. Curbing the unproductive refiling or "churning" of patent applications to simply buy time is a laudable goal, but it may be better achieved by addressing this problem directly, perhaps through some form of intervening rights legislation. Short of that, the PTO could exercise better control over its restriction and lack of unity practices. Over the last two years, restriction requirements have comprised almost 15 percent of all first actions.

### **Statutory Authority To Adopt Proposed Changes**

In the proposed § 1.78(d)(1), the PTO would limit applicants to a single continued examination opportunity unless an applicant can show, to the satisfaction of the PTO, why any amendment, argument, or evidence to be presented in a second or subsequent continued examination filing could not have been previously submitted. These restrictions would effectively limit the rights provided in §§ 120, 121, and 365(c) of Title 35 to claim the benefit of an earlier-filed application in the United States and to make use of the continued examination opportunities under § 132(b).

---

<sup>2</sup> Facing the prospect of having only one continuing application as a matter of right, applicants will resort increasingly to appeals to convince examiners of the patentability of their claims.

It is by no means certain that the PTO has statutory authority under 35 U.S.C. § 2(b)(2) to adopt these aspects of the proposed rules. The statutory language in §§ 120, 121, and 365(c) is clear and unqualified: when certain conditions are satisfied, a continuing application “shall have the same effect” or “shall be entitled” to the benefit of the earlier filing date of a parent application. These statutory provisions are unqualified by any authority of the PTO to modify or add to the requirements for obtaining the benefit of the earlier filing date.

The PTO acknowledges the judicial precedent suggesting that it has no authority to place an absolute limit on the number of co-pending continuing applications originating from an original application. In re Henriksen, 399 F.2d 253, 262 158 U.S.P.Q. 224, 231 (C.C.P.A. 1968); In re Hogan, 559 F.2d 595, 603-05, 194 U.S.P.Q. 527, 535-36 (C.C.P.A. 1977). The Office contends that its proposal is authorized because it does not place an absolute limit on the number of continuing applications. Notwithstanding this assertion, the statute and judicial precedent strongly suggest that the PTO does not have the right to impose conditions that would have the practical effect of limiting the number of continuing applications and denying applicants this right granted by statute.

**Elimination of access to §120 benefits.** As we understand the proposed rules, the PTO proposes not only to limit the number of continuing applications that are filed, but also to eliminate a possibility of filing even a single continuing application in certain circumstances. Specifically, we understand that, under proposed § 1.78(d)(1)(i), an applicant could not file even a single continuing application that is based on an application containing a request for continued examination under § 1.114 in the prior-filed application. Under this proposal, the effect of the PTO proposal is to eliminate any access to the benefits of § 120.

**Double patenting presumption without considering claims.** Under proposed § 1.78(f)(2), the PTO proposes to create a rebuttable presumption of patentably indistinct claims in two or more applications that: (1) are filed on the same date; (2) name at least one inventor in common; (3) are owned by the same person; and (4) contain substantially overlapping disclosures. This rebuttable presumption arises without consideration of the claims in the respective applications.

Again, the PTO’s statutory authority to promulgate this rule is not at all clear. The PTO has an obligation under 35 U.S.C. §§ 131 and 132 to cause an examination of a patent application to be made, and whenever (on examination) a claim for a patent is rejected, to notify applicant of the reasons for that rejection. This statutory scheme suggests that the PTO always has the initial burden of establishing a prima facie case of unpatentability, even one based on double patenting. To establish a rebuttable presumption of unpatentability based on double patenting without a consideration of the claims in two or more applications may ultimately prove to be beyond the statutory authority of the PTO.

We believe the patent system and the PTO can ill-afford creating additional uncertainty about PTO examining practices for a substantial period of time until the matter can be resolved either judicially or legislatively. For this additional reason, AIPLA urges that the PTO not adopt the proposed rules in their present form.

