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Attached please find the comments of Samson Helfgott on the proposed changes to practice for continuing applications, request for continued examination practice and applications containing patentably indistinct claims and notice of proposed rule making.

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Dear Mr. Bahr:

I am writing to comment on the proposed "Changes to Practice for Continuing Applications, Requests for Continuing Examination Practice, and Applications Containing Patentably Indistinct Claims" as published in the Federal Register Notice of January 3, 2006.

I. BASIC QUESTIONS ON ENTIRE PROPOSAL

1) Will the Quality of Issued Patents Improve?

When the USPTO introduced Second Action Final Practice, in order to avoid premature termination of the prosecution process, the CPA and later RCE were introduced giving the Applicant the opportunity to continue prosecuting the case and adequately resolve issues together with the Examiner. Although adding considerable costs to the prosecution process, these continuing applications provided adequate opportunity to continue the dialogue between the Examiner and Applicant to obtain appropriate claims. However, the proposed rules curtail the prosecution opportunity for the Applicant but, on the other hand, continue the Second Action Final Practice for the Examiner.

As prosecution is a dialogue between the Examiner and the Applicant, if restrictions are being placed upon the Applicant to curtail the examination process, there must be corresponding guidelines and instructions to Examiners on how they must conduct the prosecution process. For example, procedures should be established for additional opportunities for interviews, informal submissions of proposed claims for review, telephone interviews to be initiated by the Examiners to clarify matters, Examiners to be required to propose amendments, etc.

Curtailing the examination process from the Applicant's side alone without correspondingly addressing the Examiner's side of the prosecution will not produce better quality patents.

The single item that has been addressed, namely removing First Action Finals in a continuing application, is hardly sufficient to address the entire prosecution process from the Examiner's side. Any proposed rules to curtail the Applicant's opportunity for adequate prosecution must contain corresponding guidelines to Examiners for improving the dialogue opportunity for prosecution.

Robert W. Bahr, Esq.
April 23, 2006
Page 2

2) Will the Proposed Rules Reduce Backlogs?

The USPTO alleges 30% of their work is on continuation practice. However, they state 20% of all continuations are second or more continuations. This means only 6% of the work is on second or more continuations. If about 50% of all petitions will be granted under the new proposal, that means a saving of only 3% of the work. However, the proposed rules now add a review of new petitions; additional cases going onto appeal; additional pre-appeal conferences, etc. Is the USPTO really going to reduce, or increase the backlog with these new procedures?

As part of the background presentation in the Federal Register, the USPTO recognized that the number of appeals will increase. However, they indicated that they have reduced the backlog in the Board of Appeals, and such increase can thus be accommodated within the Board.

However, that does not reduce the backlog. Effectively, this is nothing more than someone who has \$10 in his right-hand pocket. Trying to show poverty, he takes the \$10 out of his right-hand pocket and puts it into his left-hand pocket and now shows the world that his right-hand pocket is empty. Reducing the backlog on the prosecution end by increasing it on the appeals end simply shifts the backlog. It does not reduce it.

3) Alternatives

It is believed that there are alternatives that should be addressed first. These alternatives could be geared toward the specific problems, rather than the overall system. By way of example:

- a. Use of PCT Search and Examination – A large number of cases enter the U.S. using the PCT route. This number is continuously increasing. Such cases come in with a full search and a written opinion, and in some instances, a full examination. Such available information is not adequately used. The Examiner typically disregards this information and carries out his own search and examination independently of the material provided. If all of this PCT material were utilized and only a “top off” search was done, this could considerably reduce the amount of time necessary to address such PCT cases.

At present, the USPTO has agreed to “farm out” searches to South Korea on PCT applications filed in the U.S. Such will be accepted as the full search without the U.S. Examiner conducting a further search. However, if a PCT application is perfected into the United States, and brings in a PCT search done by South Korea as the Search/Examination Authority, the U.S. Examiner will effectively disregard that same search and conduct his own search. This is inconsistent.

