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To: AB93Comments

Cc:

Subject: Comment On Proposed Rules for Continuation Practice

May 1, 2006

Mr. John Doll, Commissioner for Patents
United States Patent and Trademark Office
P.O. Box 1450
Alexandria, Virginia 22313-1450

Dear Commissioner Doll:

Please find the attached pdf file containing a Comment on the Proposed Rules for Continuation Practice. We appreciate the opportunity to contribute to the practice of patent law in the United States, and particularly appreciate the opportunity to make Comments on the Proposals. Please consider the Comment in light of our desire to improve the United States patent system.

Kind regards,

D. Benjamin Borson
for a group of California patent practitioners

**Changes to Practice for Continuing Applications
Requests for Continued Examination Practice and
Applications Containing Patentably Indistinct Claims
(proposed 37 C.F.R. 1.78 et seq.)**

May 3, 2006

Introduction

The undersigned are registered patent attorneys practicing in California. The comments below are our own personal views and are not to be attributed to any organization, our clients, our employers or any other entity.

We appreciate the Office's desire to receive comment from the public, and we hope that our remarks will be recognized as a genuine effort to further development of patent practice in the United States. Our participation in this process is prompted by our desire to assist the rulemaking process by providing comment to be placed in the public record. We also hope that these remarks will be considered by the Office in formulating any Revised or Final Rule.

General Comments

The patent law is based on sound public policy. According to Article 1, Section 8, Clause 8: "To promote science and the useful arts, Congress may grant to authors and inventors for limited times, the exclusive right to their respective writings and discoveries." According to 35 U.S.C. § 101, a person "is entitled to a patent **unless...**" (emphasis added). It is well settled law that the *quid pro quo* to obtain a patent is full disclosure of the invention, so that upon expiration of the patent, the public will be able to practice the invention. We also believe that the exchange is reciprocal; if there is full disclosure of an invention in a patent application, the inventor is entitled to one or more patents on the inventions disclosed in the application.

We view the Constitutional and statutory language and the public policy to place an initial burden on the Office and its examiners to identify reasons for not allowing a particular patent claim. This interpretation is consistent with the Manual of Patent Examining Procedures ("MPEP"), which is the training and operations manual for patent Examiners. The MPEP provides rationale and specific language for making objections to or rejections of claims. According to this well-known and well-settled scheme for examining patents, the Office and its examiners have the obligation to present facts and reasoning to support rejection of a patent claim. In the absence of such support, a claim is patentable and if certain formalities are met, a patent can issue.

The statutory scheme also provides for continuation practice in 35 U.S.C. § 120. We note that there are no statutory limits placed on continuation practice.

In the text accompanying the proposed rule, the Office states that limits on an applicants ability to prosecute continuation, continuation-in-part and divisional applications are needed to improve the efficiency of the Office and the examination process. We believe that the justification for Office-wide changes in the rules are not supported by the data presented.

The major rationale presented for the proposed rule is to decrease patent pendency and improve Office efficiency. The Office presented data purporting to show increased pendency of applications. Although some technology centers have had increasing pendency, we believe that the Office's extrapolation of a single year's data to the future is inherently flawed. Rather, we recommend that the data over the past several years be used to determine a general trend in the number of filings and of pendency. Further, we recommend using average pendency and not single instances of prolonged pendency to support any rule change. Also, based on the remarks accompanying the proposed rule, it is clear that the Office believes that only a small number of applications would be barred from prosecution, with only marginal decreases in the number of applications the Office is asked to review.

Thus, the justification for the sweeping changes is by no means certain. In light of the Constitutional, statutory and case law on continuation practice, we request the Office produce a compelling case for upsetting settled practice.

Prosecution Laches

The only limits to Continuation practice are those subsumed under the doctrine of prosecution laches. Thus, a court may find that issuing and/or enforcing a patent would be unfair to the public if the prosecution of the patent were unreasonably delayed, with reliance by the public, and without adequate explanation for the delay. We believe that the doctrine of prosecution laches was correctly applied in *Symbol Technologies v. Lemelson* and *In re Bogese II*, upon both of which the Office relies for support of the proposed new rules.