### **Flawed Assumptions of Proposed Rules**

In its commentary providing supplemental information on the proposed rules, the PTO makes several statements that lack foundation and that simply do not justify the proposals made by the PTO at this time. Consider the following statements:

1. **“The revised rules are expected to make the exchange between examiners and applicants more efficient and effective, and improve the quality of issued patents.”**

71 Fed. Reg. at 50.

The efficiency of the exchange between examiners and applicants is often dependent on whether the search and examination are complete and thorough. None of the proposed rules appear to focus on obtaining any improvement in the typical PTO action. Claims that may issue as a result of second or subsequent continuing examination procedures are not likely to issue faster unless the quality of the initial search and examination is improved and unless an applicant has a genuine interest in obtaining a patent faster.

If the quality of an issued patent is measured by whether it adequately protects the invention, whether it is respected by competitors, and whether it is likely to be found valid and enforceable by the courts, it is difficult to understand how these proposed rules would promote that goal.

2. **“The revised rules would also ease the burden of examining multiple applications that have the same effective filing date, overlapping disclosure, a common inventor, and common assignee by requiring that all patentably indistinct claims in such applications be submitted in a single application absent good and sufficient reason.”**

71 Fed. Reg. at 50.

First, the revised rules do not contain such a provision. True, there would be a rebuttable presumption pursuant to proposed § 1.78(f)(2) that patentably indistinct claims exist in two or more applications having these common features. There is also a provision in proposed § 1.78(f)(3) that the Office “may” require elimination of patentably indistinct claims from all but one of the applications in the absence of good and sufficient reason. There is, however, no requirement in the proposed rules that all patentably indistinct claims in such applications be submitted in a single application absent good and sufficient reason.

Second, the provisions in proposed § 1.78(f)(3) essentially duplicate the provisions in present § 1.78(b) that have existed for over 35 years in PTO practice. That section, which is referenced in M.P.E.P. § 822.01, 8th Ed., Rev. 3 (August 2005), addresses the issue of overlapping applications with patentably indistinct claims as a double patenting issue. Since the existing provision has not eased the burden of examining multiple applications directed to similar subject matter, it is doubtful that the revised rules would provide any greater assistance.

Third, it is not clear that these multiple applications present any real burden to the PTO. In lieu of this rule, the PTO could simply assign all related applications to a single examiner who could more effectively handle multiple applications that could be searched and examined together. The present USPTO data base of applications is certainly searchable in a timely and cost-effective manner that can effectively identify related applications for combined search and examination.

Finally, for those applicants who desire multiple applications with the same effective filing date and overlapping disclosures, separate applications can easily be maintained by preparing claims that are uniquely supported only in the application in which they appear. PTO procedures to address patentably indistinct claims in more than one application, beyond applying a double patenting rejection, would add to the burden of both the PTO and applicants and would detract from efficiently determining patentability over the prior art.

**3. “Marginal value vis-a-vis the patent examination process as a whole of exchanges between an applicant and the examiner during the examination process tends to decrease after the first continued examination filing.”**

71 Fed. Reg. at 51.

While no doubt true in some cases, this observation does not appear to be supported by any investigation or analysis of the frequency with which the value of exchanges between an applicant and the examiner decrease after the first continued examination filing. In fact, the experience of AIPLA’s members suggests that the marginal value of exchanges between applicant and examiner tends to increase after the first continued examination filing.

Although the PTO has stated that 22,000 continued examination filings could potentially be affected by its proposed rules, how many of the 22,000 will be eliminated due to the need for continued examination because some new prior art is applied or because some evidence is introduced that could not have been earlier presented? If resources are actually saved, will those resources be available to examine new applications, or will they instead be used for other divisional and continuing application filings necessitated by the proposed rules? The PTO has not identified any evidence that it has attempted to assess the repercussions of adopting the proposed rules to determine whether even modest gains are achievable.

