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To: AB93Comments

Subject: Comments on Changes to Practice for Continuing Applications...

The Honorable Jon Dudas
Under Secretary of Commerce for Intellectual Property and Director of the United States and
Trademark Office

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:

1. INTRODUCTION

Walker Digital Management, LLC is a privately-held company, focused on invention and innovation. Our invention teams, led by the company's founder, Jay Walker, invent business systems that solve problems. Among these was the business process that led to the creation of priceline.com. The importance of patents to protect our innovative solutions is a central element of our business model, and we currently have a portfolio of more than 200 U.S. and international patents. We use our intellectual property to build practical and scalable solutions in industries that range from travel to retail to restaurants to vending to credit cards to homeland security to publishing to gaming and entertainment.

We believe strongly that the bargain instituted by the U.S. patent system is critical to the future of innovation and economic success in the United States. The United States Patent and Trademark Office (USPTO) is the facilitator of a crucial transaction between inventors and the public: The public benefits from public disclosure of inventions (as applications and patents are published by the USPTO), and in exchange, the inventors benefit from the limited protection of any claimed invention, unless the USPTO can prove that invention is unpatentable. This protection has been available for the duration of the patent term since the inception of the patent system in the U.S. We recognize from our own first-hand experience that the USPTO is experiencing serious operational and personnel challenges that, left unchecked, will threaten the USPTO's ability to issue patents in a timely manner (and will accordingly reduce the attractiveness of the patent system to inventors). We are grateful that the USPTO recognizes these problems and is actively seeking solutions.

We have analyzed fully the proposed rulemaking. And we are mindful of the words of John Doll, Commissioner of Patents, who at a recent town hall meeting to discuss the PTO's proposals acknowledged the proposed rules are imperfect and challenged the audience: "We are willing to trash them if you come up with a better solution." In the first part of our remarks below, we offer suggestions with that standard in mind.

We also provide comments below on the USPTO's own proposed regulations. To start, the proposed rule changes to continuing application practice and to examination of claims (discussed in separate comments) unfortunately will not solve the problem of examination delays and the ineffective use of resources. Instead, they will upset the well-tested and equitable balance of the bargain between inventors and the public. Indeed, the implementation will backfire as a failed reform, the patent system will suffer greater inefficiencies and backlogs (particularly if implemented in combination with the changes to examination of claims), the implementation may increase non-participation by inventors, and innovation will suffer as a result. Further, the proposed restriction on the freedom to file a second continuation application, for example,

proposes a new and unprecedented burden on an applicant who needs to thoroughly protect his invention from a potential infringer.

In addition, we discuss below our belief that the proposed changes are premature, underdeveloped, and unsupported—meaningful notice has not been provided, and meaningful comment cannot be made. The USPTO’s definition of “continued examination filings” is also overly inclusive—different types of filings should be treated differently. Also, the stated policy concern of prejudice to the public is not serious enough to warrant the drastic changes in continuing application and continued examination practices without at least a thorough debate of the issues involved at the Congressional level, and in any case would not be significantly affected by the proposed rules. Lastly, we have serious doubts about whether the USPTO has the statutory authority to impose the proposed regulations, and we question the wisdom of an attempt to remove responsibility for such a sweeping change from the legislative branch of the federal system.

2. ALTERNATIVE PROPOSALS

The following proposals are submitted in response to the USPTO’s challenge to suggest alternatives to the proposed rules that would address the problems highlighted in the notices of the proposed rules and in the town hall meetings. We are grateful to the USPTO for allowing us the opportunity to make these suggestions.

Adjusted fees

Nothing in the proposed rules acknowledges the possibility of using the USPTO’s fee structure to alleviate any of the stated issues of pendency, public notice, or patent quality. Rather than adopt the proposed changes, we suggest that the USPTO first examine the potential benefits of:

increasing the filing costs for continuation and continuation-in-part applications (or second or subsequent applications). For example, fees could be higher for a second continuation, then even higher for a third continuation, etc. The additional fees could be directed to educating the public in order to address the stated concerns about “public notice” (discussed further below), to hiring additional resources to assist in examination, etc.

increasing the filing costs for requests for continued examination (or second or subsequent requests). Similar to the above.

decreasing the costs for appealing rejections to the Board. This would encourage applicants who were willing to accept the delay of the appeals process to try to take examination out of the hands of a “stubborn examiner.”

