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**From:** Fred Gibb [mailto:Gibb@GibbIPLaw.com]

**Sent:** Tuesday, May 02, 2006 1:08 PM

**To:** AB93Comments

**Subject:** Comments on Rule 78

Attached find my comments on the proposed rule changes to Rule 78 that appeared in 78 Fed. Reg. 48, on January 3, 2006, Docket 2005-P-066. The attached is in Word format. I have also repeated the same text at the end of this e-mail; however, the formatting of the Word document should be easier to work with. Please let me know if you would like it in a different format.

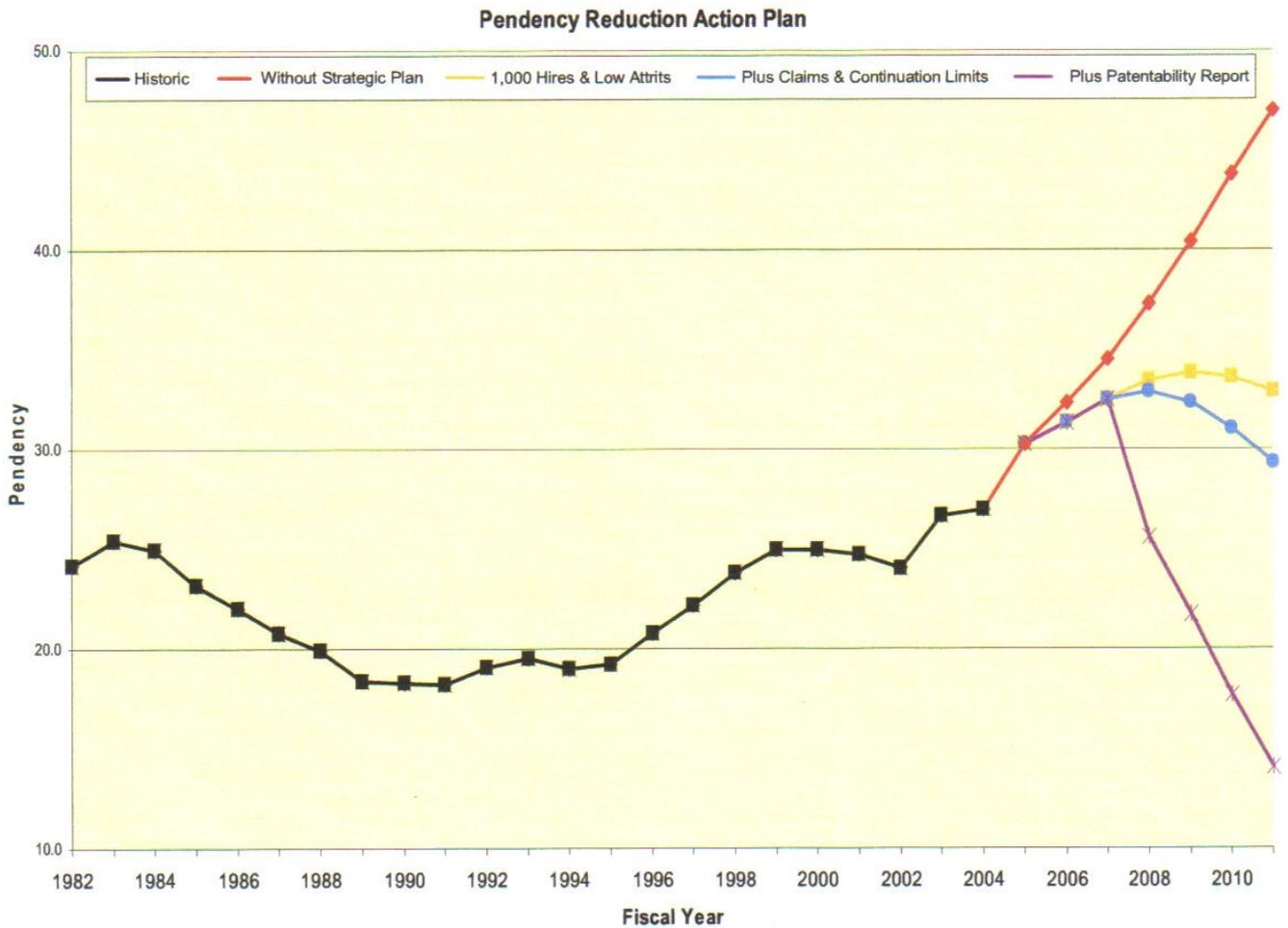
Thank you.

