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Sent: Wednesday, May 03, 2006 10:16 PM

To: Clarke, Robert

Cc: AB93Comments; Chotkowski, Kim S.; Bruce.bernstein@interdigital.com

Subject: InterDigital Communication Corporation Comments on Continuing Application Practice

Robert A. Clarke

Deputy Director

Office of Patent Legal Administration

Office of the Deputy Director for Patent Examination Policy

Dear Mr. Clarke,

Attached are the comments of InterDigital Communications Corporation on the proposed rules changes to "Practice for Continuing Applications, RCE Practice, and Applications Containing Patentably Indistinct Claims."

InterDigital appreciates the opportunity to offer these comments and would greatly appreciate confirmation that the comments have been received by the U.S. Patent and Trademark Office.

Respectfully submitted,
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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
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Attn: Robert W. Bahr
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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:

InterDigital Communications Corporation ("InterDigital") appreciates the opportunity to offer comments regarding the U.S. Patent and Trademark Office ("PTO") proposed rules directed to changes in practice for continuing applications, requests for continued examination practice, and applications containing patentably indistinct claims published at 71 Fed. Reg. 48 (January 3, 2006).

InterDigital Communications Corporation

InterDigital designs, develops and provides advanced wireless technologies and products that drive voice and data communications. InterDigital is a leading contributor to the global wireless standards and holds a strong portfolio of patented technologies, which it licenses to manufacturers of 2G, 2.5G, 3G and 802 products worldwide. InterDigital offers baseband product solutions and protocol software for 3G multimode terminals and converged devices delivering time to market performance and cost benefits. InterDigital has been listed on the Intellectual Property Owners Association's ("IPO's") top 300 companies having issued patents for the past four years.

InterDigital Position Summary

The PTO has proposed dramatic and complex changes in an attempt to better focus the examination process, make it more efficient, and improve the quality of issued patents. While InterDigital applauds the PTO's goals, InterDigital believes that the proposed changes are premature, will be ineffective in addressing the problems identified by the PTO, and, rather than solving the problems, will create greater uncertainty and inefficiency in the patent application process and will not result in better patent quality or reduced application pendency. The proposed changes will most likely cause additional problems that are far more reaching in scope than the present identified issues. InterDigital urges the PTO to not adopt the proposed changes.

InterDigital Supports AIPLA's Recommendations as Set Forth in Their Position Paper Submitted to the PTO on April 24, 2006

InterDigital has read and is in agreement with the American Intellectual Property Law Association's ("AIPLA's") characterization of the rule changes submitted to the PTO on April 24, 2006. InterDigital agrees with the AIPLA that "[t]hese proposed changes, taken individually or together, are troubling." InterDigital believes that the PTO's proposal to severely limit the number of claims in an application for initial examination would limit the ability of an applicant to obtain claims for an invention that are commensurate with the full scope of the contribution by the inventor(s). InterDigital also believes that the PTO's proposal to severely limit the opportunity for continued presentation of claims by means of continuation and continued examination practice would disadvantage applicants by prematurely truncating prosecution of their applications. These proposals would place great pressure on applicants (1) to reduce the scope of the claims pursued (whether in a single application or in unrelated applications) and (2) to accept more narrow claims as a result of the more limited opportunity for continued presentation of claims. As a result, inventors would be far less able to adequately protect their property.

InterDigital believes that the continuation practice proposals will likely lead to greater inefficiency in the examination process, longer pendency of patent applications, and reduced quality of patents. Instead of improving the patent system, we believe the proposed changes create barriers that would effectively prevent the applicant from fully claiming the scope of his or her invention. We believe that the PTO is reacting to problems which were created over many years and which cannot be solved with quick fixes such as proposed.

InterDigital proposes that the continuation and claim rule changes be delayed until the PTO has fully evaluated their potential effects and considered them in conjunction with other alternatives including hiring additional qualified examiners, post grant opposition, third party authorized prior art searching, and reevaluating the process by which the examiners track their work contributions, in addition to a global revamping of the PTO.

Another acceptable alternative would be for the PTO to adopt a tiered payment structure in which applicants could utilize continuation practice as it presently exists, but with an increasing fee. In this regard, InterDigital urges the PTO to consider the Intellectual Property Owners Association's ("IPO's") suggestions for increasing fees for continuations presented by Herbert Wamsley during the PTO Town Hall Meeting on April 25, 2006, in Alexandria, VA.