Adjust order of examination

We believe (based on our own experience and on some comments provided by Commissioner John Doll at one of the town hall meetings) that examiners have some discretion in the order in which they take up applications for examination, and that applications might even be taken up in order of earliest effective filing date. If this is true, control over this process seems clearly within the purview of the USPTO and some adjustments may help alleviate some of the concerns about applications for newer technologies never making it to examination in favor of continuations of much earlier-filed applications. We suggest that the USPTO could require that examiners pick up assigned applications in the order they are filed, not based on the earliest effective filing date (i.e. irrespective of any claims of priority). Although such a measure would not affect the absolute number of pending applications, such a change would at least assist the USPTO in getting to applications for new inventions faster. This may also help in alleviating the examiners’ “boredom” with examining continuing applications, which is one of the reasons the USPTO has publicly stated has contributed to low examiner motivation and difficulties in retaining trained examiners.

Restrict only the number of requests for continued examination

Accordingly, if the USPTO does decide to implement some type of restriction on what it generally terms “continued examination filings,” we suggest that the USPTO only limit the number of requests for continued examination (e.g., two such requests) in a particular application while still allowing for an unlimited number of continuation and continuation-in-part applications. The restriction on requests for continued examination (RCEs) will necessarily force applicants to amend or cancel claims or to appeal rejections. We recognize that the USPTO may believe that an applicant reaching the limit for requests will simply file a continuation or continuation-in-part application and finds this undesirable. This likelihood may be addressed by, for example, prohibiting the filing of claims in a continuation or continuation-in-part that are identical to claims finally rejected in another related application, and / or prohibiting the filing of requests for continued examination in a continuing application.

Restrict only the number of continuations and continuations-in-part

A request for continued examination is typically used by an applicant once an examiner issues a Final Office Action but the applicant feels that there is a manner of amending the claims that may result in the issuance of the claims. The unfortunate reality, based on our experience, is that many times a Final Office Action is issued prematurely because an examiner is overworked, under pressure to move on to another case. Currently, such an issue may be expeditiously resolved with the filing of a request for continued examination, or more expensively (in terms of cost and time) by filing an appeal. If the proposed rules were to be implemented as proposed, applicants would likely be forced into an appeals route rather than risk “wasting” a request to resolve any issues that appear likely to be resolved via further communications with an Examiner. Unless and until the USPTO can guarantee that its oversight of examiners and training of examiners is sufficient to prevent such premature and unwarranted Final Office Actions, it does not appear fair to limit the number of RCEs available to an applicant unless some as-yet-undefined evidentiary burden is satisfied by the applicant. Further, a thorough analysis of how much of an impact this increased routing of cases to the appeals process would have on the Board is lacking in the proposed rules. A solution that speculatively shortens pendency of an application in front of an examiner but increase the burdens on the Board and thus increases the time for resolution of all decisions by the Board is not a viable solution.

Thus, as alternative to what we proposed above, if, as in the proposed rules, the USPTO wants to put effective restrictions on the filing of new applications that are continuation applications or continuation-in-part applications, it seems reasonable to allow any number of requests for continued examination in a given application to allow for the particular complexities and variations in application draftsmanship, prosecution by applicants, and competency of examination by the examiner.

Time limit on filing of continuations and continuations-in-part

We suggest that instead of the proposed burden of proof that a continuation or continuation-in-part application is necessary to advance prosecution, no such argument or evidence should be required. Instead, the USPTO should examine the effect of a statutory change to require that any such applications must be filed within two years (or some other time period) of the first substantive office action in a parent application. This will help to address the perceived problems of “public notice” by compressing the time frame in which applicants have to pursue the fullest claim coverage they may be due.

