

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

**From:** Mullen, James J. [mailto:jmullen@mofo.com]

**Sent:** Wednesday, May 03, 2006 6:08 PM

**To:** AB93Comments

**Subject:** Comments Regarding Proposed Changes to Practice for Continuing Applications, Requests for Continued Examination Practice, and Applications Containing Patentably Indistinct Claims

Mail Stop Comments-Patents

Commissioner of Patents

P.O. Box 1450

Alexandria, VA 22323-1450

Attn: Robert W. Bahr

Re: Comments Regarding Proposed Changes to Practice for Continuing Applications, Requests for Continued Examination Practice, and Applications Containing Patentably Indistinct Claims

The United States Patent and Trademark Office (PTO) has requested comments regarding proposed changes to the current continuation practice. The notice of proposed rule making of January 3, 2006 (71 Fed. Reg. 48) announced the PTO's intention to limit applicants to a single continuation unless a showing of entitlement is made.

It is the PTO's view that limiting the number of continuations available to an applicant will lead to a more focused and efficient examination process, an improvement in the quality of issued patents, a decrease in application pendency, and increase public notice of what patentees have claimed. The comments that appear below briefly discuss why the proposed changes are flawed, unfair, and unnecessary. In addition, outlined below is series of constructive suggestions as to how the PTO can make changes to continuation practice to address their concerns, but also to mitigate the potential harm resulting from the PTO's present proposals.

The PTO's proposed changes to current continuation practice is flawed, in part, because it is based on the erroneous assumption that continuation applications are less meritorious than applications being examined for the first time. The PTO stated in the notice of proposed rule making that current continuation practice leads to a backlog of unexamined applications, a less beneficial exchange between applicant and examiner, and denies the public a sense of notice regarding what an applicant intends to patent. However, none of these complex problems are significantly addressed by simply limiting the number of continuation applications available to an applicant.

The PTO's stringent examination practices compel applicants to make extensive disclosures of their novel technology to protect their inventions and to meet the written description, best mode and enablement requirements. Applications containing such extensive disclosure often contain inventions which are not necessarily patentably distinct (from a restriction practice perspective), and yet cannot be captured in a commercially meaningful manner by a single set of claims in a single patent application. Furthermore, during prosecution, applicants will frequently decide to take claims of a limited scope to obtain rapid allowances. These decisions are militated by a desire to obtain claims free of amendments, whose scope is potentially expanded under the Doctrine of Equivalents, as well as commercial pressures to obtain allowed claims expeditiously to improve the commercial viability of a patent estate. Thus, claim sets in multiple continuation

applications are frequently required to obtain the inherent commercial value of all aspects the intellectual property disclosed in a specification as filed, as well as addressing practical business concerns of a business.

The PTO stated in the proposed rule that applicants are presently entitled to file an unlimited number of continuation applications. While true in theory, actual practice is very different. The PTO admitted as much in noting that the number of second or subsequent requests for continuation/continuation-in-part applications made up only a fraction of the total continuation application pool. Moreover, patent applicants also have a finite period of time within which to file continuation applications — twenty years from the earliest non-provisional filing date. Thus, at least from a time perspective, the number of continuation applications is also finite. This point is important to note, as the PTO seems to be trying to raise the specter of the so-called submarine patent from the pre-GATT days. Additionally, financial considerations serve as a practical limitation on the filing of continuation applications. Few applicants, if any, are in a financial position to file unnecessary continuation applications, and there is little or no financial incentive to file frivolous continuation applications. Thus, it is unfair to penalize those applicants who need to pursue a reasonable number of continuation applications based on this erroneous assumption.

The proposed changes to current continuation practice are fundamentally unfair because they disrupt the balance existing between the interests of patent applicants in obtaining a limited monopoly and the interests of the public, who benefit from the disclosure of such innovations. In the *quid pro quo* between the patent applicant and the public, the applicant discloses novel and inventive subject matter in exchange for the right to pursue a limited monopoly with which to exclude others from practicing the claimed and patented invention. That which is disclosed but not claimed is dedicated to the public. Thus, under the proposed new rules, applicants are required to claim all disclosed aspects of a single invention in either the parent filing or the single allowed continuation application — an impractical and burdensome requirement, especially if the PTO's proposed rule change regarding representative claims is also adopted.