Continuations Change Will Not Remedy the Backlog

InterDigital believes that the proposed changes in continued application and claims practice are the wrong way to attack the current backlog. InterDigital urges the PTO not to adopt ill-considered rules in an effort to achieve an instant overnight fix for a problem that has been a decade in the making—rules which we are convinced would not alleviate the problems, but instead would make them worse. The PTO should stay the course—hire and train the examiners needed to improve quality and reduce the backlog. If it is necessary to increase examiner salaries to find the right people and to keep them, the PTO should request the authority to do what is necessary, including changing Title 5 of the United States

Code. InterDigital will support such steps, which we believe are far more appropriate than the “quick fixes” the proposed rules are intended to provide.

Deliberate Prosecution is Not an Abuse

Cautious and deliberate strategies in the prosecution of a patent application—lawfully developed and adopted to obtain the broadest possible protection—should be supported and not condemned by the PTO. Most practitioners who engage in these strategies are not trying to game the system, but are simply trying to protect the interests of those who make and disclose inventions to the public, convert ideas into reality, and bring tangible benefits to the public. We believe that most continuation applications are filed for legitimate reasons and not simply to delay prosecution. The minority of the cases cited by the PTO as abusive do not at all justify the PTO’s proposed changes.

The Issue of Public Notice and Delay

The Federal Register notice expresses the PTO’s apparent concern that the possible issuance of multiple patents arising from a process of multiple continued examination filings “tends to defeat the public notice function of patent claims in the initial examination.” 71 Fed. Reg. at 48. We question the validity of this general observation, noting that about 90% of patent applications are now published and the prosecution of those applications is transparent to the public. Since the public has ample notice of pending applications, the PTO’s conclusion that the rule changes are necessary to maintain transparency appears to be without basis.

The PTO estimates in the Federal Register notice that the proposed change would reduce continued examination filings only by about 22,000. Given the alternative strategies that practitioners doubtless would develop to best protect an inventor’s interests under the proposed changes and the relatively small reduction in continuation applications envisaged by the PTO even in the absence of the alternative strategies, we question whether the proposed changes would achieve any significant advantage at all. More likely, the proposed rules would merely remove a few options for prosecutors who tend to prosper by

delayed issuance of patents; they would not seriously reduce the occurrence of significant delays.

Flawed Assumptions of Proposed Rules

The PTO has made several statements that lack foundation and that simply do not justify the current proposals. InterDigital supports all rebutting statements made by the AIPLA in their comments submitted to the PTO on April 24, 2006. In particular, InterDigital addresses the following statements:

- 1. “The revised rules would also ease the burden of examining multiple applications that have the same effective filing date, overlapping disclosure, a common inventor, and common assignee by requiring that all patentably indistinct claims in such applications be submitted in a single application absent good and sufficient reason.”**

71 Fed. Reg. at 50.

We agree with the AIPLA that the revised rules do not contain such a provision. Other than the rebuttable presumption pursuant to proposed § 1.78(f)(2) that patentably indistinct claims exist in two or more applications having certain common features, and the provision in proposed § 1.78(f)(3) that the Office “may” require the elimination of patentably indistinct claims from all but one of the applications in the absence of good and sufficient reason, there is no requirement in the proposed rules that all patentably indistinct claims in such applications be submitted in a single application absent good and sufficient reason.

The provisions in proposed § 1.78(f)(3) essentially duplicate the provisions in present § 1.78(b) that have existed for over 35 years in PTO practice. Since the existing provisions have apparently not eased the burden of examining multiple applications directed to similar subject matter, it is doubtful that the revised rules would provide any greater relief. In lieu of this rule, the PTO could simply assign all related applications to a single examiner who could more effectively search and examine multiple applications together.

2. **“Marginal value vis-a-vis the patent examination process as a whole of exchanges between an applicant and the examiner during the examination process tends to decrease after the first continued examination filing.”**

71 Fed. Reg. at 51.

InterDigital agrees with the AIPLA that, while no doubt true in some cases, this observation does not appear to be supported by any investigation or analysis of the frequency with which the value of exchanges between an applicant and the examiner decrease after the first continued examination filing. Our experience is that the marginal value of exchanges with the examiner tends to increase after the first continued examination filing.

The PTO has not identified any evidence that it has attempted to assess the repercussions of adopting the proposed rules to determine whether even modest gains are achievable. InterDigital urges the PTO to assess its overall operation for alternative ways to solve the problems brought about by a decade of lack of funding and consider the real effects of the proposed changes before adopting them.