Making better use of PCT searches and examinations and written opinions could be a good start in reducing the backlogs.

Robert W. Bahr, Esq.
April 23, 2006
Page 3

- b. Introducing Escalating Charges for Continuation Practice - Instead of restricting continuation practice, escalating charges should be imposed on the filing of additional continuations. If there is an escalating surcharge for each additional continuation that is filed, this will seriously force the Applicants to try and conclude the examination process without ongoing continuations. However, although the cost may be substantial, it will at least not curtail the prosecution process as the proposed rules do.

- c. Delayed Claiming Practice - In order to address the issue of delayed claiming where an applicant waits until the industry has matured and then addresses his claims to cover competitors' products, various solutions could be addressed. For example, if any type of continuation is filed after five (5) years since the effective filing date, an automatic conference can be instituted with the Examiner or Primary Examiner to provide a showing why such is necessary.

Alternately, there is a case on late claiming (*Muncie Gear Works v. Outboard Marine & MFG Company*, 315 U.S.759 (1942)), which has not often been followed. If the USPTO indicated they would be following this case strictly, that might also avoid delayed claiming practice.

4) Increased Costs to Applicant

In the proposed rules, no consideration has been given for the tremendous increase in costs that will occur to Applicants during the prosecution process. The need to file continuous appeals and the additional costs for attempts to file petitions will far outweigh the costs presently incurred in filing an extra RCE or continuation application.

The proposed availability of the pre-brief appeal conference is not believed to be an adequate procedure. Having the Examiner, his supervisor, and a third Examiner who is not familiar with the case, as the review panel, clearly prejudices an impartial review. It would be recommended that the USPTO publish statistics on how many such pre-appeal brief conferences have been requested, and how many have caused re-opening the examination process. Furthermore, the statistics should also show of those conferences that have not resulted in any change of the final rejection, and the Applicant thereafter went up on appeal, how many of those appeals have overturned the Examiner. Such statistics would be extremely helpful before making this trial program into a permanent routine.

Robert W. Bahr, Esq.
April 23, 2006
Page 4

II. DETAILED QUESTIONS ON PROPOSAL

1) Eliminating “Voluntary” Divisionals Violates the Paris Convention

Article 4G(2) of the Paris Convention requires that:

“The applicant may also, on his own initiative, divide a patent application and preserve as the date of each divisional application, the date of the initial application and the benefit of the right of priority, if any. Each country of the Union shall have the right to determine the conditions under which such divisions shall be authorized.”

It is believed that eliminating entirely such “voluntary” divisionals violates this Article.

2) Considering Perfection of a PCT Into the United States as a Continuation Application Violates the PCT Treaty

The proposed rules indicate that if a U.S. non-provisional is filed in the U.S., and within one (1) year a PCT application is filed, claiming priority of such U.S. non-provisional, and such U.S. non-provisional is also procured, then, after eighteen (18) months, if the Applicant perfects the PCT application in the United States under 35 U.S.C. §371, and if an RCE had been filed in the original U.S. non-provisional application, this perfection under §371 is considered a second continuing application and a Petition must be filed within four (4) months after the national perfection date under §371.

It is believed that this violates Rule 51 bis of the Patent Cooperation Treaty which lists the requirements that can be imposed for perfection. It is believed that the additional requirement of filing the Petition is not one of those included within this Rule, and therefore imposing such Petition would violate the Rule. Furthermore, should such Petition not be granted, it is believed that that would violate the treaty itself, since there is no basis for refusing the §371 perfection under the treaty.

Additionally, this proposed Rule addresses the situation where the RCE is filed within one (1) year of the U.S. non-provisional, before the PCT is filed. However, it raises the question of what happens if the RCE is filed in the U.S. non-provisional case after the filing of the PCT. Will the perfection eighteen (18) months later still be considered a second continuation?

Additionally, what if the §371 perfection takes place? Will that preclude filing of an RCE in the original U.S. non-provisional application whose priority had been claimed?

