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To: AB93Comments
Subject: Comments on rule on continuing application practice

Comments on Proposed Changes to the Rules on Continuing Applications, published 71 Fed. Reg. 48 (3 January 2006)

The text in the Federal Register seeks to justify the placement of limitations on the patent applicant to submit second, and subsequent, continuing applications (cons, cips, RCEs, but not divs) on a goal of reducing the backlog of pending patent applications. Because the totality of second, and subsequent, continuing applications is only in the range of 5 to 7% of all applications, the complete elimination of ALL second, and subsequent, continuing applications would not resolve the problem. Because the proposed remedy would not resolve the problem, and would separately burden applicants whose legitimate application behavior would be altered by the proposed rule, the proposed rule is opposed.

Earlier comments on the proposed rule were submitted by email on April 30 (and separately appear at <http://ipbiz.blogspot.com/2006/04/comments-to-uspto-on-proposal-on.html>) and are incorporated by reference. After submitting those comments, I came across an article in Electronic Engineering Times by Rick Merritt which suggested that the origin of the proposed rule was perhaps more fundamental than the backlog problem: More money "is not a long-term solution," USPTO Director Dudas said. "It's not a sustainable model for us to hire 1,000 examiners a year, so we have to look at the system as a whole and get the people with the most at stake, the applicants, to do more work on the front end."

One notes that in both FY 2004 and FY 2005, there were more RCEs than traditional continuations, suggesting that the primary issue in continuing examination practice is the coming to a meeting of the minds between examiner and applicant over proper claim scope. Because of the limited time on average to process the average application (ca. 19 hours), one expects that there might be some fraction of all applications that spill into a second continuing application, merely to focus issues of claim scope. There are certainly cases in which the examiner is applying a certain piece of prior art which the applicant might not have foreseen (or might not see as relevant even after viewed), so that "more work at the front end" is not always the answer.

To address the merits of the PTO rule, one would need to know what is going on in the second and subsequent continuing applications. The text in the Federal Register did not indicate the dominant reason that applicants were seeking second and subsequent continuing applications and that might be useful information to possess before proposing a rule change. If the primary origin is disagreement over claim scope, the result of the proposed rule would be merely to shift a burden from the examination area to the appeals area.

Separately, the Merritt article suggested that continuing application process might be

misused to wear down examiners, a suggestion that has appeared before. Merritt quoted David Simon: With continuations, people are "basically refiling the same application over and over again," said David Simon, chief patent counsel at Intel Corp. "If you are not happy, you can just come back again, and the patent office can never be sure when they are finished with a case. In some instances, examiners just give up." One notes that Intel is no stranger to continuation practice, as the following (partial) list of patents assigned to Intel illustrates:

US 7034390 (This patent application is a continuation application of U. S. application Ser. No. 09/986,715, filed on Nov. 9, 2001 now U.S. Pat. No. 6,724,077.)

US 7020958 (This application claims the benefit of and is a continuation of application Ser. No. 09/153,630, filed Sep. 15, 1998, now issued as U.S. Pat. No. 6,153,829.)

US 7018853 (The present patent application is a Continuation of application Ser. No. 09/909,670, filed Jul. 20, 2001 now U.S. Pat. No. 6,624,457.)

US 7016989 (This is a continuation of application Ser. No. 08/934,640, now U.S. Pat. No. 6,088,370, filed Sep. 22, 1997. This is also related to U.S. Pat. No. 6,266,778 B1, filed Aug. 25, 1999.)

US 7015962 (This is a continuation of application Ser. No. 09/034,625, filed on Mar. 4, 1998, that is currently pending.)

US 7010678 (The present patent application is a Continuation of application Ser. No. 09/474,781, filed Dec. 30, 1999 now U.S. Pat. No. 6,611,911.)

US 7008120 (The present application is a continuation of application Ser. No. 09/823,294, filed Mar. 29, 2001, now U.S. Pat. No. 6,692,161.)

US 7006015 (This is a continuation of application Ser. No. 09/219,925, filed on Dec. 21, 1998.)

US 6998357 (This is a Continuation Application of Ser. No.: 10/304,434 filed Nov. 25, 2002, now U.S. Pat. No. 6,689,702, and which is a Divisional Application of Ser. No. 09/212,773 filed Dec. 15, 1998 now U.S. Pat. No. 6,528,856.)