3. **“For an applicant faced with a rejection that he or she feels is improper from a seemingly stubborn examiner, the appeal process offers a more effective resolution than seeking further examination before the examiner.”**

71 Fed. Reg. at 51.

The PTO has made significant strides in reducing the backlog of undecided cases appealed to the Board of Patent Appeals and Interferences. Improvements in the appeal process have also been achieved through mandatory appeal conferences and pre-appeal brief reviews. If the PTO were to give applicants sufficient time to appreciate these changes, there is a reasonable possibility that many more applicants would resort to appeals instead of continuations. InterDigital urges the Office to wait and see what effect the quicker appeals process has on the backlog.

Section 1.78(a) Definitions

The PTO proposes to adopt mutually exclusive definitions of continuation, divisional, and continuation-in-part applications. These changes will affect a large proportion of U.S. applications and are likely to confuse patent examiners, practitioners, and the public for years to come. The PTO has not identified any perceived value that would result from these changes, and it has not provided any compelling evidence to conclude that such wholesale changes are necessary to correct a problem caused by a small minority of problem cases.

Section 1.78(d)(1) Conditions for Claiming Benefit

The PTO proposes four alternative conditions for a nonprovisional application to claim the priority benefit of one or more earlier-filed copending nonprovisional applications or international applications designating the United States under the conditions set forth in 35 U.S.C. §§ 120, 121 and 365(c). These four conditions are discussed below.

Section 1.78(d)(1)(i) Continuation or Continuation-in-Part (CIP)

This proposed condition would not only limit the number of parent applications to one, but would also limit the number of continuations or CIPs that could be based on a single parent application to one. The limit to a single continuation or CIP is not justified in the absence of more compelling arguments or data that would confirm the advisability of such a limit. The PTO has not identified any study showing that restricting applicants to a single continued examination opportunity will satisfactorily address its problems without causing substantial harm to the protection of innovation or the patent examining process.

This condition would not permit either the consolidation of two applications into a continuation-in-part application or the filing of more than one continuation or CIP based on a single application. As such, it would appear counterproductive to the PTO's effort to reduce the number of applications by placing an unreasonable burden on some applicants in obtaining adequate protection for their inventions.

The proposed condition would also work a hardship on applicants who use the Patent Cooperation Treaty (PCT). If a continuation application is filed on a PCT application before entry into the U.S. national stage, this condition would permit only one complete examination of the subject matter of those applications. If adopted, the proposed condition should be amended to ensure that a PCT international application is counted as an examination filing only if it enters the U.S. national stage under § 371.

Section 1.78(d)(1)(ii) Divisional Applications

This proposed condition limits the number of parent applications to only a single prior-filed application, with the result that all divisional applications would be required to be filed before the patenting or abandonment of the application in which the restriction requirement or holding of lack of unity of invention was made.

The proposed condition would be counterproductive to the PTO's effort to focus its patent examining resources on new patent applications. The proposed change would encourage applicants to file more divisionals merely to preserve the opportunity to protect the restricted invention, and would encourage and increase the number of petitions challenging restriction requirements.

Section 1.78(d)(1)(iii) Continuation or CIP of a Divisional

This proposed condition is similar to condition (i), which addresses a continuation or CIP of an original application. InterDigital agrees with the AIPLA and offers the same observations as those made for proposed condition (i).

Section 1.78(d)(1)(iv) Could Not Have Been Submitted Earlier Standard

This proposed condition requires that the filing of a continuing application to obtain consideration of an amendment, argument, or evidence, which could not have been submitted during the prosecution of the parent application, be accompanied by a petition. The apparent result of a denial of this petition would be a loss of rights to the subject matter claimed in this continuing application.

The PTO has not indicated who will have responsibility to decide such petitions. There is a danger that the standard will be applied differently in different technology centers. Because of the significant risks associated with the denial of such a petition and the prospects of loss of patent rights and potential charges of malpractice, any denial is likely to be vigorously contested both in the PTO and the courts. This can only increase the workload for the PTO and have a negative impact on access to legal representation for independent inventors and small businesses.

In order to avoid the risk of unnecessary loss of patent right, InterDigital urges the PTO to not adopt this provision or, if adopted, that an adequately staffed office is established in the PTO to decide these petitions promptly and, in any event, prior to the close of prosecution in the parent application so that the applicant is advised of its prosecution options. Such a petition should be granted if not decided before close of prosecution.