4. **“For an applicant faced with a rejection that he or she feels is improper from a seemingly stubborn examiner, the appeal process offers a more effective resolution than seeking further examination before the examiner.”**

71 Fed. Reg. at 51.

One reason that applicants pursued continuations in the face of a stubborn examiner was the fact that it took several years for an appeal to be heard. The PTO has recently made significant strides in reducing the backlog of undecided cases appealed to the Board of Patent Appeals and Interferences. Improvements in the appeal process have also been achieved through mandatory appeal conferences and pre-appeal brief reviews. If the PTO were to give applicants sufficient time to appreciate these changes, there is a reasonable possibility that many more would resort to appeals as opposed to continuations. Thus, one strategy for the Office would be to wait and see what effect a quicker appeals process has on the backlog.

Even with the current pendency of appeals at the Board being at an historical low, however, the proposed rules most certainly would increase the activity at the Board and reliance on the appeal process. No doubt applicants would continue to find “stubborn examiners” who make the appeal process a more effective alternative than further examination. The prosecution experiences of most practitioners strongly suggest that resolving differences before even a “stubborn examiner” is generally more efficient and cost effective than resolving an issue after the factual record is fixed. In this regard, one firm conducted a survey of recent appeals from January 1, 2004 through March 23, 2006 in which it prepared and filed an appeal brief. It found that, out of 121 appeal briefs it filed, the examiners filed only 9 answers. In the other cases the application was either allowed or returned to the examiner for further and more focused prosecution. This represents an enormous waste of time and applicants’ money, and it would only be made worse by adoption of the proposed rules.

5. **“The applicant (or the owner of the application) is in a far better position than the Office to determine whether there are one or more other applications or patents containing patentably indistinct claims.”**

71 Fed. Reg. at 51.

It is already the duty of an applicant to inform the PTO of another patent or pending application that may be material to patentability. 37 C.F.R. § 1.56 It is the PTO, however, not the applicant, that has the statutory obligation to examine the application and determine patentability. Applicants are in a far better position to know of related applications that they have filed, but not to determine whether claims are patentably distinct. This uniquely governmental function under the patent statute should not be delegated to applicants. Further, this statement suggests that the PTO has little or no concern about the later allegations of inequitable conduct that applicants would



face if they were forced to perform the PTO's duty of determining patentability. Finally, as previously noted, the Office should have the ability to easily search its database for related applications and assign them to a single examiner.

## **Comments on Specific Provisions**

In addition to the general concerns and suggestions that are described above, the following comments are offered on the specific provisions of the proposed rules.

### **§ 1.78(a) Definitions**

The PTO is proposing to adopt mutually exclusive definitions of a continuation, divisional, and continuation-in-part applications. Under the new definitions, a continuation application would no longer have to claim the same invention claimed in a prior nonprovisional application. Compare M.P.E.P. 201.07, 8th Ed. Rev. 3 (August 2005). A divisional application, according to the new definition, would be a continuing application that discloses and claims only an invention(s) disclosed and claimed in the prior-filed application, but that was subject to a restriction requirement or holding of lack of unity of invention and not elected for examination in the prior-filed application.

Under current practice, the subject matter in a divisional application does not have to be claimed or be subject to a restriction requirement in the parent application. See M.P.E.P. 201.06, 8th Ed. Rev. 3 (August 2005). These changes in the definition of relationships that affect a large proportion of applications filed in the United States are likely to confuse patent examiners, practitioners, and the public for years to come. The PTO has not identified any perceived value that would result from these changes.

### **§ 1.78(d)(1) Conditions for Claiming Benefit**

The PTO proposes four alternative conditions that must be satisfied for a nonprovisional application to claim the priority benefit of one or more earlier-filed copending nonprovisional applications or international applications designating the United States under the conditions set forth in 35 U.S.C. §§ 120, 121 and 365(c).

Each of these conditions is in addition to the statutory requirements necessary to claiming benefit. The proposal makes clear that the second or subsequent application must satisfy at least one of these four conditions to obtain the priority benefit. It also states that the Office will refuse to enter, or will delete if present, any specific reference to a prior-filed application that is not permitted by one of these conditions. Proposed § 1.78(d)(3). These four conditions are discussed below.