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## Comments on Proposed Rule 78

While I generally applaud the Office's continuing efforts to increase quality and decrease pendency through efforts such as these proposed rules, I am in disagreement with some aspects of these proposals. Overall, my biggest fear is that many of these proposed rules will have little practical effect on pendency and will actually decrease patent quality.

From the Office's own estimates, hiring 1000 examiners per year will produce, by far, the greatest impact on pendency and the hiring alone will, in a few years, reverse the trend of increased pendency. As shown in the Office's chart below, the estimated pendency problem does not need any solution other than increased hiring and retention and the proposed rules only aid in the trend established by the hiring.



The impact on pendency of most of the proposed rules will be slight at most and the proposed rules do not concretely address quality. Instead, much greater gains in quality can only be had through changes made to practices that affect the examiners themselves, not by placing burdensome requirements on the applicants. Some of the most important areas that can be addressed to increase the quality of examination include

revising the collective bargaining agreement with the examiners to provide a variable point system depending upon the number of claims examined, the complexity of the application, etc. Further, increases in training (such as training changes being currently implemented by the Office), increases in salaries and benefits for the examiners, and revisions to working conditions for the examiners will increase retention and allow a greater number of more seasoned examiners to make higher quality examinations, resulting in an overall increase in patent quality. In addition, requiring the examiners to conduct a telephone interview to generally discuss the claims and learn about the application from the applicant or his representative before examination has also been proposed as an alternative to help increase quality and decrease pendency.

With respect to the specific rules being proposed, I am in disagreement with the current proposals on continuation limits (Rule 78(a-e)). My reading of the proposed rules will allow only one continuation (of whatever form) in each original or divisional application unless it can be shown why the applicant could not have made the desired amendment earlier. Even the numbers provided by the Office (which appear to include some double counting) indicate that less than 6% of all applications will be affected by this proposal, so this will have almost no practical impact on pendency. Indeed some have suggested that the true number of 2nd and above continuations is substantially below 6% once duplicates (3rd, 4th, 5th continuations of the same application) are removed. Further, because such 2nd and above continuations have been previously analyzed and searched, they require a substantially smaller amount of examiner time, especially when compared to a first Office Action on a never before examined application. Thus, any arguments regarding using this proposed rule to decrease pendency do not appear to have true merit.

While having little real impact on pendency, this proposal will negatively affect patent quality by encouraging practitioners to unnecessarily narrow their claims for fear of running out of continuations. A true high quality patent is one that is not only examined thoroughly in light of a good prior art search so that it can stand the later scrutiny of post-issuance litigation, but is also one that has market value. Therefore, the claims need to be as broad as the prior art will allow for quality to truly exist. As most experienced examiners and practitioners know well, the process of examination involves a refinement of the claims as the features of the art and different understandings of the claim terms evolves. Sometimes this "refinement" can span more than one continuation, even if the applied prior art remains unchanged. Practitioners faced with an unyielding abandonment possibility for lack of an available continuation are not likely to make a moderate claim amendment, but instead will "butcher" the claims, thereby destroying market value (and decreasing the true quality of the patent by devastating its market value).

I acknowledge that there are some true benefits of continuation limits, including harmonization with international practices, elimination of patent trolls maintaining submarine applications, and providing greater certainty of claim coverage for potential licensees, to name a few; however, the currently proposed rules are too extreme.