Mandatory publication of applications

We suggest that the USPTO study the projected effects of mandatory publication of applications (or at least on any continuation or continuation-in-part applications) on the perceived “public notice” problem. Mandatory publication would allow the USPTO to provide information about such applications to the public (e.g., via its public PAIR service).

Allowance for some types of requests for continued examination

We further suggest that some types of requests for continued examination be exempt from the proposed evidentiary burdens and also, if filed, should not be counted against the applicant (e.g., for purposes of determining whether an applicant may make an additional request or file a continuing application). For example, requests accompanied by an information disclosure statement or by any non-substantive amendments (e.g., claim amendments that would not require any additional search, such as to correct typographical errors; specification amendments to correct typographical errors or update priority claim information) should be accepted without petition and also should not be counted for the purposes of the proposed rules. We respectfully request that the USPTO consider what other types of filings should be allowed with a request for continued examination without petition and / or should mean the request is not counted against the applicant.

Allow additional time for alternative proposals

We suggest that the USPTO allow for additional time to comment on these proposed rule changes. In addition, we recommend that the USPTO provide all of the data (not just the aggregate numbers provided in the supplementary information section) and statistical models that the USPTO used to draw its conclusions about the necessity of the proposed rules and to project, for example, the average application pendency figures presented in the town hall meetings. The USPTO could sponsor a specific prize or other incentive to its community of inventors to develop a better patent system that will meet the present challenges.

Only implement one of the proposed changes to continuing applications or the proposed changes to the claims examination practice

We believe the proposed changes, considered in combination, are very complex and will be incredibly disruptive to current practice. For reasons detailed below, we also believe that the desired reductions in time of pendency and the backlog of unexamined applications are speculative. If both sets of changes are implemented together, it may be impossible to determine where any realized gains are being made, or whether one set of changes is actually counter-productive. Accordingly, we suggest that the USPTO implement only one set of changes at once, and allow a considerable amount of time for evaluation of its success in achieving the desired goals.

3. COMMENTS ON THE USPTO'S PROPOSED RULES

In this section we provide comments on the USPTO's own proposed regulations. We have reviewed many of the public comments published by the USPTO. We also generally agree with and recommend that the USPTO seriously consider the excellent discussion of these proposed rules in the comments submitted on behalf of the AIPLA.

The changes proposed by the USPTO, taken individually and especially in combination, are fundamentally disruptive to the historical balance in the patent system: They demand Congressional consideration and authority to implement

The USPTO's proposed rules are large policy-based changes that will have a substantial impact on the U.S. patent system. Accordingly, the problems outlined by the USPTO as necessitating the rules should be addressed at a Congressional level, and not by the agency itself as a "stop gap" measure to alleviate its backlog of applications. The process of innovation and invention in America should not be forced to pay the price for patent office inefficiencies.

The fundamental premise of the bargain between applicants and the public is that applicants trade full disclosure of their invention in enough detail so as to enable someone to make and use the invention. In exchange, applicants receive control over when and how the invention is used during the life of the patent. Applicants not only have a duty to disclose the best mode of the invention, but they are also motivated to disclose patentable alternate embodiments in their disclosures.

While the USPTO has presented statistics about the number of applicants that file continuations along with representations that these applicants represent a small percentage of total filings, the USPTO's assertion that the rule change only affects this small percentage of Applicants is disingenuous. Every application must comply with the proposed rules, regardless of whether an applicant would normally file continuing applications or not. Accordingly, every applicant would have to consider the impact of the rule when making filing decisions. Applicants may choose not to disclose alternate embodiments fearing that they will be unable to secure claim coverage for the alternate embodiments. Worse, some applicants may choose to forgo patent protection in favor of trade secret protection, believing that broader protection may be available through the state trade secret laws. Under either choice, the marketplace of ideas is diminished by the prospective applicant's refusal to disclose some or all of the invention to the public.

