

From: Lattig, Matthew
Sent: Wednesday, May 03, 2006 11:38 AM
To: 'robert.bahr@uspto.gov'
Cc: 'tjcarvis@email.com'
Subject: NVPLC Comments on Proposed Rule Changes

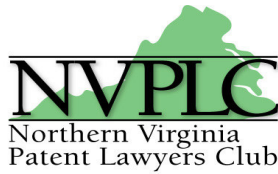
Bob,

Attached is a pdf of the signed comments by our Club. I will be bringing over a hard copy this afternoon.

Best regards, Matt

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David Cho, Secretary
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May 3, 2006

The Honorable Jon Dudas
Under Secretary of Commerce for
Intellectual Property and
Director of the U.S. 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

Re: Comments on Proposed Rules: “Changes to Practice for Continuing Applications, Requests for Continued Examination Practice, Applications Containing Patentably Indistinct Claims and the Examination of Claims in Patent Applications”, 71 Fed. Reg. 48, 61 (January 3, 2006)

Dear Under Secretary Dudas:

The Northern Virginia Patent Lawyers Club (NVPLC) appreciates the opportunity to offer comments regarding rule changes proposed by the U.S. Patent and Trademark Office (“PTO”). Those rules concern the practice for continuing applications and requests for continued examination of claims of patent applications published at 71 Fed. Reg. 48, 61 (January 3, 2006).

NVPLC is a local association whose 75 members are primarily lawyers and patent agents in private and corporate practice, in government service, and in the academic community. NVPLC represents a wide and diverse spectrum of individuals, companies and institutions involved directly or indirectly in the practice of patent, trademark, copyright and unfair competition law, as well as other fields of law affecting intellectual property. Our members represent both patent owners and users of intellectual property.

General Comments

The PTO has proposed dramatic changes to the process of examining the claims of a patent application. The intent behind the changes is to “focus its [the PTO’s] initial examination on the claims designated by the applicant as representative claims” presented in an application for patent. At the same time, the PTO has also proposed changes that would expedite the current continued examination practice for the stated purpose of improving both examining efficiency and the quality of issued patents.

These proposed changes (taken both individually and together) are very troubling, and are likely to have significant negative repercussions, as is reflected in the published viewpoints of numerous

IP-related organizations, law firms and individuals. Rather than merely echo such viewpoints, the NVPLC has focused instead on providing alternative suggestions to the PTO.

The NVPLC fully supports the PTO in its efforts to become more efficient and to improve the quality of issued patents. However, the proposed changes would not lead to improved efficiency in the examination process, would not reduce the pendency of patent applications and would not improve the quality of issued patents. Yet, we believe that other measures, if taken, could have a positive effect on one or more of examination efficiency, patent pendency and quality of issued patents.

We have provided comments and suggestions under the following four headings: 1) Continuation Practice; 2) Double Patenting Practice; 3) Examination of Claims in Patent Applications; and 4) Other Suggestions/Alternatives.

Continuation Practice

Instead of commenting on the PTO's proposed "overnight fix" for a problem that has been years in the making, the NVPLC provides the following suggestions for proposed rule changes to continuation practice, in bulleted form:

- **Terminate continuation-in-part practice.** With the new 20-year term, there is no benefit to Applicant or the PTO by continuing the use of continuation-in-part practice under 37 C.F.R. § 1.78.
- **Reduce the value of the Examiner "count" for work done in an application for which a Request for Continued Examination (RCE) has been filed and for continuation applications (hereafter, "continuations").** This will increase the incentive for the Examiner to make the first examination of the parent application thorough, and decrease the incentive for an Examiner to cultivate the filing of continuations. To further implement such a diminishing returns strategy, the reduction in count value should be progressive so that each succeeding continuation is awarded a count-value less than its parent application.
- **Increase fees for subsequent continuations filed by Applicant.** This is a much more desirable solution than requiring Applicants to file a petition before an arbitrary set of decision makers at the PTO. With this proposal, the filing fees for the first continuation may mirror that of the original application, and then with the filing of each subsequent continuation in the family, the filing fees would increase by a factor of 50%. For example, for a large entity, the filing fees for the originally filed application and the first continuation would be same, but the filing fees for the second continuation would rise 50%, and the filing fees for the third and subsequent applications would rise another 50% from the previously filed continuation.
- **Limiting continuation practice makes no sense from a fiscal viewpoint.** The PTO's focus on limiting continuation practice is analogous to a situation in which a CEO tells his workforce that they are going to purposefully reduce sales (output) of the company's

higher-margin products in order to focus on increasing the volume of lower-margin products. Moreover, the vast majority of cases in which more than one continuation has been filed at the PTO are negligible, when compared to the total number of applications filed at the PTO in a given fiscal year.

Double Patenting Practice

Under proposed 37 C.F.R. § 1.78(f)(2) the PTO proposes to create a rebuttable presumption of patentably indistinct claims in two or applications that: 1) are filed on the same date; 2) name at least one inventor in common; 3) are owned by the same person; and 4) contain substantially overlapping disclosures. This rebuttable presumption arises without consideration of the claims in their respective applications.

Despite the PTO's apparent lack of statutory authority to promulgate such a rule, the NVPLC sees no reason why the PTO must flip traditional paradigms on its side. Our system is not set up based on "you are not entitled to patent unless ..." but rather "you are entitled to a patent unless ...". Further, issued patents with terminal disclaimers make up less than 3% of all issued patents. The NVPLC's position is that this is an internal PTO issue, not an Applicant issue. Therefore, the NVPLC suggests that in order to save resources and time, the PTO should not make any changes to the current rules regarding applications containing patentably indistinct claims.