First, if continuation limits are imposed, they should not be retroactively applied, because pending U.S. applications have not been drafted or amended with such rules in mind. The number of "unfortunate" and "unintended" forced abandonments that would certainly occur because a continuation could not be achieved might be a politically

frightening number (for both those inside and outside the Office) and could result in an unintended media backlash that our profession and the Office need not.

Secondly, the standards of when a continuation will be allowed beyond the established limit must be specified in greater detail, because the presently proposed standard (applicant showing why the amendment could not have been made earlier) is uncertain enough to be subject to substantial abuse. For example, when a new prior art reference is applied in a final rejection, will the applicant be permitted a second continuation? How about when the applied prior art remains unchanged, yet the examiner makes a new logical argument or refers to a new sections of the applied prior art, or the examiner changes the claim language interpretation, will this be sufficient to allow a second continuation? To avoid abuse of this proposed rule, such rules need to be very specifically drafted for these and other situations.

Thirdly, and probably most importantly, if any limit should be set it should be greater than 2 continuations even if increasing fees are charged to discourage such activity. Only certain employees of the Office have the statistics; however, the number of applications which have 3 or more continuations is estimated by those outside the Office as being statistically very small. By increasing the limit to say 3, the goals of harmonization, troll reduction, providing certainty, etc. can be furthered, yet the number of applicants adversely affected can be reduced by factors of 10.

Thus, the rules on continuation limits as currently proposed are too extreme, will not have a practical impact on pendency, will adversely affect patent quality, and may create a media backlash that the Office and the patent profession desperately do not need, and I recommend removal or redrafting of such rules.

Some of the most disturbing proposed rules relate to commonly assigned applications. One of the proposed rules states that applications having at least one common inventor that are filed within two months of each other must cross-reference each other (Rule 78(f)(1)). This presents an unreasonable burden on organizations that have multiple inventors or teams of inventors who jointly invent. For example, if an engineer within an organization is an inventor on 5 or 10 applications a year, and is joint inventor with 3-5 different inventors on each of the applications, this could require (if the 2-month requirement is satisfied) the cross-referencing of between 15 and 50 applications per year just for that engineer, regardless of whether the applications contain any overlapping subject matter. This mechanical cross-referencing is compounded for each inventor. Thus, this rule could cause the number of cross-referenced applications to skyrocket and substantially increase pendency as the Office would be required to assign resources to investigate whether the cross-referenced applications actually have any overlapping subject matter.

Further, for many organizations, it may be nearly impossible and extremely burdensome to know which applications fall under this rule, especially if the organization has many divisions in different locals and is represented by many different law firms who file applications for the organization.

The present patent rules already require applicants to cross-reference related applications and there is no apparent problem with the understanding or usage of such rules. This proposed rule is therefore not only unnecessary, it may cause so many applications to be mechanically cross-referenced that pendency will further increase as these cross-references are investigated, and may actually hide truly related applications

from being properly associated if the number of cross-references dramatically increases. I therefore oppose this proposed rule.

Similarly, (Rule 78(f)(2)) provides that if two commonly assigned applications have at least one common inventor and are filed on the same day, a rebuttable presumption is established that the applications have patentably indistinct claims. Once again, for many organizations, it may be nearly impossible and extremely burdensome to know which applications fall under this rule, especially if the organization has many divisions in different locals and is represented by many different law firms who can potentially unknowingly simultaneously file applications for the organization. Further, while such a presumption can be rebutted, this would unnecessarily add commentary to the file wrapper that is not related to the applied prior art creating prosecution history estoppel. As has been consistently held by the Federal Circuit, statements made during prosecution of a patent application narrow the claims. Thus, such a rule would damage the "quality" of all issued patents. Again, such estoppel can narrow the claims in a way that may not have been intended by the applicant or the examiner and that was not necessary in light of the most applicable prior art. Further, because the effect of such statements may not be known until subsequent future litigation, such statements tend to decrease the certainty of the patent, which also decreases the "quality" of the patent. Therefore, I also oppose this adoption of this rule.

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