The proposed changes to current continuation practice would severely restrict the applicant's ability to protect and perfect claims to patentable subject matter after issuance of the first, parent application. For example, mistakes during prosecution, such as the inadvertent failure to disclose a reference may occur and could fatally damage an issued patent, especially if the applicant is unable or unwilling to use the reexamination procedure. Another valid reason to keep an application pending, especially in a crowded or highly valuable field, is to provide a vehicle for requesting an interference. The ability to keep a continuation application pending provides the patentee with a commercially valuable tool to correct inadvertent errors or institute an interference proceeding before the PTO.

One of the more disturbing aspects of the proposed rule making is its retroactive effect. Applications which are pending as of the adoption date of the proposed rule would be subject to the limitations of the rule. As such, an application which is the child of a previously filed application could not serve as support a further continuation application without the requisite showing. This aspect of the proposed rule is fundamentally unfair because it penalizes applicants who filed a continuation application prior to the present proposal. Applicants in the system today filed patent applications with a particular

understanding of and reasonable expectations regarding continuation practice. These applicants had no notice of the PTO's intent to change the rules of continuation practice in such a drastic and draconian manner, and yet they will be penalized for decisions that they made in good faith. Thus, applicants negatively affected by the retroactive effect of the proposed rule change will be deprived of rights without due process of law.

The PTO also alleged that the current continuation practice denies the public proper notice of what an applicant will attempt to patent. However, this position does not survive scrutiny. An applicant can only claim that which is adequately disclosed and supported in his or her application. In view of this, the public is reasonably apprised of the full scope of any potential claim by the publication of a patent application, either from eighteen months from the earliest priority or after the parent application issues (in cases where applicant elected not to publish during the application process). The PTO is moving to publish all patent applications, which will provide the public sufficient notice. Thus, abolishment of the "no publication" option would render this reason for changing continuation practice completely unnecessary.

The proposed rule change regarding continuation practice is also unnecessary because, in contrast to the Office's perceptions, continuations in fact facilitate the process of efficient examination. Upon taking up a previously unexamined application, presumably an examiner will review the specification as a whole, including any drawings and the proposed claims. In subsequent continuation applications, only the new claims need to be considered *de novo*, since it should be only the claim set that has changed from the parent application. So logically, continuation applications should be prosecuted with greater speed and efficiency than a previously unconsidered case. This point applies to requests for continued examination, which also do not require *de novo* consideration. Moreover, if applicants cannot pursue continuation applications to perfect their claims, they will be forced to pursue more appeals and more reissue applications. Thus, the adoption of the PTO's proposal will only increase examiner workloads.

The comments above address only a small number of the issues raised by the current proposal to change the current continuation practice. In the spirit of offering constructive alternatives, the following suggestions are provided for achieving the PTO's stated goals.

#### Personnel Issues

The PTO has a backlog of cases and lacks sufficient resources to handle those cases. This backlog is less likely caused by too many frivolous cases and more likely caused by the PTO's inability to attract and maintain qualified patent examiners. The hiring of one thousand new examiners annually will not address the backlog issue if nearly a quarter of the existing examiner corps leaves the PTO every year. The PTO should consider moving away from the count system towards a performance system, like that of the National Security Personnel System recently adopted by the Department of Defense. Properly compensating examiners who are well versed in the sciences, the patent law, and who can communicate effectively, in writing and orally, would stabilize the examiner corps and allow examiners to focus on examining patent applications and issue high quality patents.

#### Economic Disincentives for Multiple Continuations

Rather than limiting all applicants to a single continuation by right, the PTO could charge ever increasing amounts for subsequent continuations. By increasing the cost of subsequent continuation applications, the PTO would discourage economically marginal

filings. Additionally, the increased revenue generated by such fees would help to hire and train those additional examiners required to handle the additional case load.