*§ 1.78(d)(1)(i) Continuation or Continuation-in-Part (CIP)*

The first condition provides that a nonprovisional application that is a continuation application or a CIP may only claim the benefit of a single prior-filed application if: (1) the benefit of such prior-filed application is not claimed in any other nonprovisional application other than a divisional application; and (2) no request for continued examination (RCE) under § 1.114 has been filed in the prior-filed application. This proposed condition not only would limit the number of parent applications to one, but would also limit the number of continuations or CIPs that could be based on a single parent application to one.

As noted above, if the parent application contained an RCE, no continuation or CIP would be authorized, and access to the benefits of §§ 120 and 365(c) would be denied. The limit to a single continuation or CIP is not justified in the absence of more compelling arguments or data that would confirm the advisability of such a limit. The PTO has not identified any study showing that restricting applicants to a single continued examination opportunity will satisfactorily address its problems without causing substantial harm to the protection of innovation or the patent examining process. Nor would this condition permit the consolidation of two applications into a continuation-in-part application or the filing of more than one continuation or CIP based on a single application. Such a restriction appears counterproductive to the PTO effort to reduce the number of applications by placing an unreasonable burden on some applicants in obtaining appropriate protection for their inventions.

For example, an applicant could not file a continuation and a voluntary divisional application (a new type of continuation application under the proposed rules) after the proposed rules went into effect. This condition would not permit a continuation or CIP to be filed based on a nonprovisional application that contained an RCE, yet the proposed rules would appear to sanction the filing of an RCE in that parent application after a continuation or CIP was filed based on the same parent application.

The first condition could work a hardship on applicants who use the Patent Cooperation Treaty (PCT). If a continuation application is filed on a PCT application before entry into the U.S. national stage, this condition would permit only one complete examination of the subject matter of those applications. A continuation or CIP of the international application may be preferable to entry into the national stage. For example, the use of a continuation application makes it easier to incorporate amendments that do not add new matter or correct inventorship when filing the application. If adopted, the proposed condition should be amended to ensure that a PCT international application is counted as an examination filing only if it enters the U.S. national stage under § 371.

*§ 1.78(d)(1)(ii) Divisional Applications*

This proposed condition, which provides that a nonprovisional application that is a divisional application may claim the benefit of only a single prior-filed application,

alters present divisional application practice in several ways. It limits the number of parent applications to only a single prior-filed application so that all divisional applications would be required to be filed before the patenting or abandonment of the application in which the restriction requirement or holding of lack of unity of invention was made.

In this respect, the proposed condition would be counterproductive to the PTO's effort to focus its patent examining resources on new patent applications because applicants will file more divisional applications sooner to preserve the opportunity to obtain patent protection. The PTO statistics over the last couple of decades have demonstrated that there are many more inventions identified in applications subject to a restriction requirement or holding of lack of unity of invention than there are divisional applications filed in the PTO. Present practice permits an applicant to file a divisional only when there is a need or desire to seek protection on one of the inventions identified by the PTO so long as copendency among applications is maintained. Experience has shown that applicants do not pursue the protection of all restricted inventions when provided with sufficient time and information to determine the value of obtaining protection on those separate inventions.

The proposed change would encourage applicants to file more divisionals merely to preserve the opportunity to protect the restricted invention, and would encourage and increase the number of petitions challenging restriction requirements. This is due to applicants' need to determine early in the prosecution cycle (i.e., during the pendency of the first application in which the restriction requirement was made) the number of divisional applications that must be filed to preserve potentially valuable patent rights.

The more limited definition of a divisional application and the proposed limitation in condition (i) to a single continuing examination opportunity would also encourage the filing of additional continuation applications. These would be based not only on the original application in which the restriction or holding of lack of unity of invention was made, but also based on divisional applications deemed necessary to preserve the opportunity for stronger and more focused patent protection as commercial products are developed. Condition (i) contains an exception to the general principle of only one continuing application, i.e., where the application serves as the basis for both a divisional and a continuation or a CIP.

