

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

From: Marcella Watkins [mailto:mwatkins@conleyrose.com]

Sent: Wednesday, May 03, 2006 11:55 AM

To: AB93Comments

Subject: HIPLA's Comments on Proposed Rules Relating to Continuing Application Practice

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

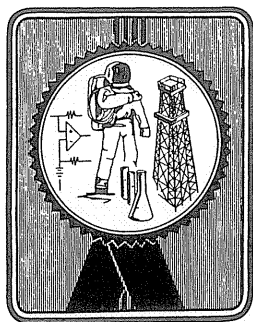
Dear Mr. Bahr,

Attached are the comments of the Houston Intellectual Property Law Association on the proposed rules changes to "Practice for Continuing Applications, RCE Practice, and Applications Containing Patentably Indistinct Claims."

We appreciate the opportunity to offer our comments.

Thank you.

Marcella D. Watkins
Vice President, HIPLA



HIPLA

www.hipla.org

ALBERT B. KIMBALL, JR., PRESIDENT
BRACEWELL GIULIANI, LLP
711 LOUISIANA STREET, SUITE 2300
HOUSTON, TX 77002-2770
TEL: (713) 221-1377
FAX: (713) 221-2185
albert.kimball@bracewellgiulliani.com

PAUL MORICO, PRESIDENT-ELECT
BAKER BOTTS, LLP
paul.morico@bakerbotts.com

MARCELLA WATKINS, VICE PRESIDENT
CONLEY ROSE, PC
mwatkins@conleyrose.com

LINDA STOKLEY, SECRETARY
CHEVRON TEXACO CORPORATION
lstokley@chevrontexaco.com

AL RIDDLE, TREASURER
BAKER HUGHES INCORPORATED
al.riddle@bakerhughes.com

BOARD OF DIRECTORS:
(Includes officers above)

GORDON T. ARNOLD, IMMEDIATE PAST
PRESIDENT
ARNOLD & FERRARA, L.L.P.
garnold@arnold-iplaw.com

Terms Expiring 2007

NORMA BENNETT
WEIL GOTSCHAL & MANGES, LLP
norma.bennett@weil.com

COLLIN ROSE
CONLEY ROSE, PC
crose@conleyrose.com

STEVE SPEARS
HOWREY SIMON ARNOLD & WHITE LLP
spears@howrey.com

Terms Expiring 2008

JEFFREY JOHNSON
MCKOOL SMITH
jjohnson@mckoolsmith.com

MICHAEL LOCKLAR
SLUSSER, WILSON & PARTRIDGE
mlocklar@slusser-law.com

PAMELA J. MCCOLLOUGH
SHELL OIL COMPANY
pamela.mccollough@shell.com

HOUSTON INTELLECTUAL PROPERTY LAW ASSOCIATION

May 3, 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 Houston Intellectual Property Law Association (HIPLA) submits the following 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).

These comments have been approved by the HIPLA Board of Directors and are submitted on behalf of HIPLA. HIPLA includes both corporate and private practitioners representing intellectual property owners in a variety of industries.

The comments on the following pages were composed by an *ad hoc* committee comprised of: Alan Christenson, Conley Rose, P.C.; Mike Fletcher, Fletcher Yoder, P.C.; Patricia Meier, ConocoPhillips Company; John Osha, Osha & Liang LLP; Richard Phillips, ExxonMobil Chemical Company; Tamsen Valoir, Baker & McKenzie LLP; and Pat Yoder, Fletcher Yoder, P.C. Like HIPLA, the committee includes both corporate and private practitioners whose work covers a range of technical areas.

HIPLA appreciates the opportunity to offer comments and hopes that the issues raised here will be given careful consideration.

Sincerely,

Marcella D. Watkins
HIPLA Vice-President and
Ad hoc Committee Chair

Comments On Proposed Changes To Continuation Practice

Submitted by

Houston Intellectual Property Law Association (HIPLA)