Amend 37 C.F.R. § 1.103(d) to Allow for a 20-Year from Filing Date Deferral of Examination

Many patent prosecutors counsel their clients to keep a continuation application pending after a parent case has issued. The ability to avail oneself of such an application allows an applicant to derive maximum value from a parent application before the entire disclosure is dedicated to the public. Additionally, having a continuation application pending allows an applicant to correct mistakes made in prosecution that might not be correctable via a reissue application or by the reexamination process. One way to achieve a balance between the current continuation practice and the severely limiting proposal offered by the PTO would be to limit the total number of continuations available to a reasonable number and provide a mechanism where an applicant could file a continuation application which would remain dormant until needed. Such a procedure already exists under 37 C.F.R. § 103(d), however the deferral is limited to three years from the earliest filing date. The PTO could charge an annual fee to maintain the dormant continuation applications, thus offsetting any additional work created to monitor such applications. This option could also be limited to published applications, and the “dormancy” status of an application could be publicized in the Federal Register or the Official Gazette. The ability to defer the examination of such a published continuation application would allow the PTO to reduce dramatically the theoretical number of continuation applications while allowing applicants to keep an application pending without taxing the patent system.

Limit Continuations without a Showing To Five Rather than One

Data published by the PTO indicates that only a small number of applicants file more than three continuation applications. The PTO would avoid much of the criticism raised by patent practitioners if the total number of continuation applications available to an applicant without a showing was increased to five applications rather than the proposed single application, without a showing.

Eliminate the Retroactive Effect of the Proposed Rule

Patent applicants with pending applications in the system should not be penalized for decisions made prior to the present proposed rule change. Elimination of the retroactive effect of the proposed rule change would facilitate the acceptance of the proposed rules if adopted by the PTO.

Respectfully submitted:

James J. Mullen, III

44957

Gladys Monroy

32430

Barry Bretschneider

28055

Gregory Einhorn

38440

Kate Murashige

29959

Catherine Polizzi  
40130

Steven Durant  
31506

Norman Klivans, Jr  
33003

Robert Scheid  
42126

Daniel Yannuzzi  
36727

Mail Stop Comments-Patents  
Commissioner of Patents  
P.O. Box 1450  
Alexandria, VA 22323-1450

Attn: Robert W. Bahr

Re: Comments Regarding Proposed Changes to Practice for Continuing Applications,  
Requests for Continued Examination Practice, and Applications Containing  
Patentably Indistinct Claims

The United States Patent and Trademark Office (PTO) has requested comments regarding proposed changes to the current continuation practice. The notice of proposed rule making of January 3, 2006 (71 Fed. Reg. 48) announced the PTO's intention to limit applicants to a single continuation unless a showing of entitlement is made.

It is the PTO's view that limiting the number of continuations available to an applicant will lead to a more focused and efficient examination process, an improvement in the quality of issued patents, a decrease in application pendency, and increase public notice of what patentees have claimed. The comments that appear below briefly discuss why the proposed changes are flawed, unfair, and unnecessary. In addition, outlined below is a series of constructive suggestions as to how the PTO can make changes to continuation practice to address their concerns, but also to mitigate the potential harm resulting from the PTO's present proposals.

The PTO's proposed changes to current continuation practice is flawed, in part, because it is based on the erroneous assumption that continuation applications are less meritorious than applications being examined for the first time. The PTO stated in the notice of proposed rule making that current continuation practice leads to a backlog of unexamined applications, a less beneficial exchange between applicant and examiner, and denies the public a sense of notice regarding what an applicant intends to patent. However, none of these complex problems are significantly addressed by simply limiting the number of continuation applications available to an applicant.