The proposed Rule also raises an anomaly. The proposed Rule addresses the situation where the priority application for the PCT was a U.S. non-provisional. However, if the Applicant

Robert W. Bahr, Esq.
April 23, 2006
Page 5

initially files a U.S. provisional, and within one (1) year later files both a U.S. non-provisional and at the same time, a PCT application, presumably that PCT application is not considered as a continuation and even though RCEs may be filed in the U.S. non-provisional application, no petition would be required after eighteen (18) months to perfect the PCT in the United States under §371. This provides a clear anomaly where filing it originally as a non-provisional causes a petition in the perfection process, while filing as a provisional does not cause such petition requirement in the perfection process.

3) Discrimination of “Bypass” Practice of PCT Filing

At present, there are two (2) ways to enter into the United States from a PCT application. The first is perfection under 35 U.S.C. § 371. The second is using the “bypass” route where a continuation application is filed under 35 U.S.C. §111 and §120. If the “bypass” route is utilized, that is considered as a first continuation and no further RCEs or continuations as of right will be permitted in that application. On the other hand, if the perfection is done under §371, there will be at least one (1) RCE or continuation permitted as of right in that perfected application.

This again provides an anomaly. In both situations, the claims are being examined by the Examiner in the United States for a very first time. Therefore, it is not really a “re-working” situation when the bypass is filed. Therefore, there should be no logical reason why the Applicant should be precluded from filing an RCE or continuation in such bypass application.

4) Inappropriate Application of Rules to Pending Applications

The proposed rules indicate that after the date of entry of the final rules, it will apply to pending applications, such that if an RCE or continuation was previously submitted, then any new RCE or continuation after the entry of the final rules must include a petition. It is believed that applying the new rules to such pending applications is inappropriate and may legally impair the rights of the Applicant. For example, consider the following situations:

- a) An Examiner had given a 5-way restriction requirement in a parent application. One (1) divisional had been filed. The parent had been abandoned. The new rules go into effect. If the Applicant now files the other four (4) divisionals, he will not get the benefit of the priority date of the parent application. As he was not previously advised of this, and at the time that he chose to file only one (1) divisional, that is all that was required. It is therefore believed that his legal rights have been impaired by improperly refusing the parent priority date to him for the other four (4) divisionals.
- b) If an Applicant had filed a parent application and a series (for example 4 or 5) continuations. Thereafter, the new rules are entered. Should he choose to file a further continuation, he will lose the priority of all of the previous cases and only get the priority of the last continuation. As all of the other cases were filed properly,

Robert W. Bahr, Esq.
April 23, 2006
Page 6

suddenly refusing to grant him all of the earlier priorities impedes his legal rights.

- c) Where an Applicant may have had difficulty with the prosecution and have filed two (2) or three (3) RCEs in an attempt to get appropriate claims with an Examiner. The new rules go into effect and suddenly he can no longer file an RCE, since he could have filed those claims previously. Although his previous prosecution actions were within the law at that time, he is suddenly precluded from amending his claims any further since such amendment could have been put in the previous case. However, at that time, there was no reason to put it in the previous case, since he could then have filed an RCE under the old rules. Such again terminates the Applicant's rights.

5) Unaddressed Issues in Proposed Rules

In the various sections of the proposed rules, they address specific situations limiting the right with respect to continuations. However, it is not clear whether such would also apply to an RCE situation. Specifically:

- a) The rules state that a divisional can only claim the benefit of a single prior application. Therefore, you cannot file a divisional on a continuation, but can only file it on the parent. However, it is unclear if an RCE was filed on the parent, can you still file a divisional since you are still claiming the benefit of the parent?
- b) If you file a second continuation from an original parent, you must file a petition. If the petition is not granted, the penalty is that you lose the priority of the parent and you will only get the priority of the first continuation. What if you filed a parent and an RCE, and now you want to file a continuation? You must file a petition for the new continuation. If the petition is not granted, what is the penalty? You can still get the benefit of claiming the parent priority. The fact that you filed an RCE is not a new priority to be claimed. Thus, no penalty will result in this situation if the petition is not granted.