The USPTO's proposed rules disrupt this well-established balance between the interests of the public and the interests of inventors so dramatically that the changes sought by the USPTO demand Congressional consideration and authority to implement.

The proposed restriction on an applicant's freedom to file a second continuing application proposes a new and unprecedented burden on applicants who have the right to thoroughly protect their inventions from a potential infringer

The current system of statutes and rules, with its guaranteed availability of continuing applications, reassures a prospective applicant that regardless of the vagaries of the patent examination process or the applicant's current ability to spend the money necessary to fully protect an invention in one or two applications, the applicant will have necessary and sufficient opportunity to present each aspect of its invention to the USPTO for examination. Thus, the existence of the current continuation practice allows the applicant to teach the public all aspects of his invention in exchange for the opportunity to protect the invention from use by others for the next twenty years, even if several continuation applications are required to obtain thorough protection.

The effect of the proposed changes to continuing application practice and continued examination practice will be aggravated by the proposed changes to examination of claims. Applicants who reasonably opt to have the focused prior art examination of up to 10 independent claims will necessarily limit their ability to patent all they would be entitled to in one application—even though they would still trade all of their disclosure to the public. Generic claim coverage for all disclosed embodiments is rarely available. Accordingly, if both sets of proposed rules are implemented, the proposed changes to continuing application practice would aggravate the disadvantages under the proposed rules for examination of claims by limiting the ability of applicants to pursue the fullest protection of an invention in continuing applications. In short, inventors will realize that the U.S. patent system is no longer a good bargain—full disclosure will be traded for lesser protection. What is also troubling is that the detrimental effects of the proposed rules may not be realized for several years after they are implemented, when it finally becomes apparent that the type of claim coverage available under the proposed system is insufficient, ineffective or commercially undesirable.

The burden that accompanies the proposed rules will most likely fall disproportionately on inventors of more major improvements or pioneer inventions as opposed to inventors of incremental improvements. Applicants who are willing to disclose major innovations applicants will have to file and prosecute many more claims in each application (at a much greater up-front cost in terms of money and resources for both the applicant and the USPTO) in order to try to cover every possible aspect of what they have invented.

The proposed restriction on an applicant's freedom to file a second continuing application will upset the ability of an applicant to efficiently allocate resources to acquiring the fullest protection of an invention

One of the clear advantages to inventors under the current system is that given the unlimited statutory right to file additional continuing applications, an applicant can efficiently defer and allocate costs of achieving full coverage spreading costs over several applications. This is an efficient practice in terms of monetary cost and potential uncertainty about what may be asserted by the USPTO as existing in the prior art, and clearly allows for the advancement of prosecution without any abuse of continuation practice.

Upon filing a first application, for example, an applicant can get a sense of what features and aspects of an invention the USPTO is likely to find patentable. The applicant can then tailor additional applications based on that knowledge gained from examination of the first application and / or may pursue claiming other aspects of the invention. This freedom to allow the applicant (the most interested economic actor) to decide when and where to allocate resources in claiming an invention, allows for resources, in the aggregate, to be allocated most efficiently. The proposed rules ignore this practical economic consideration that weigh on every applicant, large or small.

It may not be economically desirable for an inventor to sink resources into paying for examination of a fully comprehensive set of claims in one or two applications (especially if, as proposed, many of the features of dependent claims would never even be examined in light of the prior art). A typical applicant is not a fortune teller, might not have the relevant expertise of a patent examiner, and thus cannot possibly be expected to spend the money to write claims to cover every possible variation of coverage in an initial filing. The proposed rules appear to pre-suppose this forecasting ability of inventors, but the patent system should not demand this high standard of prior art knowledge. Further, a major advance, once disclosed to the public, is much more likely to motivate competitors to design competing products that do not necessarily infringe the first issued claims. An applicant will thus have a much greater need to file continuing applications to obtain the most comprehensive patent protection (as opposed to an inventor of a minor improvement who is much more likely to be able to adequately claim his invention with fewer claims). There is no rational basis to place such a disproportionate burden on Inventors of major inventions that have the potential of radically improving the public store of knowledge.