Section 1.78(d)(3) Continuation-In-Part Applications (CIP)

This proposal would introduce the new requirement that, if an application is identified as a CIP application, the applicant must identify which claim or claims in the CIP application are disclosed in a manner provided by the first paragraph of § 112 in the prior-filed application. InterDigital opposes this new requirement.

InterDigital notes that the responsibility for determining whether a claim is supported in an application in compliance with § 112 is ultimately a legal determination that should remain with the examiner and not be imposed on the applicant. We agree with the AIPLA that the most that should be asked of an applicant is to identify the differences between the CIP application and the parent application. To require an applicant to offer a legal conclusion regarding compliance with § 112 will simply further increase the applicant's risk of subsequent allegations of inequitable conduct.

Section 1.78(d)(3) Unsatisfied Conditions

This proposed change would place a heavy burden on both the PTO and applicants to avoid continued examination filings not authorized by conditions (i) through (iii) above. If this proposal were adopted, InterDigital urges the PTO to include in Office Actions in any application where a continued examination filing is not available under any one of the first three conditions, a notice to that effect. Although the failure to provide such a notice need not act as a waiver of these benefit conditions, it would assist applicants, practitioners and probably the PTO in preparing for the close of prosecution of claims directed to that invention.

Section 1.78(f)(1) Applications Having At Least One Common Inventor

This proposed requirement is both unnecessary and misguided. To the extent that another application contains relevant disclosure or is a possible basis for a double patenting rejection, applicants are already under a duty to disclose this information to the PTO. To the extent that there is no relevant disclosure and the application is not a possible candidate for a double-patenting rejection, it is not clear why the PTO needs or desires this information.

The proposed four-month deadline for submitting this information to the PTO would be unnecessary and impractical in many cases. Given the PTO's current delays in processing applications, an applicant may not be able to identify another application by application number because that number has not been provided by the PTO within that time frame.

The PTO has not made clear whether there are any consequences for failure to meet either the time deadline or the requirement to identify a separate application meeting the requirements of this proposed paragraph. Accordingly, The PTO should withdraw this paragraph from the proposed rules.

Section 1.78(f)(2) Rebuttable Presumption-Patentably Indistinct Claims

This proposed paragraph would create a rebuttable presumption of patentably indistinct claims in certain applications. To address this presumption, and apparently before any action by the examiner, the applicant must either rebut

this presumption or submit a terminal disclaimer and explain to the satisfaction of the Director why there are two or more pending nonprovisional applications containing patentably indistinct claims.

InterDigital agrees with the AIPLA in that this proposed paragraph appears to be a solution looking for a problem. According to the PTO database, there were over 150,000 patents granted in Fiscal Year 2005, yet only 4,474 contained a terminal disclaimer—less than 3% of the patents granted. These patents containing terminal disclaimers included more than those having the same filing date and at least one inventor in common. But even at less than 3%, where is the problem that requires such a rebuttable presumption?

As noted above, arguably applicants already have a duty to identify applications containing patentably indistinct subject matter to an examiner, and any reasonably competent examiner should be able to evaluate whether or not a double patenting rejection should be applied. A requirement to eliminate patentably indistinct claims from all but one application absent a good and sufficient reason for having two or more applications is a hollow gesture; this provision has been in the regulations for the last 35 years and addressed as a double-patenting issue. M.P.E.P. 822.01, 8th Ed., Rev. 3 (August 2005). A good and sufficient reason is typically provided merely by defining the invention in terms which are unique to each application. Accordingly, the PTO should withdraw this paragraph from the proposed rules.

Section 1.114 Request for Continued Examination (RCE)

As this proposed section essentially adopts the proposed limits and requirements of proposed § 1.78(d)(1), the comments made thereinabove apply here as well. InterDigital strongly urges the PTO not to adopt these proposed rules. It is highly questionable that the proposals will achieve the stated goals, and it is likely that they will unnecessarily increase the Office's workload. The proposals will provide no significant deterrent for applicants seeking to extend the prosecution, will create additional administrative burdens for both PTO and applicants, and will contribute nothing to the efficiency or effectiveness of the

patent examination process. Alternative policies encouraging the conclusion of prosecution in original filings and discouraging the use of RCEs to continue prosecution for credit, would be preferred and less onerous for users.

The PTO has indicated that it will no longer authorize a first action final rejection in any continuing examination filing if the proposed changes are adopted. InterDigital urges the PTO to consider adopting this change in practice, whether the proposed changes are adopted or not. There will be cases where a “First Action Final” may be appropriate, such as where no effort has been made to advance prosecution by altering the factual record with additional evidence or amendments to the claims. A Final Rejection, however, should not be appropriate on the first Office Action where the factual record is changed before the first Office Action in a continued examination filing.