The PTO's stringent examination practices compel applicants to make extensive disclosures of their novel technology to protect their inventions and to meet the written description, best mode and enablement requirements. Applications containing such extensive disclosure often contain inventions which are not necessarily patentably distinct (from a restriction practice perspective), and yet cannot be captured in a commercially meaningful manner by a single set of claims in a single patent application. Furthermore, during prosecution, applicants will frequently decide to take claims of a limited scope to obtain rapid allowances. These decisions are militated by a desire to obtain claims free of amendments, whose scope is potentially expanded under the Doctrine of Equivalents, as well as commercial pressures to obtain allowed claims expeditiously to improve the commercial viability of a patent estate. Thus, claim sets in multiple continuation applications are frequently required to obtain the inherent commercial value of all aspects

the intellectual property disclosed in a specification as filed, as well as addressing practical business concerns of a business.

The PTO stated in the proposed rule that applicants are presently entitled to file an unlimited number of continuation applications. While true in theory, actual practice is very different. The PTO admitted as much in noting that the number of second or subsequent requests for continuation/continuation-in-part applications made up only a fraction of the total continuation application pool. Moreover, patent applicants also have a finite period of time within which to file continuation applications — twenty years from the earliest non-provisional filing date. Thus, at least from a time perspective, the number of continuation applications is also finite. This point is important to note, as the PTO seems to be trying to raise the specter of the so-called submarine patent from the pre-GATT days. Additionally, financial considerations serve as a practical limitation on the filing of continuation applications. Few applicants, if any, are in a financial position to file unnecessary continuation applications, and there is little or no financial incentive to file frivolous continuation applications. Thus, it is unfair to penalize those applicants who need to pursue a reasonable number of continuation applications based on this erroneous assumption.

The proposed changes to current continuation practice are fundamentally unfair because they disrupt the balance existing between the interests of patent applicants in obtaining a limited monopoly and the interests of the public, who benefit from the disclosure of such innovations. In the *quid pro quo* between the patent applicant and the public, the applicant discloses novel and inventive subject matter in exchange for the right to pursue a limited monopoly with which to exclude others from practicing the claimed and patented invention. That which is disclosed but not claimed is dedicated to the public. Thus, under the proposed new rules, applicants are required to claim all disclosed aspects of a single invention in either the parent filing or the single allowed continuation application — an impractical and burdensome requirement, especially if the PTO's proposed rule change regarding representative claims is also adopted.

The proposed changes to current continuation practice would severely restrict the applicant's ability to protect and perfect claims to patentable subject matter after issuance of the first, parent application. For example, mistakes during prosecution, such as the inadvertent failure to disclose a reference may occur and could fatally damage an issued patent, especially if the applicant is unable or unwilling to use the reexamination procedure. Another valid reason to keep an application pending, especially in a crowded or highly valuable field, is to provide a vehicle for requesting an interference. The ability to keep a continuation application pending provides the patentee with a commercially valuable tool to correct inadvertent errors or institute an interference proceeding before the PTO.

One of the more disturbing aspects of the proposed rule making is its retroactive effect. Applications which are pending as of the adoption date of the proposed rule would be subject to the limitations of the rule. As such, an application which is the child of a previously filed application could not serve as support a further continuation application

without the requisite showing. This aspect of the proposed rule is fundamentally unfair because it penalizes applicants who filed a continuation application prior to the present proposal. Applicants in the system today filed patent applications with a particular understanding of and reasonable expectations regarding continuation practice. These applicants had no notice of the PTO's intent to change the rules of continuation practice in such a drastic and draconian manner, and yet they will be penalized for decisions that they made in good faith. Thus, applicants negatively affected by the retroactive effect of the proposed rule change will be deprived of rights without due process of law.

The PTO also alleged that the current continuation practice denies the public proper notice of what an applicant will attempt to patent. However, this position does not survive scrutiny. An applicant can only claim that which is adequately disclosed and supported in his or her application. In view of this, the public is reasonably apprised of the full scope of any potential claim by the publication of a patent application, either from eighteen months from the earliest priority or after the parent application issues (in cases where applicant elected not to publish during the application process). The PTO is moving to publish all patent applications, which will provide the public sufficient notice. Thus, abolishment of the "no publication" option would render this reason for changing continuation practice completely unnecessary.