The USPTO indicates that the proposed rules require that applicants who file multiple continuing applications from the same initial application show that the third and following applications in the chain are necessary to advance prosecution. We agree that prosecution should be advanced in a given application. But we disagree with the characterization of a chain of applications as evidence of a failure to “advance prosecution.” It misrepresents the issue: whether or not the applicant is actively seeking the fullest possible protection of subject matter that he or she has disclosed. We submit that the filing of multiple continuing applications is prima facie evidence of “advancing prosecution”: the applicant is presumably seeking whatever additional protection is necessary and allowable commensurate with the scope of what the applicant has already disclosed. The statutes and rules already allow for the USPTO to address those applicants who are not seeking to advance prosecution in this way: statutory double patenting rejections for claims of identical scope. The doctrine of prosecution laches protects the public from accusations of infringement by those who, in extreme cases, initiate an application process and then intentionally refuse to participate in the bargain by unreasonably failing to acquire additional claim protection.

To the extent that the USPTO finds it wasteful to have to examine claims in a continuing application that are “patentably indistinct,” we believe that an inventor’s ability under the current system to pursue variations in claim protection, however nuanced or distinctive, is a significant strength of patent practice in the U.S. The perceived size of the difference in scope between claims of related applications is immaterial. So long as there is a difference (i.e. claims are not identical), it should be up to the applicant to assess the costs and risks associated with pursuing additional claim coverage or not. In particular, the patent system should continue to allow an inventor to assess the risk that any claim protection already received (e.g., issued in a patent) will be interpreted differently or too narrowly than is desirable, and to make the economic decision to

pursue whatever claim coverage he feels necessary (and to which he is entitled) in one or more additional continuing applications. Regardless, the USPTO has not provided any indication of how serious the problem of “patentably indistinct” or “conflicting” or “duplicative” claims truly is. We do not know, for example, how many of the roughly 12,000 “second or subsequent” continuing applications are accused of being “duplicative.” Further, to the extent that a claim is “duplicative” of an issued or previously pending claim, the amount of time necessary to examine such a claim must be minimal. The proposed fix, with its practical effects of limiting the ability of an applicant to seek the fullest claim protection to which he or she is entitled and allocate resources as he or she feels is best, is inappropriate.

The proposed changes to practice for continuing applications and continued examination will not reduce the backlog of applications

The USPTO acknowledges that the number of continuing applications (continuations and continuations-in-part) that might be affected by the proposed rules in a given year is likely to be relatively small (on the order of 12,000). Of those 12,000 identified applications, the USPTO has offered no indication as to how many applicants would have been unable to meet the proposed burden to justify claiming the benefit of priority to an earlier application. Therefore, there is no evidence that the proposed rules would even reduce the backlog of pending applications.

In light of the proposed rules, applicants will have an incentive to file as many continuing applications as they can afford prior to the effective filing date of any final rules directed to curb such filings. Similarly, applicants will have an incentive to file any divisional applications it is permitted to prior to the effective filing date. The USPTO has not provided any indication that it has considered the effect such a surge of filings will have on pendency.

Further, applicants will be encouraged to provoke an examiner to impose a restriction so that the applicant then has the opportunity to file one or more divisional applications, and will be more likely to file as many such divisional applications as they can afford in a much shorter time period than they might have under the current system. The effect of this predictable behavior has not been addressed by the USPTO; we submit that the increase in filings of divisional applications will counter, if not outweigh, any speculative (and likely minimal) reduction in the number of continuation and continuation-in-part applications.

Also, given the restrictions on filing continuing applications and continued examination, applicants will be much more likely to appeal. The USPTO appears to welcome this, but does not provide any indication that it has considered the real effect of an increased number of appeals on pendency of applications. We do not understand how shifting the backlog to the appeals process will increase the efficiency or quality of examination. Applicants also will be more likely to appeal to the Commissioner (e.g., to withdraw the finality of an office action) under the proposed rules. It is not clear that the USPTO has considered these practical effects of the proposed rules, which may have serious ramifications for the duration, complexity, and efficiency of prosecution.