Among the principal reasons that the PTO is unlikely to achieve its goal of reducing the number and pendency of applications is the proposed revision to divisional application practice. Over the past two fiscal years, the PTO has issued a restriction requirement in about 15% of the applications examined (up from about 10% ten years ago)—or 45,000 restriction requirements annually. The PTO notice states that 18,500 divisional applications were filed last year.

How many additional divisional applications are likely to be filed under the proposed rules? Unless the amount of work saved each year (which will not be 22,000 continued examination filings unless the PTO grants no petitions) at least exceeds the

additional work created by the proposed rules in the aggregate, the proposed changes would simply add to the existing problems. Most applicants and the PTO cannot afford these efforts to control continued prosecution practice. The proposed divisional application practice is not only counterproductive, it would create an incentive for examiners to impose restriction requirements leading to an increased number of applications and greater pendency.

*§ 1.78(d)(1)(iii) Continuation or CIP of a Divisional*

Condition (iii) provides that a nonprovisional application that is either a continuation or CIP application may claim the benefit of only a single divisional application in which no request for continued examination under § 1.114 has been filed in such prior-filed divisional application. This condition is similar to condition (i), which addresses a continuation or CIP of an original application. Accordingly, AIPLA makes the same observations with respect to proposed condition (iii) as made with respect to proposed condition (i).

*§ 1.78(d)(1)(iv) Could Not Have Been Submitted Earlier Standard*

Condition (iv) provides that the filing of a nonprovisional application as any type of continuing application to obtain consideration of an amendment, argument, or evidence that could not have been submitted during the prosecution of the prior-filed application must be accompanied by a petition. The petition must be filed within four months of the filing date of the continuing application or within four months of a date on which the national stage commenced in the U.S. if the continuing application is a PCT application. The petition must contain a showing satisfactory to the PTO that the amendment, argument, or evidence could not have been submitted during the prosecution of the prior-filed application. Although not discussed in the notice, the apparent result of a denial of this petition would be a loss of rights to the subject matter claimed in this continuing application.

In its public presentations, the PTO has described three examples where a petition pursuant to condition (iv) would receive favorable consideration. The first is where an administrative patent judge in an interference proceeding suggests that claims not corresponding to a count in an interference be filed in a continuing application. While appropriate, this surely must be a rare circumstance.

In the second example, where the applicant could show that data necessary to support a showing of unexpected results just became available to overcome a final rejection in a continuation application, the petition would be granted if the applicant could further show that the data is a result of a lengthy experimentation that was started after applicant received the rejection for the first time. While it is appropriate to grant relief under these circumstances, it is unrealistic and inappropriate to require that experimentation be started after the applicant received the rejection for the first time. Experiments are typically ongoing from the date of invention in order to perfect the

invention. Thus, if the rules are to go into effect, the granting of the petition should only depend on when the information becomes available, not when the tests begin.

The third example is where the final rejection contains a new ground of rejection that could not have been anticipated by the applicant and the applicant files a petition to submit evidence which could not have been submitted earlier in order to overcome this new rejection. While relief to the applicant again is appropriate, the applicant should have more latitude in addressing the new ground of rejection unless the PTO could show that any prior art relied on could not have been found earlier in the examination of this invention.

Although the proposed standard and examples for implementation suggest that in all cases the standard will be difficult to meet, the PTO has not indicated who will have responsibility to decide these petitions. There is a danger that the standard will be applied differently in different technology centers. Because of the significant risks associated with the denial of such a petition and the prospects of loss of patent rights and potential charges of malpractice, any denial is likely to be vigorously contested both within the PTO and in the courts. This can only increase the workload for the PTO and have a negative impact on access to legal representation for independent inventors and small businesses.