As described by the Federal Circuit in *Symbol Technologies*, submarine patents are continuation patents that are based on an earlier-filed application that remain secret and not issued for a long period of time. We agree that abuses of this type can harm the public. The Federal Circuit agreed that in egregious cases, patents may held unenforceable under the doctrine of prosecution laches.

The dissent in the Federal Circuit's decision in *Symbol Technologies* characterized the current statute as placing no limits on the numbers of continuation or continuation-in-part applications an applicant may file. Although the Court ultimately held the patent unenforceable, it was for a perceived "unfairness" to the public (and to those who developed the industry) and not for invalidity under any portion of the patent statutes, including 35 U.S.C. Section 120. Thus, practitioners and clients continue to rely on the settled law that continuation and continuation-in-part applications are permitted unless prosecution laches is properly invoked.

Since the filing of the patents at issue in *Symbol Technologies*, the patent statutes have been amended by Congress to limit patent life to 20 years from filing. Thus, the abuses of submarine patents are not likely to recur. Now that utility applications are routinely published 18 months after the priority date, and because the courts have upheld the use of prosecution laches, the public is being protected by the judicial and office processes.

The proposed requirement that second or subsequent continued examination filings be supported by a showing as to why the amendment, argument or evidence *could not have been previously submitted* appears to exceed the Office's statutory authority. In this regard, 35 U.S.C. § 120 clearly and unconditionally permits applicants to claim priority to a previously filed application.

In a similar case, the Office denied a patent to an applicant who for a period of many years failed to move the application forward. The Federal Circuit upheld the Office's ruling (*In Re Bogese II*, 303 F.3d 1362, 64 USQP2d 1448 (Fed. Cir. 2002)). The ruling in both of these cases was intended to protect the public from abuse. We find no support in either of those cases for the Office's application of prosecution laches for its own purposes, such as those presented in the proposed rule. Moreover, that case clearly states that the only policy issue it was considering was "whether the PTO is authorized to reject a patent application where the applicant fails to advance prosecution of his application for an unreasonably long period." *Id.* at 1366-7. The court decided that issue affirmatively based upon the doctrine of prosecution history laches, relying on the fact that the Supreme Court recognized this doctrine on several different occasions.

In contrast, no such authority exists for limiting continued examination filings to the extent presently proposed. To the contrary, the *In re Bogese II* court appeared to specifically endorse many of the types of continued examination filings that the presently proposed rule is attempting to preclude, stating, "[a]n applicant's attempt to obtain new claims directed to inventions that he or she believes are fully disclosed and supported in an earlier application, however, is easily distinguishable from appellant's failure to further the prosecution of his application toward the issuance of any claims." *Id.* at 1369.

Proposed Rules Will Upset Settled Practice

We believe that the proposed rule will upset the settled rule. The proposed rule would expand the Office's discretion to apply a judicial remedy intended to protect the public, to a purely internal Office matter. We understand the desire of the Office to streamline its operations, to make patent examination more rapid and effective, and to protect the public from the above-described abuses. However, we believe that the Congress and the courts are better equipped to determine the proper balance of patent rights and protection of the public from abusive practices. We further note that the two cases cited by the Office involved clear abuses of continuation practice with an apparent intent to take unfair advantage of the efforts of others. Because Congress has acted to remedy the abuses cited above, and the judiciary has enforced basic fairness to the public,

we believe that Congress and the judiciary should take the lead in protecting the public from patent abuse.

We believe that terms such as “rework” in describing claims in continuation applications appears to cast an unfavorable light on continuation practice. We appreciate the Office’s desire to limit the work of examining patents, but we believe that continuation, continuation-in-part “voluntary divisional” practices serve both patentees and the public, and that if made final in their current form, the proposed rules would unnecessarily burden innovators. Instead, we suggest that the Office consider using the rationale of *In re Bogese II* to reject applications that an applicant fails to move forward, and then to permit the courts to determine the limits of prosecution laches. We note that the remarks accompanying the proposed rule state that the Office “does not intend to codify *In re Bogese II*,” but in our opinion the proposed rule will act to extend *In re Bogese II* beyond its original scope by penalizing applicants not subject to prosecution laches through agency rulemaking but not by legislative action.

