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To: AB93Comments

Subject: Comments on Notice of Proposed Rule Making: "Changes to Practice for Continuing Applications, Requests for Continued Examination Practice, and Applications Containing Patentably Indistinct Claims"

Attached are Microsoft's Comments on Notice of Proposed Rule Making: "Changes to Practice for Continuing Applications, Requests for Continued Examination Practice, and Applications Containing Patentably Indistinct Claims." We appreciate the opportunity to provide these comments. Please do not hesitate to contact us should you have any questions concerning our comments.

Best regards,

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Comments on Notice of Proposed Rule Making: “Changes To Practice for Continuing Applications, Requests for Continued Examination Practice, and Applications Containing Patentably Indistinct Claims”
Federal Register/Vol.71, No. 1/January 3, 2006

Microsoft Corporation appreciates the opportunity to offer comments on the notice of proposed rule making relating to changes to practice for continuing applications published in the Federal Register on January 3, 2006. As addressed in our comments below, we support much of the proposed changes relating to continuation practice, and commend the USPTO for its commitment to improve the quality of issued patents and significantly reduce the backlog of unexamined patent applications.

Within the past several years, Microsoft has grown to be one of biggest customers of the USPTO. In 2005, we had the third largest number of published patent applications by the USPTO and are currently prosecuting well over 10,000 pending applications. We employ the services of over 100 patent practitioners around the country, were the 18th largest recipient of U.S. patents for 2005, and just recently received our 5,000th U.S. patent.

As articulated in the Notice, these proposed rule changes would permit the Office to reduce the backlog of unexamined new applications. Reducing the time between the filing of a patent application, receiving a first office action from an examiner, and the granting of a patent is vital to the proper functioning of the patent system. With the growing backlogs, particularly in our areas of technology, we are now waiting almost four years to receive an initial office action on the vast majority of our applications. Reducing this time has significant benefits for us in defining the protection of our innovations and enhancing our business opportunities, and for the public in providing a much more timely legal certainty.

The availability to the filing of at least one true continuation application as a matter of right addresses the vast majority of Microsoft's patent applications. However, a distinction needs to be drawn between a RCE, which is the continued examination of the same patent application under 35 U.S.C. 132(b), and a continuation, divisional, or continuation-in-part application, which are separately filed patent applications relying on the benefit of the filing date of an earlier filed patent application under 35 U.S.C. 120. Most of Microsoft's RCE requests are a result of the current Office compact prosecution practice of a second action final rejection taken together with the examiner's production crediting system. RCE practice, in the current examination practice environment, allows for efficiency in the examination process by avoiding unnecessary appeals or petitions for premature final rejections, and likewise addresses the examiner's fair examination credit concerns and the proper search, examination, and allowability of the claims.

While having addressed the RCE issue under the Office's current practice and crediting system, it is appreciated, however, that an unlimited number of requests for continued examination places a disproportionate burden on the patent system. Should a RCE be limited to one request as a matter of right as put forth in the proposed changes, the second office action final rejection practice needs to be carefully reviewed and reformed along with the examiners production crediting system. Along those lines, it may be appropriate to institute an examination conference to review an examiner's action for completeness and correctness before an action is made final, and adjust the examiner credit system by giving more credit for the first office action in the initial application and less credit for office actions in RCE applications.

With the additional allowance for a single continuation application as a matter of right to depend from an "involuntary" divisional application filed as a result of a requirement for restriction under proposed Rule 1.178(d)(1) and the noted RCE comments above, Microsoft generally supports the requirement for applicants to justify the need for second and subsequent continuing applications. For the most part, these long strings of continuation application filings, particularly in our technology area, lead to a greater amount of legal uncertainty and costly, wasteful litigation. We tend to agree with the Office that these practices defeat the public notice function, and to the extent that they inhibit the efficiency of the examination process, they need to be eliminated.

The proposed rules fairly require that any second or subsequent continuation be accompanied by a petition and a showing as to why the amendment, argument, or

evidence could not have been submitted prior to the close of prosecution in the prior-filed application, and we support such changes. In looking at the whole examination prosecution picture with today's practices and those complex instances where applicants may need that second or extremely rare subsequent continuing application, the Office could potentially reduce those second or subsequent instances by aggressively limiting restriction requirement practices and examining more of the claims presented in the initial application. In addition, the USPTO needs to publish a set of examples showing what meets the threshold criteria for a proper second or subsequent continuing application.

We agree with the Office that there needs to be limitations placed on the filing of multiple applications that contain redundant, patentability indistinct claims to circumvent the proposed changes to practice on continuing applications. Applicant is in the best position with the information set forth in proposed Rule 1.178(f)(1) and should be required to identify related applications. This is particularly true as an effective mechanism for addressing examination efficiencies since these applications could be examined together.

While there needs to be more of a sharing of the examination burdens between the applicant and the examiner, the mere fact that two applications have similar disclosures, close filing dates, and one inventor in common does not in itself establish a presumption that the applications were filed to circumvent the continuation practice changes or that there is a presumption of double patenting. As has been pointed out by the Federal Circuit, the examiner has the initial burden of presenting a *prima facie* case of unpatentability, and without such, applicant is entitled to the grant of a patent. Prior to a rejection being made by the examiner, any comments as required by proposed Rule 1.78(f)(2) could have significant impacts on future patent validity and enforcement issues. However, in helping the examiner understand the applications and share examination burdens, this may be an opportunity for the granting of a pre-first office action personal interview to review the inventive concepts claimed in the applications and save the examiner time in delineating the differences.

Finally, we would like to take this opportunity to commend the USPTO for its action, in concert with the proposed rules changes, of discontinuing the first action final rejection practice in continuing applications.

We appreciate the opportunity to provide comments on the proposed rule changes and encourage USPTO's efforts to provide for a more focused, efficient, complete, and improved quality examination process. Should you have any questions concerning our response, please contact us at the address below. We are always available to assist the USPTO in any further partnership needs.

Respectfully submitted,

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