In order to avoid the unnecessary loss of patent rights, AIPLA suggests that, if the PTO adopts this proposal, it should also set up an adequately staffed office to decide these petitions promptly, and in any event before the close of prosecution for the parent application so that the applicant is advised of its prosecution options. Such a petition should be granted if it is not decided before the close of prosecution.

### **§ 1.78(d)(3) Continuation-In-part applications (CIP)**

This proposal would introduce the new requirement that, if an application is identified as a CIP application, the applicant must identify which claim or claims in the CIP application are disclosed in a manner provided by the first paragraph of § 112 in the prior-filed application. AIPLA opposes this new requirement.

The responsibility for determining whether a claim is supported in an application in compliance with § 112 is ultimately a legal determination that should remain with the examiner and not be imposed on the applicant. We believe that the most that should be asked of an applicant is to identify the differences between the CIP application and the parent application. To require an applicant to offer a legal conclusion regarding compliance with § 112 will simply further increase the applicant's risk of subsequent allegations of inequitable conduct.

### **§ 1.78(d)(3) Unsatisfied Conditions**

This proposal provides that the PTO would refuse to enter, or would delete if present, any specific reference to a prior-filed application that is not permitted by

paragraph (d)(1) of § 1.78. This proposed section also provides that the entry of or failure to delete a specific reference to a prior-filed application that is not permitted by paragraph (d)(1) would not constitute a waiver of the provisions of this section.

This section would place a heavy burden on both the PTO and applicants to avoid continued examination filings not authorized by conditions (i) through (iii). If this proposal were adopted, AIPLA urges the PTO to include in Office Actions in any application where a continued examination filing is not available under any one of the first three conditions, a notice to that effect. Although the failure to provide such a notice need not act as a waiver of these benefit conditions, it would assist applicants, practitioners and probably the PTO in preparing for the close of prosecution of claims directed to that invention.

### **§ 1.78(f)(1) Applications Having At Least One Common Inventor**

This proposed paragraph requires that an applicant identify separate applications that have the same filing date or filing dates within two months, that name at least one inventor in common, and that are owned by the same person. This identification is required to be submitted within four months from the actual filing date of a nonprovisional application or within four months from the date on which the national stage commenced for an application that entered the national stage from a PCT international application.

The proposed requirement is both unnecessary and misguided. To the extent that another application contains relevant disclosure or is a possible basis for a double patenting rejection, applicants are already under a duty to disclose this information to the PTO. See Dayco Products, Inc. v. Total Containment, Inc., 329 F.3d 1358, 1367-68, 66 U.S.P.Q. 2d 1801, 1808 (Fed. Cir. 2003). To the extent that there is no relevant disclosure and the application is not a possible candidate for a double-patenting rejection, it is not clear why the PTO needs or desires this information.

The proposed four-month deadline for submitting this information to the PTO would be unnecessary and impractical in many cases. Given the PTO's current delays in processing applications, an applicant may not be able to identify another application by application number because that number has not been provided by the PTO within that time frame.

Finally, the PTO has not made clear whether there are any consequences for failure to meet either the time deadline or the requirement to identify a separate application meeting the requirements of this proposed paragraph. Would the application be regarded as abandoned for failure to meet this requirement of the regulations? Would the requirement be deemed to have been waived if examination proceeds without addressing the question of abandonment? Would this be regarded as a failure to comply with a duty of candor and good faith even though the application that meets the requirements of this proposed paragraph would not otherwise be considered information material to patentability? Would a practitioner be subject to a disciplinary

action by the Office of Enrollment and Discipline for failure to satisfy this requirement, whether or not the information is regarded as material to patentability? The PTO should withdraw this paragraph from the proposed rules.

### **§ 1.78(f)(2) Rebuttable Presumption-Patentably Indistinct Claims**

This proposed paragraph would create a rebuttable presumption of patentably indistinct claims in two or more applications that: (1) are filed on the same date; (2) name at least one inventor in common; (3) are owned by the same person; and (4) contain substantially overlapping disclosures. To address this presumption, and apparently before any action by the examiner, the applicant must either rebut this presumption or submit a terminal disclaimer and explain to the satisfaction of the Director why there are two or more pending nonprovisional applications containing patentably indistinct claims.