Proposed Rules Are Likely to Unfairly Limit Applicant’s Rights

We believe that the proposed rule would result in patent applicants giving up more subject matter than is warranted under the patent statutes by inhibiting the free exchange of ideas about the invention, claims and the prior art. Some of us have repeatedly encountered examiners who fail to appreciate properly the true nature of the prior art being applied to a claim. In such cases, it has been necessary for an applicant to reiterate and explain how a reference has been misapplied before obtaining an allowance. Under the proposed rules, an applicant could be penalized for asserting statutory rights to obtain a patent.

Notice to the Public

The Office has also justified the proposed rules to provide increased notice to the public about what can and cannot be practiced by the public without permission. Under currently applicable case law (*Johnson & Johnston v. RE Services.*), subject matter disclosed in an application and unclaimed is dedicated to the public. We believe that the current rule satisfies the notice function of a patent. To limit the number of patents that can be issued based on a full disclosure unfairly penalizes applicants who have improved the art.

We would prefer to have judicial review of such important equitable issues. First, courts apply equitable criteria to balance the interests of the parties to a dispute. Under the proposed rule, the equitable criteria are to be applied for the benefit of the Office by the Office. This is inconsistent with the historical role of courts in equity.

Next, from a public policy viewpoint, we believe that the U.S. Patent System is especially designed to provide a tool for “equalizing the playing field” by providing limited exclusivity for innovators, including individuals and small enterprises. For independent innovators and small enterprises, the patent process may be financially

draining, especially during a time of limited funds and the requirements for expending those funds in research, development and manufacture of products. We believe that the current system permits applicants to make broad yet detailed disclosures in an application, and thereby put the public on notice of that which could be potentially claimed.

Application Support Document

The proposed rule would impose a requirement for a statement (Application Support Document, or “Statement” on the part of an applicant (and the applicant’s agent) to provide reasons acceptable to the Director to submit a second continuation (or “voluntary divisional”) application. The Statement would be required to present reasons why the new claim could have not been presented earlier. Such a requirement finds no support in the patent statutes. Under current practice, the burden is on the Office to examine and if appropriate, to reject claims. The proposed shift of burden to the applicant is not supported by the patent statutes and represents an effort to change fundamental patent policy without Congressional action.

Moreover, the proposed rule provides no notice to the public of the criteria to be applied by the Director. Without clear criteria, we believe that there may be uneven application of the rule that would implicate equal protection under the law, a basic Constitutional protection. We therefore urge the Office to include clear criteria.

Revised Restriction Practice Should Be Considered

Restriction practice has become much more widely used in recent years. Instead of limiting proposed rule changes to continuation practice, we recommend that the Office review and realign restriction practice. Many of the difficulties with divisional practice relate directly to the new and expanded application of restriction practice. Instead of focusing upon the broad sweep of an invention, under current practice, examiners divide an application into as many small parts as can be justified. Thus, broad discoveries or inventions are typically not claimed in a single patent, but rather are subject to divisional applications and the costs associated with their prosecution. Thus, we recommend that the Office review continuation, divisional and continuation-in-part practice in light of restriction practice and deal with the intertwining issues simultaneously.

As a result, small innovators are being subjected to greater patenting costs, due to involuntary divisionals. Similarly, small innovators may not have sufficient funds to prosecute a relatively large number of patents simultaneously. Thus, by limiting the filing of even involuntary divisionals to a single priority claim (i.e., the parent application), the proposed rule would severely penalize small innovators, including those that, through their inventions can develop entire new industries. Further, by creating a presumption that several applications filed within a “short” time period of each other and naming a common inventor contain “patentably indistinct” claims the proposed rule would penalize innovators. Under current practice a terminal disclaimer can be used to

overcome any problems associated with such cases. Thus, we believe that no further changes to this rule is warranted.