I. ARGUMENTS AGAINST PROPOSED CHANGES

- A. The proposed changes to continuation practice are not permitted under present law
 - 1. 35 U.S.C. 2(b)(2) states that the Office “may establish regulations, not inconsistent with the law”
 - a) 35 U.S.C. 120 states that an “application for patent for an invention disclosed ... in a previously filed application *shall* have the same effect ... as though filed on the date of the prior application, *if* filed before the patenting or abandonment of or termination of proceedings on the first application or on an application similarly entitled to the benefit of the filing date of the first application”
 - b) Nothing in the statute gives the Office any authority to require a “showing of entitlement” to a continuation properly filed under Section 120
 - c) Similarly, the Office cannot overturn the C.C.P.A. cases of *In re* Hogan or *In re* Henriksen by imposing such a “showing of entitlement” requirement
- B. The PTOs reasons for changing continuation practice do not appear to justify the proposed changes
 - 1. The proposed changes to continuation practice does not solve overload
 - a) Only a small percentage of applicants file more than one continuation right now
 - (1) USPTO admits that limiting continuation practice will not affect the vast majority of applications
 - (2) Based on FY 2005, only about 22K of 369K total filings (*i.e.* non-provisional applications + RCEs) were “second or subsequent” filings (approx. 6%)
 - b) Likely to shift practice behaviors
 - (1) More applications will be filed
 - (2) More appeals will be filed
 - c) Continuations should be easier to examine than new applications
 - (1) If same Examiner is used, he/she should be familiar with the case
 - 2. There are no “diminished returns” for continuation applications, as most are filed to obtain broader claims than allowed in previous related applications
 - 3. The public is not prejudiced by second or subsequent continuations

- a) The file histories of earlier applications often contain claims pursued in a later continuation and early publication of continuations addresses this issue in any event
 - b) An applicant cannot obtain claims to subject matter not disclosed in accordance with Section 112, so there should be no concerns related to adding claims to “subsequent discoveries in the marketplace” unless such subject matter was present in the original application – further, present case law permits such claiming, as recognized by the Office
 - 4. There is no evidence to support a decrease in the “marginal value” of exchanges between an applicant and the examiner after the first continuation – indeed, issues often do not crystallize until this point, thus increasing the value of the later communications
- C. The proposed changes to continuation practice will place undue burden on many applicants
 - 1. Different industries need continuation practice more than others
 - a) Some technologies will not come into effect until years after a patent issues, e.g., chemicals and pharmaceuticals
 - b) Current continuation practice gives applicants the opportunity to adjust claim language, which is an established right
 - 2. Typically not all claims are simultaneously allowed
 - a) Current continuation practice allows applicants to “take” allowed claims and pursue rejected claims and/or new claims, i.e. patent term starts sooner (pre-grant rights mitigate this point)
 - 3. Inexperience of Examiners and Applicants necessitates continuation practice
 - a) Many issues don’t “crystallize” until after a final rejection
 - b) Many applications are written by one person and prosecuted by another
- D. The proposed changes would create another type of inequitable conduct claim, in which a party alleges that the patentee committed fraud in his “showing of entitlement.”

II. ALTERNATIVE METHODS TO DEAL WITH OVERLOAD

- A. Modify current fee structure
 - 1. Maintain low filing fees for small entities (maybe even go to zero); increase filing fees for large entities
 - a) Pay for more Examiners and/or pay higher salaries to retain Examiners
 - b) Higher filing fees should cause companies to limit applications
 - 2. Increase fees for continuation applications and/or RCEs

- a) Use graduated fee schedule; charge more for each subsequent filing
 - b) Higher fees should cause companies to limit filings
- B. Improve productivity of interaction between Applicants and Examiners
 - 1. Improve training and oversight of primary examiners
 - 2. Improve objective quality of first office action
 - 3. Allow more amendments and allow amendments on appeal; allow more European-style prosecution
 - 4. Allow for response/amendment as a matter of right to final action

III. SUGGESTIONS FOR ADDITIONAL CHANGES IF PROPOSED CHANGES TO CONTINUATION PRACTICE GO INTO EFFECT,

- A. Do not include RCEs that are motivated solely by Duty of Candor (Rules 56 and 97) in the limit
 - 1. If Applicant discovers prior art and it is necessary to file an RCE in order to have the art considered, the RCE should not “count” as a continuation
 - 2. Alternatively, change Rules so that the Duty of Candor and the right to have new art considered by the Examiner both end at the same time
- B. Allow Applicant to “take” allowable claims and pursue rejected claims without incurring a continuation “count”
- C. Reduce need for second and subsequent filings by allowing more opportunity for amendments before Final and allowing amendments on appeal
- D. Rethink policy on “acceptable showing” requirement because it will either be too hard or too easy to satisfy
 - 1. PTO currently suggests that an “acceptable showing” requires a showing that the amendment, argument or evidence could not have been previously submitted.
 - 2. It seems unlikely that many applicants will be able to make such a showing in good faith; many times amendments that “could” be made are not made because the Applicant simply believes that they are unnecessary in view of other amendments or arguments
 - 3. If the explanation in item 2. above (*i.e.* “Applicant did not previously believe the amendment was necessary,”) is sufficient, then every applicant will be able to make the requisite showing; if the argument is not sufficient; applicants will be driven to file even more claims in order to preserve legal rights while presenting all possible arguments.
- E. Codify prosecution laches