This proposed paragraph appears to be a solution looking for a problem. According to the PTO database, there were over 150,000 patents granted in Fiscal Year 2005, yet only 4,474 contained a terminal disclaimer—less than 3% of the patents granted. These patents containing terminal disclaimers included more than those having the same filing date and at least one inventor in common. But even at less than 3%, where is the problem that requires a rebuttable presumption?

As noted above, arguably applicants already have a duty to identify applications containing patentably indistinct subject matter to an examiner, and any reasonably competent examiner should be able to evaluate whether or not a double patenting rejection should be applied. A requirement to eliminate patentably indistinct claims from all but one application absent a good and sufficient reason for having two or more applications is a hollow gesture since this provision has been in the regulations for the last 35 years and addressed as a double-patenting issue. M.P.E.P. 822.01, 8th Ed., Rev. 3 (August 2005). A good and sufficient reason is typically provided merely by defining the invention in terms which are unique to each application. Accordingly, the PTO should withdraw this paragraph from the proposed rules.

### **§ 1.114 Request for Continued Examination (RCE)**

According to this proposal, an applicant may not file more than a single RCE in any application, and may not file any request for continued examination in any continuing application other than a divisional application unless they could make a showing in conformance with condition (iv) above that the amendment, argument, or evidence could not have been submitted prior to the close of prosecution in the application. This proposed paragraph indicates that an improper RCE filed before a notice of appeal will be treated as a reply after final, and an improper RCE filed after appeal will be treated only as a request to withdraw the appeal.

As this proposed section essentially adopts the proposed limits and requirements of proposed § 1.78(d)(1), the comments made above apply here as well. AIPLA

strongly urges the PTO not to adopt these proposed rules to address the problems identified in the background section of the Federal Register notice. It is highly questionable that the proposals will achieve the stated goals, and likely that they will unnecessarily increase the Office's workload. They will provide no significant deterrent for applicants seeking to extend the prosecution, and will create additional administrative burdens for both PTO and applicants, while contributing nothing to the efficiency or effectiveness of the patent examination process. The alternative of the Office adopting policies that encourage a conclusion of prosecution in an original filing and discourage use of RCE's to continue prosecution for credit would be preferred and less onerous for users.

The PTO has indicated that it will no longer authorize a first action final rejection in any continuing examination filing if the proposed changes are adopted. AIPLA urges that the PTO consider adopting this change in practice, whether the proposed changes are adopted or not. There will be cases where a "First Action Final" may be appropriate, such as where no effort has been made to advance prosecution by altering the factual record with additional evidence or amendments to the claims. A Final Rejection, however, should not be appropriate on the first Office Action where the factual record is changed before the first Office Action in a continued examination filing.

### **Effective Date of Proposed Rules**

The proposed changes to § 1.78, according to the Federal Register notice, would apply to any application filed on or after the effective date of the final rule. 71 Fed. Reg. at 56. This statement, however, obscures the fact that the rules would retroactively affect the prosecution of many pending applications, particularly those that are continued examination filings (continuations or RCE's), precluding any further opportunity for a continued examination filing.

Any applicant working on a continuing application in which a restriction requirement was made somewhere in the prosecution history would have to file a divisional application before these rules go into effect for any non-elected invention on which protection may be desirable. Failing to do so would risk the possibility that the Office would find that such an application could have been presented earlier and is now foreclosed under the proposed rules as implemented.

This activity is likely to ensure that the Office would receive a deluge or spike of at least new divisional applications that far exceeds any predicted reduction in the filing of continuing applications for several years to come. Not only is the proposed implementation retroactive, but it would create an incentive for significant additional application filings before the effective date; it also would create a significant potential for the loss of patent rights on valuable inventions where a timely filing is not made.