Additionally, in certain arts, called “discovery” arts, the full implications of a fundamental discovery may not be appreciated at the outset. As distinct from other types of inventions, discoveries, by their nature, involve the understanding of a phenomenon discerned from careful study of nature. The “conception” prong of invention is therefore an understanding of what nature is. Creating this understanding is the realm of science, and careful observation and experimentation is required. Because of the difficulties in validating and exploring the scope of a discovery, the development of discovery inventions and the prosecution of patent applications deriving from them are inherently slower than other types of inventions.

For example, in the biological arts, full understanding of the discovery and its implications may take many years. In such a process, limiting continuation-in-part practice can be particularly harmful to scientists and the industries for which they work. As the enablement requirement of 35 U.S.C. § 112, first paragraph, is being more stringently applied, it may become difficult to obtain protection for an “invention” at the outset. Thus, it may take many years before an inventor can fully appreciate the true scope of his or her invention, and articulate it in writing to meet the written description requirement of 35 U.S.C. § 112, first paragraph. As the Supreme Court held in its decision in *Festo*, the language needed to accurately describe an invention may not be available at the time the invention is made, or when an application is filed. We believe that promotion of science and the useful arts is paramount to technological innovation, and that changes such as those proposed by the Office should be made by Congress, with full discussion and deliberation of the implications to this nation’s policy toward innovation.

We note that whether a claim is “patentably distinct” or “patentably indistinct” is a matter for judicial review. Although the Office makes initial determinations of such distinctness as part of its restriction practice and double patenting rejections, the judiciary is the final arbiter of such questions.

Applicant Interview

We suggest that the applicants and their representatives facilitate the patent prosecution process by making a teleconference between the examiner, the applicant and their representatives mandatory PRIOR to the examiner’s first search of the art.

This mandatory teleconference would serve to answer the examiner’s questions, assist in the examiner’s understanding of the jargon and lexicon of the inventor, and provide the examiner with an additional valuable layer of education and understanding through direct interaction with the inventors. It would be an interaction not colored by advocacy by the applicant or defensiveness by the examiner who may feel it necessary to justify his or her initial search and action.

Hiring and Retention of Experienced Examiners

Finally, we recommend that serious consideration be given to the hiring of retired or former patent attorneys and agents or technical educators to serve at the USPTO as either examiner's assistants, or examiner instructors. This position would be not unlike a special master assisting a judge in his or her understanding of a particular area of art.

It is clear that the examining corps could benefit from training or exposure to not only qualified patent agents/attorneys, but also experienced inventors/educators. Whether the Office provides this cross training through formal programs or the hiring of retired or former patent attorneys to facilitate the examiners' understanding of the patent process from the applicants' perspective, nothing but good can come from this open exchange of information and experience.

The proposed requirement that second or subsequent continued examination filings be supported by a showing as to why the amendment, argument or evidence *could not have been previously submitted* improperly shifts the burden to an applicant and is impermissibly vague. There is no support in the patent statutes for such a shift of burden. Further, it is entirely unclear what types of amendments, arguments or evidence would satisfy this criterion.

The proposed requirement that second or subsequent continued examination filings be supported by a showing as to why the amendment, argument or evidence *could not have been previously submitted* appears to have no rational relation to the Office's stated justifications for the necessity of the changes. Specifically, the stated justifications are addressed as follows:

The second justification given is that the rule change is required to reduce the amount of unnecessary work that Office personnel must perform. However, the Office has not presented an adequate case that the rule change actually would significantly reduce such workload. Although figures are given regarding the number of continued examination filings that presently are being made, there has been no attempt to determine how those numbers would change under the proposed rule. One suspected reason for this is that because the proposed rule is so vague, it is impossible to know which of the current continued examination filings would not have been permissible under the proposed rule.