The proposed changes are premature, underdeveloped, and unsupported

What is also troubling about some of the proposed changes is that they appear premature, underdeveloped, and unsupported, to such a degree that meaningful notice has not actually been provided, and meaningful comment cannot be made by the public.

For example, no guidance is provided as to the critical definition of “patentably distinct.” Yet under the proposed rules in some circumstances (Rule 78(f)(2)) the burden will be on applicants to determine whether claims are “patentably distinct.” Are we to assume that “patentably distinct” is used in the same manner as with respect to obviousness-type double patenting rejections? If so, then the determination of whether claims are patentably distinct is clearly a legal and examination function that examiners must perform. It necessarily requires that evidence be provided of a difference in claim scope, as well as evidence that any difference between claims is one that would have been obvious to one of ordinary skill in the art. Even if such a regulation was

within the USPTO's statutory authority to impose (which we question), applicants should not be imputed with the responsibility to make obviousness determinations—that is clearly an examination function. If, on the other hand, the USPTO has some other definition of “patentably distinct” in mind, then it must provide proper notice of that standard, distinguish it from how the term is used in examination for double patenting, and allow the public to comment on any rules implicated by that standard.

Also, the proposed rules are completely devoid of any standard that would indicate what would be sufficient argument or evidence to allow a second continuation, for example. We do not know what circumstances the USPTO has contemplated that might involve an “amendment, argument, or evidence that could not have been submitted during the prosecution of the prior-filed application.” The proposed rules would apparently leave such a decision completely within the USPTO's discretion. With such limited notice as to the scope of the rule and its affect on practice before the USPTO, it is very difficult to assess whether, for example, a second continuation application will ever be permitted for a case.

The USPTO also has offered no indication of how many of the allegedly problematic second “continuing examination filings” were or would have been (i) permitted as supported by argument/evidence (as would now be required by the proposed rules), (ii) “duplicative” or “conflicting” (an alleged concern of the USPTO), or (iii) are filed after “infringing” product is in marketplace (an alleged concern of the USPTO discussed below).

Also, the USPTO simply stated during the various Town Hall Meetings that it cannot hire its way out of the backlog of pending applications. No detail was provided in any of the published notices. This assertion was represented only in a graph in one particular presentation slide during the meetings. But the USPTO never provided any details about the data relied upon or the statistical models used to extrapolate projected pendency under various conditions. Accordingly, the USPTO has not supported its conclusion. Given the drastic changes it is proposing, the public should be given the ability to review the USPTO's analysis of its stated problems. More meaningful notice will result in more meaningful comment and better solutions. The USPTO also appears to be demanding a very immediate fix to a problem with long-term and complex contributing factors. Assuming the USPTO's analysis is correct, the future is bleak if nothing is done. That does not mean, however, that a more reasoned and disciplined approach to change should be ignored in favor of such a drastic and complex “quick fix.”

The USPTO's definition of “continued examination filings” is overly inclusive—different types of filings should be treated differently

The overbroad definition of “continued examination filings” inappropriately obscures real differences among and appropriate uses of continuation applications, continuation-in-part applications, and requests for continued examination. As discussed above in the section on Alternative Proposals, a request for continued examination is a completely different document and procedure from continuation or continuation-in-part, yet RCEs are being treated as being the same for purposes of this proposed rules. An RCE is a request to continue examination of a particular application. A continuation or continuation-in-part is a new application filed in the USPTO, although its claims may be based on the written description of a previously filed application. We understand that the USPTO is lumping these disparate mechanisms together because it sees in them a common potential for abuse (which the USPTO has not established is actually a real concern). Nonetheless, restricting the ability to file a new application (e.g., a continuation application) to seek additional claim protection, based on what may have transpired in the parent application (e.g., an RCE was filed after a final rejection to amend claims based on an agreement reached by applicants and the Examiner) is illogical, burdensome, and unduly restrictive. The proposed rules should not treat continued examination and new applications the same.