Effective Date of Proposed Rules

The proposed changes would retroactively affect the prosecution of many pending applications, particularly those that are continued examination filings (continuations or RCE’s), precluding any further opportunity for a continued examination filing. If adopted, InterDigital recommends that the proposed rules be applicable only to claiming the benefit of applications filed on or after the effective date of the new rules.

Need for Analysis of Continuation Application Problems

InterDigital supports reasonable PTO efforts to improve the efficiency of the examination process and improve the quality of issued patents. If these efforts are to be focused on continued examination filings, however, an analysis needs to be made of the reasons and root causes of those filings.

Depending on the findings of that evaluation, the PTO should consider ways to reduce or eliminate the incentives (both internal and external) for continued examination filings. One interim measure could be providing examiners with additional time to consider responses after final rejection and provide a new full evaluation of the content of those responses. Another could be the creation of a special team of examiners to address applications in which

unique problems arise, and the development of a prosecution laches argument in cases less obvious than those addressed, for example, in In re Bogese, 303 F.3d 1362, 64 USPQ2d 1448 (Fed. Cir. 2002).

InterDigital supports the PTO's efforts to reduce the average pendency of applications, particularly its aggressive hiring program, so that the PTO could focus its patent examining resources on new applications. InterDigital doubts, however, that these efforts alone can contribute significantly to the PTO's objectives unless Congress and the patent community provide the agency the necessary resources to train and retain new examiners. InterDigital would support a PTO request for an improved compensation structure for examiners toward that end, and for funding to assist the PTO in its training.

Suggested Changes

Other areas that the PTO should consider in addressing the objectives it has identified are addressed below.

Tiered Fee Structure. InterDigital urges the PTO to consider a tiered fee structure, in which subsequently-filed continuation applications are permitted with stepwise-increasing costs. The PTO should also consider the alternatives presented by Mr. Herbert Wamsley, of the IPO, at the PTO's Town Hall Meeting held April 25, 2006, in Alexandria, VA, which would allow two or more continuations of right, exempting RCEs and divisionals.

Management of PTO Workload. The PTO should assign related applications to a single or a small number of examiners. This would permit the PTO to focus both search and examination of related applications in a single area and obtain obvious efficiencies in the search and examination process, and also provide the applicant with a more uniform treatment of related applications.

Focused Review. The PTO has apparently adopted a corps-wide, second-pair-of-eyes review process rather than focusing its efforts in areas of demonstrated need. The need for such review can be identified in the annual review of an examiner's work product, the results of appeal conferences or Board decisions, and complaints lodged by applicants. The PTO should also focus on

applications and continued examination filings for individual examiners to determine whether the examiner's work is the principal cause of failing to bring examination to a close.

PCT and Third Party Searches. The PTO should rely more heavily on search results and analyses from qualified international search authorities, especially those from the United States Receiving Office for PCT applications. The PTO should also consider accepting private searches from qualified or certified third parties.

Restriction/Unity of Invention. We understand that the PTO's study of restriction and unity of invention practice is likely to be completed in the near future. Pending any significant changes that will be proposed, the PTO should take steps to better manage and supervise restriction and unity of invention practices in all technology centers.

Multiple Dependent Claims. The PTO should explore the possibility of examining multiple dependent claims dependent on other multiple dependent claims as a mechanism to reduce the examination burden and to better focus the examination process on limitations being added to an independent claim. We believe this will reduce the total number of claims presented for examination.

Third-Party Submissions. The PTO should explore expanding the opportunity under 37 C.F.R. § 1.99 for third parties to submit prior art patents and printed publications in applications up to a first Office action, and permit the third party to identify or point out the relevance of any document (e.g., by citation only of column and lines and the relevant claims), while prohibiting any narrative explanation or argument associated with the submission. While 37 C.F.R. §1.99(d) limits the explanation of the relevance of the documents, it is not clear that this is required by the authorizing legislation.

Post-Grant Opposition. InterDigital supports adoption of a post-grant opposition system as a more manageable and self-correcting means to improve the quality of patents.

We appreciate the opportunity to provide comments on the proposed rules and are available to assist the PTO in further developing patent practice and procedures.

Sincerely,
Kimberly S. Chotkowski
Senior Director
Intellectual Property Strategy and Litigation
InterDigital Communications Corporation