Moreover, even if continued examination filings were reduced, there has been no attempt to quantify how much of the workload would shift to other areas. For example, it can be assumed that many more applicants would file appeals, rather than filing RCEs or making other continued examination filings. This change would require examiners devote a much larger percentage of their time to preparing and arguing appeal brief answers, which presumably is much more labor intensive than issuing Office actions. Once again, such work-reapportionment effects have not been analyzed at all.

The third justification given is that a public notice function would be served by the proposed rule change. It is unclear how this possibly could be the case, as the proposed standard for filing continuing applications is so vague.

In short, it appears that the USPTO is attempting to change the statutorily guaranteed right to file continuation applications, and turn it into a privilege for which an applicant must petition, the petition being granted only at the discretion of the USPTO. This oversteps the only exception recognized by the Supreme Court, namely a narrowly drawn exception for prosecution history laches.

The Office's logic is flawed. If 62,870 applications of 317,000 are "continuing applications" (including 11,800 divisionals), this is only 20% of the applications. Removing involuntary divisionals, which are a direct result of Office policies, reduces the percentage to 16%. It is fallacious to include the 52,750 requests for continuing prosecution because this figure has nothing to do with newly-filed applications, and is only a measure of the extension of prosecution time. Further, the proposal does not eliminate RCEs. So, if all continuing applications (not counting divisionals) were eliminated, this would at most relieve the Office's burden by 16% - not really a huge amount. Further, at least some of the continuing applications will be justified, for example, probably nearly all continuation-in-part applications can be justified. Thus, the proposal would probably only eliminate at most 5-10% of their continuation application burden, while at the same time adding another burden on the examiners and applicants, namely preparing the justification statement, with its possibilities of raising further inequitable conduct issues and exposing practitioners to claims of malpractice.

Adding another procedure just increases the examiners' workload. Instead of examining continuations (which are by then familiar to the examiner), the Office would substitute the job of scrutinizing these justifications. So often the examiners will still have continuations to deal with, on top of the arguments over the justifications (and appeals over the denied continuations).

We believe that if the proposed rule is finalized the number of appeals will increase dramatically. Applicants may file a continuation so that their claims are in better condition for appeal, as many examiners refuse to enter any amendment made after final rejection. Also, applicants sometimes accept any allowed claims, and file a continuation to pursue claims that were still rejected. These issues are not addressed by the appeal conference procedure.

Specific Comments on Proposed Rules

§1.78(a)(1): it is possible that an application will contain new matter (continuation-in-part application) and claims directed to previously non-elected subject matter (divisional application) at the same time.

§1.78(d)(1)(ii) would limit priority claims to only the single previous application in cases of Divisionals. What about cases in which one has filed a continuation-in-part application, and the examiner has subsequently restricted the continuation-in-part

application? There are no provisions in the proposed rule addressing this common situation.

§1.78(d)(3) provides that one must identify claims meeting 35 U.S.C. § 112, first paragraph requirements in continuation-in-part applications. This is already part of the statutory scheme. By filing a claim, applicants and their agents already assert that the claims are patentable. This proposed rule therefore serves no real purpose, and simply provides another opportunity for claims of inequitable conduct. Whether or not a claim is supported in the parent application is already an issue normally determined only if necessary in light of the cited prior art.

§1.78(f) would require notifying the Office of any applications having a common inventor and a filing date within two months of another application. The proposed rule is misguided in that it presumes that an applicant is attempting to circumvent limitations on double patenting. What if the two applications claim completely different subject matter? The examiner will spend more time scrutinizing the statements than he/she will require to examine any "overlapping" subject matter. As a practical matter, the applicant already needs to notify the PTO under Rule 56 of any material related applications. If the examiner has already examined one set of claims, he/she knows that the same rejections are probably applicable to the related set as well. The net result will be no savings of time or effort, and a probable increase in burden on the examiner and the applicant.

These provisions appear overly burdensome to an applicant with limited resources and *pro se* applicants.