RE 39058 (This is a continuation of application Ser. No. 08/583,133, filed Dec. 28, 1995, now abandoned.)

US 6980166 (This application is a continuation of application Ser. No. 09/692,909 filed on Oct. 19, 2000, now U.S. Pat. No. 6,518,929.)

US 6977387 (This is a Continuation application of Ser. No. 09/823,809, filed Mar. 30, 2001, which is presently U.S. Pat. No. 6,738,201.)

US 6976099 (This application is a continuation of application Ser. No. 09/676,463 filed Sep. 29, 2000, now U.S. Pat. No. 6,772,241.)

US 6972225 (This is a Continuation application of Ser. No. 10/327,293 filed Dec. 20, 2002, now U.S. Pat. No. 6,858,483.)

US 6970010 (The present patent application is a Continuation of application Ser. No. 09/968,259, filed Sep. 28, 2001 now U.S. Pat. No. 6,633,178.)

US 6968391 (This application is a continuation application and claims priority under 35 USC section 120 to U.S. patent application Ser. No. 09/609,564, filed Jun. 30, 2000 now U.S. Pat. No. 6,728,778.)

To determine whether there is abuse of the continuation practice (by Intel or by anyone else), one would have to analyze what was going on in the continuations. Merely observing that there are continuations, or that patents from continuation applications are more likely to be litigated, does not demonstrate that the continuing application process is bad or in need of revision.

The Merritt article also suggested that there is a problem in the way the USPTO structures incentives in the examination process. The article quotes Linda Thayer: "The existing point system rewards examiners who reject applications, and that encourages inventors to file continuations." One notes that others have asserted that the existing point system rewards examiners who ALLOW applications. In any event, issues that pertain to how the USPTO handles the examination process have to be distinguished from issues of the filing of continuing applications.

As an aside, issues related to the continuing application process have been linked to the patent quality problem. In a 2001 paper, Quillen and Webster fashioned a corrected patent grant from the expression (applications allowed/(applications allowed + applications abandoned) by subtracting from the denominator term the number of continuing applications. If, hypothetically, it were true that each continuing application were a repeated attempt to patent the same invention, and if, hypothetically, it were true that only one patent could issue from such a sequence, this might be appropriate. As can be seen from the above examples of Intel patents, it is quite common for a patent to issue both on a parent and on a continuation, so the impact on the Quillen/Webster grant rate would be a grant rate of 200% ($2/(2-1)$) from each two patent family. This counting approach was the origin of reports of the so-called 97% patent grant rate. Even though Quillen and Webster corrected for this one flaw in a 2002 paper (they did not correct for other flaws in the approach), one notes that the brief of eBay to the Supreme Court in 2006 in *eBay v. MercExchange* still mentioned the 97% number: The eBay brief also cited Cecil Quillen, 11 Fed. Cir. B. J. 1, 3 for "estimating rate of patent approvals by the PTO to be 97%." Sadly, Quillen and his co-author Ogden Webster never estimated the patent approval rate to be 97%. Rather, they placed the Grant Rate in the range 80% to 97%, with the 97% upper bound rendered invalid by their recognition in Footnote 17 that a patent can issue both from a continuing application and the corresponding parent

application. Although not mentioned in the eBay brief, Quillen and Webster corrected their view of estimates of the Grant Rate number the following year (12 Fed. Cir. B. J. 35 (2002), discussed in 86 JPTOS 568 (2004)). In the eBay brief, the 97% number is neither a faithful representation of what Quillen and Webster said nor an accurate statement of the patent grant rate at the PTO. [See L. B. Ebert, Intellectual Property Today, p. 5 (Feb. 2006)]

In summary, the proposed change in the rules for continuing applications is opposed. There is no evidence that, if implemented, it would resolve the application backlog problem, and, based on the relatively small fraction of second, and subsequent, continuing applications, the available evidence suggests the rule change would not resolve the application backlog problem. Patent applicants file continuing applications for a number of reasons. The presence of some documented misuse of the continuation process is not justification for limiting the rights of all patent applicants. The USPTO should more thoroughly investigate the origins of second, and subsequent, continuing applications and fashion a remedy commensurate in scope with quantified, identified problems. Anecdotes and urban legends are not a sound basis for USPTO policy.

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