6) Practical Prosecution Difficulties With the Proposed Rules

If an Applicant files a second continuation or second RCE, he must file the petition. If the petition is not granted, the Applicant may want to file an appeal. However, filing the appeal will often be a totally inadequate solution since he will have to appeal the unamended claims.

By way of example, if during the prosecution of a first RCE, the Examiner cites new references in a second action final, or refuses the amendments initially proposed by the Applicant and issues a second action final, the Applicant may appreciate that further amendments are needed. The Applicant may not have put in those further amendments in the belief that his arguments alone would be adequate to overcome the references or because he was not aware of the new reference. However, upon receiving the new reference (in the second action final) or receiving the

Robert W. Bahr, Esq.
April 23, 2006
Page 7

Examiner's reasons for rejecting the proposed amendments (in the second action final), the Applicant now appreciates that further amendments are necessary and he would then be able to get his case allowed. However, he must now file a second RCE or second continuation. Should the petition not be granted, his only opportunity is to appeal the unamended claims, which he knows are not the claims that he wants in light of the new references or the new arguments.

Will he be able to file a proposed amendment together with his appeal brief? Will the Examiner be permitted to review that? Will the Examiner be able to re-open the prosecution based upon those proposed amendments?

7) What Constitutes a "Showing" for a Petition to be Granted?

Although in recent presentations, the USPTO has given some examples of when petitions would and would not be granted, these examples have generally been extreme situations which are readily understandable. However, there are many more frequent situations which necessitate the filing of a second RCE or continuation, and these examples have not been addressed. Some of these examples are as follows:

- a) In a first RCE, if after the first rejection the Applicant files amendments and thereafter the Examiner cites new references providing a final rejection stating "your submission necessitated the citing of new references", thereafter if the Applicant wants to further amend in light of the new references, will that be reason enough for the petition to be granted?
- b) If after an RCE, some claims are allowed and some are finally rejected, and the Applicant wants the allowed claims to issue in a patent, he must file a petition for a second RCE to continue addressing the finally rejected claims. However, if the petition is not granted, he will not be able to get the allowed claims issued, since he will have to take the whole case up on appeal. However, one of the purposes of the entire proposed rules is to get patents out earlier to the public. By preventing the Applicant to file such second RCE, you are preventing the patent on the allowed claims from getting out early to the public.
- c) If the purpose of the second RCE is for filing an IDS on references that he first became aware of, will this be an acceptable ground for petition?
- d) Taking into consideration the proposed new rules on claim examination and combining them with the proposed rules on continuation practice presents additional concerns. For example, after independent claims have been resolved, and assuming one (1) RCE was needed, should the Examiner now raise issues on the dependent claims that he is first examining, will a further RCE or continuation be allowed to prosecute those claims?

Robert W. Bahr, Esq.
April 23, 2006
Page 8

8) Details Not Addressed by the Proposed Rules

Certain aspects of the proposed rules leave out important parts that must still be addressed. For example:

- a) Who decides on the petitions for such second continuations?
- b) Will there be a time limit on when the decision on such petitions must be granted?

III. CONCLUSION

I believe that the proposed rules regarding continuation practice will severely harm the prosecution process by inadequately providing opportunities to perfect issues with Examiners. It will reduce the quality of patents, will not reduce the backlog and may, in fact, increase it, and wrongfully addresses the overall prosecution process when more specific targeted solutions to specific chronic situations would be more appropriate.

Furthermore, I do not believe the details of the proposed rules have been well thought out. There are violations of treaties, inconsistencies, anomalies, and the introduction of an entire new level of petition system that will only further complicate the prosecution process.

I would suggest that the USPTO re-think these proposed rules and instead try to come up with alternate proposals.

These views are my own views and do not necessarily represent those of the firm with which I am associated.

Sincerely yours,

Samson Helfgott

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Enclosure