Burden on applicant to rebut presumption of obviousness-type double patenting

The proposed Rule 78(f)(2) states that a rebuttable presumption shall exist that a nonprovisional application contains at least one claim that is “not patentably distinct” from at least one of the claims in on one or more other pending or patented nonprovisional applications that name at least one inventor in common, has the same filing date, is commonly owned, and contains “substantial overlapping disclosure.”

This presumption of a basis for a double patenting rejection of an unspecified claim thus arises without any consideration of the scope of any claim, much less a prima facie case that differences between any specific claims would be obvious to one of ordinary skill in the art. We understand judicial precedent as dictating that the burden is on the USPTO to establish prima facie unpatentability of a claim. We also understand 35 U.S.C. § 131 and 132 as requiring examination and proper notice of a basis of rejection. Accordingly, we suggest that the USPTO does not have the statutory authority to impose presumptions of unpatentability via the proposed regulations.

Policy justifications for the proposed rules

We do not agree with the stated policy justifications for the changes to practice for continuing application and continued examination. The stated policy concerns for the changes to practice for continuing application and continued examination are not serious enough to warrant the sweeping and burdensome changes that would be imposed. Further, the alleged issues would not be affected significantly by the proposed rules.

Although “patent quality” is one alleged reason for the sweeping changes, the USPTO’s own leaders offer contradictory statements about current patent quality. For instance, Commissioner for Patents, John Doll stated in a public address (Northwestern University, Feb. 1): “The number one reason we would like to [implement the proposed rules] is to make patent examination quality better,” Doll said. “Each one of the proposals we’re talking about will add to the quality of each application...” But Under Secretary John Dudas recently (AIPPLA’s Mid-Winter Institute, Feb. 3) said that one misperception about intellectual property protection in the U.S. is that because the USPTO is issuing more patents, patent quality is decreasing. Under Secretary Dudas corrected this misperception, saying that the quality of issued patents is improving.

The USPTO expresses concern with respect to “public notice” and “prejudice” to the public. We think the USPTO would generally agree that the public is not truly “prejudiced” if by chance it practices inventions that it does not know have been described in a prior-filed patent application (e.g., one only recently filed or not subject to publication). Of course, if an applicant intentionally delays any disclosure or issuance (e.g., prevents a patent from issuing by intentionally failing to advance prosecution), the applicant is improperly avoiding its side of the bargain, and the courts have indicated remedies are available for accused infringers (discussed below with respect to *Bogese II*).

We conclude, therefore, that the USPTO is concerned with a situation in which the public is prejudiced because two things are true: (1) an invention is disclosed to the public (e.g., in a published application or patent), and (2) the public is uncertain about whether it can practice embodiments that are disclosed in that publication but not yet claimed, because the applicant might be pursuing different claim coverage in one or more continuing applications.

We do not believe such a situation demands the sweeping changes of the proposed rules. The USPTO is the sole agent for initially disseminating information about inventions to the public. The vast majority of applications filed under the current statutes (those that the applicants have agreed to have published) are open to the public during prosecution. The USPTO has even provided convenient access to such applications through its public PAIR service. Accordingly, the public can easily ascertain the claim scope being sought in any published application, and can review the entire disclosure to ascertain what embodiments might be claimed in the future. It may be worth discussing whether all applications should be published, but that, of course, is a question that must be put before Congress to amend 35 U.S.C. § 122.

If what the USPTO deems “prejudice” is in fact based on any ignorance or misinformation about the current patent laws or rights of applicants, the USPTO itself is in a unique position to educate the public. As the publisher of patent-related information the USPTO could easily point readers of its publications to the public PAIR system (e.g., by including a URL on the face of every patent and published application). The USPTO could likewise explicitly suggest that readers of patents seek patent counsel to help determine, for example, the likelihood of the applicant attaining later claims to additional embodiments, or whether the reader can practice disclosed embodiments (or design around them). Similarly, to educate and to avoid undue and inappropriate reliance by the public on the claim scope of an issued patent that may have a pending child application, the USPTO could easily include in every patent publication a brief statement that readers should be aware that the applicant could have additional applications pending. We believe that taking advantage of the USPTO’s unique opportunity to educate the public are more suitable remedies for any concerns about prejudice to the public that are allegedly inherent in the current system.