Examination of Claims in Patent Applications

The amendments proposed for 37 C.F.R. § 1.75(b)(1), the Examination Support Document Requirement provide that an Applicant must submit an examination support document in compliance with 37 C.F.R. § 1.261 which covers each representative claim, if either: 1) the application contains or is amended to contain more than 10 independent claims; or 2) the number of representative claims is greater than 10. The apparent rationale is that Applicants would be able to avoid the costs and risks associated with submitting an examination support document by limiting the representative claim set to no more than 10 claims.

In theory, the NVPLC does not take issue with the representative claim set, so long as the filing fees associated therefore are reduced in kind. However, the current proposal is believed to be an unnecessary burden to PTO staff and all Applicants with the additional costs and resources needed to identify claims for initial examination by the PTO. Moreover, there are available international search reports that the office itself prepares under the Patent Cooperation Treaty, which could be more effectively used by the PTO. Asking an Applicant to prepare an examination support document would, in the end, result in debilitating litigation merely to reduce the PTO's pendency by a few percentage points. The current proposals for the examination support document in compliance with 37 C.F.R. § 1.261 are so onerous that no reasonable Applicant is likely to use it.

Although the PTO already has promulgated rules for a Petition to Make Special, which is essentially what the 37 C.F.R. § 1.261 document would be, the NVPLC offers an alternative to the proposed representative claim set for examination. As Applicants pay for examination of all

claims, the PTO should examine all claims, but the Examiner should have greater latitude to use official notice for rejecting dependent claims.

Accordingly, we recommend that the PTO consider relaxing the rules and/or guidance provided in the Manual of Patent Examining Procedure (MPEP) regarding the Examiner's use of official notice pursuant to MPEP Section 2144.03, Reliance on Common Knowledge in the Art or "Well Known" Prior Art. For example, as to secondary and tertiary dependent claims, it may be appropriate for the Examiner to take official notice of facts not in the record or to rely on "common knowledge" in making a rejection of these claims, so long as the Examiner reviews and considers each claim in an Applicant's application.

Other Suggestions/Alternatives

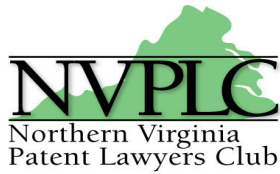
Regional Patent Offices. The PTO has concluded that, not only can it not completely solve the problem of increasing application pendency merely by hiring additional Patent Examiners, it cannot consider additional hiring to be a part of the solution.¹ This view of hiring presumes that the PTO must have only one location and that the sole location must be in the D.C. area. We challenge that presumption.

As is done in many other government organizations, there is no compelling reason why the PTO cannot decentralize and create regional patent offices around the country in technology areas that mirror some of the technological arts classified today at the PTO. For example, a regional patent office directed to pharmaceuticals could be opened up in northern New Jersey, a regional patent office directed to semiconductor technology could be opened up near Austin, Texas, and a regional patent office directed to network and/or wireless applications could be opened up in the San Jose/San Francisco area.

Similar to other departments such as the Department of Defense, the salary structure in various geographical locations of the country could be adjusted to fit the particular geographic area. Moreover, by eliminating the requirement of relocating to the D.C. area, creation of regional patent offices could facilitate finding Examiners with industry experience. Obviously, the required capital expenditures for undertaking this suggestion would require an act of Congress and/or adjusted fees in order to facilitate and expedite the creation of regional offices around the country. However, it is the NVPLC's belief that this decentralized structure is a known quantity and a viable solution to the manpower struggle the PTO is currently facing with regard to its Examining Corps.

¹ The PTO has been collecting extra claims fees for years on the theory that more claims require more examining resources. The PTO, however, has never provided more examining resources to applications with more claims. As Mr. Doll remarked at the April 25 town hall meeting, Examiners are provided a "set time" for each application, regardless of the number of claims. In essence, the PTO has been charging Applicants for services it has never delivered. This must stop immediately.

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Use Available Filing Information.

The PTO should consider using the vast amount of internally stored filing data to dynamically adjust the count-value that a given application represents. The current production-requirement system (upon which an Examiner's performance is evaluated) presumes that all applications within a given art represent the same average burden upon an Examiner. Of course, that is not true. For example, an application having a 100 page specification, 25 Figures and 50 claims represents a significantly greater burden to examine than an application having a 10 page specification, 3 Figures and 20 claims. It is suggested the PTO should use this vast amount of data to better evaluate how much examining time is needed for a particular application based on the number of specification pages, the technology and/or the number of claims.

The PTO has previously contracted with programmers to write a program for calculating patent term extensions. We see no reason why the PTO could not once again contract with programmers to develop a program for analyzing newly filed applications for the above types of content to determine a unique examining time for a given application. Instead of using this application data simply for calculating increased fees for more complex and/or lengthy applications, the PTO could be better served by using this same data in order to give Examiners examination time that is more commensurate with the complexity and/or length of the application.

If you have any questions or concerns, please do not hesitate to contact us.

With kind regards,

A handwritten signature in black ink, appearing to read 'Thaddius J. Carvis', with a stylized flourish at the end.

Thaddius J. Carvis
President, NVPLC
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May 3, 2006