If adopted, the AIPLA recommends that the proposed rules be applicable only to claiming the benefit of applications filed on or after the effective date of the new rules.



## **Need for Analysis of Continuation Application Problems**

AIPLA does and will support reasonable PTO efforts to improve the efficiency of the examination process and improve the quality of issued patents. If these efforts are to be focused on continued examination filings, however, an analysis needs to be made of the reasons and root causes of those filings.

Depending on the findings of that evaluation, the PTO should consider ways to reduce or eliminate the incentives (both internal and external) for continued examination filings. One interim measure could be providing examiners with additional time to consider responses after final rejection and to provide a new full evaluation of the content of those responses. Another could be the creation of a special team of examiners to address applications in which unique problems arise, and the development of a prosecution laches argument in cases less obvious than those addressed, for example, in In re Bogese, 303 F.3d 1362, 64 USPQ2d 1448 (Fed. Cir. 2002).

AIPLA supports the PTO's general objectives of seeking ways to make the examination process more efficient and to improve the quality of issued patents. We further support the PTO's efforts to reduce the average pendency of applications, particularly its aggressive hiring program, so that the PTO could focus its patent examining resources on new applications. AIPLA doubts, however, that these efforts alone can contribute significantly to the PTO's objectives unless Congress and the patent community provide the agency the necessary resources to train and retain new examiners. AIPLA would support a PTO request for an improved compensation structure for examiners toward that end, and is prepared to assist the PTO in its training challenges by making available experienced practitioners willing to assist the PTO in this effort.

## **Suggested Changes**

Other areas that the PTO should consider in addressing the objectives it has identified are addressed below.

**Management of PTO Workload.** Applicants today are under an obligation to identify related applications. The PTO should use this information to do a better job in assigning related applications to a single or a small number of examiners. This would permit the PTO to focus both search and examination of related applications in a single area and obtain obvious efficiencies in the search and examination process, and also provide the applicant with a more uniform treatment of related applications.

**Focused Review.** The PTO has apparently adopted a corps-wide, second-pair-of-eyes review process rather than focusing its efforts in areas of demonstrated need. The need for such review can be identified in the annual review of an examiner's work product, the results of appeal conferences or Board decisions, and complaints lodged by applicants. The PTO should also focus on applications and continued examination

filings for individual examiners to determine whether the examiner's work is the principal cause of failing to bring examination to a close.

**PCT Searches.** The PTO should rely more heavily on search results and analyses from qualified international search authorities, especially those from the United States Receiving Office for PCT applications.

**Restriction/Unity of Invention.** We understand that the PTO's study of restriction and unity of invention practice is likely to be completed in the near future. Pending any significant changes that will be proposed, the PTO should take steps to better manage and supervise restriction and unity of invention practices in all technology centers. Experience has shown that when increased supervisory vigilance is applied, the number of complaints and restriction requirements decreases.

**Multiple Dependent Claims.** The PTO should explore the possibility of examining multiple dependent claims dependent on other multiple dependent claims as a mechanism to reduce the examination burden and to better focus the examination process on limitations being added to an independent claim. We believe this will reduce the total number of claims presented for examination.

**Third-Party Submissions.** The PTO should explore expanding the opportunity under 37 C.F.R. § 1.99 for third parties to submit prior art patents and printed publications in applications up to a first Office action, and permit the third party to identify or point out the relevance of any document (e.g., by citation only of column and lines and the relevant claims), while prohibiting any narrative explanation or argument associated with the submission. While 37 C.F.R. §1.99(d) limits the explanation of the relevance of the documents, it is not clear that this is required by the authorizing legislation.

We appreciate the opportunity to provide comments on the proposed rules and are available to assist the PTO in further developing patent practice and procedures.

Sincerely,

A handwritten signature in black ink that reads "Michael K. Kirk". The signature is written in a cursive, flowing style.

Michael K. Kirk  
Executive Director