The legal nature of claim drafting is not necessarily understood by an applicant, although the applicant may have a complete understanding of his/her invention. An applicant may not have the resources to prepare claim language to accurately define an invention within the time limitations set by these new rules. Since an applicant is given no hearing or provisions for explanation of his or her hardship under these new rules, the rules appear to violate the applicant's rights to a patent in exchange for disclosure of his/her invention.

Not only is claim drafting an art outside the reach of many applicants without the resources for assistance of an attorney or agent, attorneys and agents as well may be burdened by such time limitations. Since claim drafting to define an invention cannot be precisely done, even attorneys may need the additional time provided with continuations. Claims drafted by attorneys and agents intended to define around prior art are typically rejected by the Office, even though the attorney or agent believes the claims adequately define the invention and define around the prior art. Without the ability to file continuations to present different claims to define an invention, these rules appear to violate an applicant's rights to a patent in exchange for disclosure of his/her invention even with the assistance of an attorney or agent.

To the extent that no more than one continuation can be filed, or time limitations can be imposed on filing of a continuations with a prior-filed application still pending at the discretion of the USPTO, these rule provisions appear to violate Article I Section 8 of

the Constitution. These discretionary rules also appear to violate provisions of the law indicating that a patent applicant will be entitled to a patent in exchange for disclosure of the invention in a patent application.

As an alternative, we recommend that the Office stop making unnecessary restriction requirements. The examiners currently are urged to divide cases into as many applications as possible (or at least this appears to be the case). We have seen restriction requirements with 100+ separate groups, and restriction requirements where the number of groups exceeds the total number of claims. There is really no reason to require a gene to be claimed in one application, and the corresponding protein in a separate application, and an antibody for the protein in still another application: the prior art will be essentially the same in each case, and a competent examiner should be able to understand the art relevant to each set of claims. It would be more efficient to keep the groups together in one application and prosecute them all at once, rather than starting over again and again with each division. And since proteins, nucleic acids, etc. are assigned to different groups, we get a fresh examiner for each divisional, which maximizes examiner workload and minimizes efficiency. By eliminating unnecessary restriction requirements, the Office will save only 4-5% of all applications without adding any other burden.

Additionally, if the Office finalizes such a rule, we also strongly urge the Office to permit all claims to be filed in an application without the need to pay for excess claims, and after restrictions are made, to then calculate the needed fee for “additional claims” greater than 20 (3 independent claims) in the case remaining. In this way, applicants will not be financially penalized by paying claim fees twice, once with the original application and a second time, for filing the divisional application containing claims previously submitted and subject to restriction.

The proposed rule provides no notice to the public of the criteria to be applied by the Director. Without clear criteria, we believe there may be uneven application of the rule, raising doubts about equal protection under the law. We, therefore, urge the Office to include clear criteria. if the rules are implemented. We propose criteria for acceptable reasons for filing a continuation or a RCE might include the following:

- (1) An indication by the examiner in an advisory action that a new search is necessitated in response to amendments made by an applicant in a final Office action. This indication justifies filing an RCE under current rules. We urge the Office to instruct examiners not to require a new search if an independent claim is amended to include a limitation from a dependent claim already in the case; such limitations should already have been searched.
- (2) The scope of new claims finds specific support in the application as filed.
- (3) The scope of new claims not believed covered by the original claims was unintentionally omitted from the original application.

(4) The scope of new claims as amended in a continuation is necessitated by particular prior art previously unknown to the applicant.

(5) The scope of new claims as amended in a continuation is necessitated by particular prior art, and an applicant's amendments are in addition to amended claims previously rejected by the PTO over the prior art.

(6) Other reasoning provided by an applicant indicating why an application could not otherwise be obtained with claims to protect their invention, wherein the claims are broader than in previous applications to which priority is claimed and could not be pursued in a reexamination or reissue application or are not subject to a double patenting rejection.

Conclusion

We thank the Office for the opportunity for the public to be heard on this issue, and urge consideration of our comments.

Respectfully submitted,

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