The proposed rule change regarding continuation practice is also unnecessary because, in contrast to the Office's perceptions, continuations in fact facilitate the process of efficient examination. Upon taking up a previously unexamined application, presumably an examiner will review the specification as a whole, including any drawings and the proposed claims. In subsequent continuation applications, only the new claims need to be considered *de novo*, since it should be only the claim set that has changed from the parent application. So logically, continuation applications should be prosecuted with greater speed and efficiency than a previously unconsidered case. This point applies to requests for continued examination, which also do not require *de novo* consideration. Moreover, if applicants cannot pursue continuation applications to perfect their claims, they will be forced to pursue more appeals and more reissue applications. Thus, the adoption of the PTO's proposal will only increase examiner workloads.

The comments above address only a small number of the issues raised by the current proposal to change the current continuation practice. In the spirit of offering constructive alternatives, the following suggestions are provided for achieving the PTO's stated goals.

#### Personnel Issues

The PTO has a backlog of cases and lacks sufficient resources to handle those cases. This backlog is less likely caused by too many frivolous cases and more likely caused by the PTO's inability to attract and maintain qualified patent examiners. The hiring of one thousand new examiners annually will not address the backlog issue if nearly a quarter of the existing examiner corps leaves the PTO every year. The PTO should consider moving away from the count system towards a performance system, like that of the National Security Personnel System recently adopted by the Department of Defense.

Properly compensating examiners who are well versed in the sciences, the patent law, and who can communicate effectively, in writing and orally, would stabilize the examiner corps and allow examiners to focus on examining patent applications and issue high quality patents.

#### Economic Disincentives for Multiple Continuations

Rather than limiting all applicants to a single continuation by right, the PTO could charge ever increasing amounts for subsequent continuations. By increasing the cost of subsequent continuation applications, the PTO would discourage economically marginal filings. Additionally, the increased revenue generated by such fees would help to hire and train those additional examiners required to handle the additional case load.

#### Amend 37 C.F.R. § 1.103(d) to Allow for a 20-Year from Filing Date Deferral of Examination

Many patent prosecutors counsel their clients to keep a continuation application pending after a parent case has issued. The ability to avail oneself of such an application allows an applicant to derive maximum value from a parent application before the entire disclosure is dedicated to the public. Additionally, having a continuation application pending allows an applicant to correct mistakes made in prosecution that might not be correctable via a reissue application or by the reexamination process. One way to achieve a balance between the current continuation practice and the severely limiting proposal offered by the PTO would be to limit the total number of continuations available to a reasonable number and provide a mechanism where an applicant could file a continuation application which would remain dormant until needed. Such a procedure already exists under 37 C.F.R. § 103(d), however the deferral is limited to three years from the earliest filing date. The PTO could charge an annual fee to maintain the dormant continuation applications, thus offsetting any additional work created to monitor such applications. This option could also be limited to published applications, and the “dormancy” status of an application could be publicized in the Federal Register or the Official Gazette. The ability to defer the examination of such a published continuation application would allow the PTO to reduce dramatically the theoretical number of continuation applications while allowing applicants to keep an application pending without taxing the patent system.

#### Limit Continuations without a Showing To Five Rather than One

Data published by the PTO indicates that only a small number of applicants file more than three continuation applications. The PTO would avoid much of the criticism raised by patent practitioners if the total number of continuation applications available to an applicant without a showing was increased to five applications rather than the proposed single application, without a showing.

#### Eliminate the Retroactive Effect of the Proposed Rule

Patent applicants with pending applications in the system should not be penalized for decisions made prior to the present proposed rule change. Elimination of the retroactive effect of the proposed rule change would facilitate the acceptance of the proposed rules if adopted by the PTO.

Respectfully submitted:

James J. Mullen, III  
44957

Gladys Monroy  
32430

Barry Bretschneider  
28055

Gregory Einhorn  
38440

Kate Murashige  
29959

Catherine Polizzi  
40130

Steven Durant  
31506

Norman Klivans, Jr  
33003

Robert Scheid  
42126

Daniel Yannuzzi  
36727