Another aspect of the “public notice” concern is outlined where the USPTO states that it finds it prejudicial to allow the unrestricted filing of child applications that maintain a claim of priority to an original application, merely because after a particular product enters the marketplace, the applicant might file (or worse, might be filing continuing applications so that it retains the option to file) claims that cover that product. The USPTO does not point to any indication of legislative intent that this alleged abuse of the USPTO’s resources should be thwarted. It is entirely possible that Congress fully intended, in drafting 35 U.S.C. § 120, for example, to allow applicants specifically to claim their patentable inventions any time during the limited time period (20 years) afforded to applicants in exchange for disclosing their inventions. In fact, the USPTO concedes that *PIN/NIP, Inc. v. Platt Chemical Co.*, 304 F.3d 1235 (Fed. Cir. 2002) acknowledges that the relevant laws do not preclude applicants from attaining the protection to which they are entitled by filing valid and patentable claims during prosecution, even if the claims might cover recently-revealed products. In any case, we do not think the patent system is served by the USPTO using its stated disagreement with a valid legal practice as support for its attempt to reduce the inventory of patent applications—especially where the USPTO’s own data suggests that the number of applicants actively engaging in such a practice must be small.

Further, the USPTO’s concerns about “public notice” and unreasonably delayed examination will not even be addressed significantly in practice by the proposed changes. If, as the USPTO insists, the proposed rules truly would still allow (in mysterious circumstances where as yet unspecified proof is offered and evaluated by as yet unidentified entities) a potentially unlimited chain of continuations, then under the proposed rules the public would still have to be uncertain as to whether an applicant has filed another (presumably unpublished) child application. Accordingly, the proposed rules would not even alleviate the alleged problems with “public notice” and “prejudice.”

We also generally agree with and recommend that the USPTO seriously consider the section “Flawed Assumptions of Proposed Rules” (pages 7-10), in the comments submitted on behalf of the AIPLA.

Possible lack of statutory authority

The USPTO does not appear to have the statutory authority to implement the proposed changes. 35 U.S.C. § 120 states that an application “**shall** have the same effect...as though filed on the date of the prior [parent] application” (emphasis added), if (1) the parent application is co-pending, and (2) the application contains or is amended to contain a reference to the parent application. If the intent and purpose of 35 U.S.C. §120 were to impose no restrictions on claiming priority to parent applications, none would be enumerated in 35 U.S.C. §120. As quoted and codified, however, 35 U.S.C. §120 specifically enumerates two (2) requirements that must be satisfied to claim priority to a parent application. If the intent and purpose of 35 U.S.C. §120 were to impose further restrictions on how and / or when parent priority may be claimed, such further restrictions would be enumerated in the statute. In other words, since Congress went out of its way to specifically codify only two (2) requirements for claiming priority, if any other requirements

had been contemplated and / or desired, they would also have been codified. Only in the absence of any such requirements or in the presence of specifically granted authority would the USPTO be permitted to interpret the statute as potentially allowing for other restrictions concerning priority claiming.

While 35 U.S.C. § 120 allows for the Director to "establish procedures, including the payment of a surcharge, to accept an unintentionally delayed [priority claim amendment]", nothing in the statutes authorizes the USPTO to impose any burden on an applicant to prove that the right to claim the benefit of priority is "necessary to advance prosecution." In fact, according to the statute, a delayed priority claim amendment is the *only* circumstance enumerated where an applicant is considered to have waived the priority benefits guaranteed by 35 U.S.C. §120, as well as the only circumstance where specific authority is granted to the USPTO to "establish procedures" of any sort. It should be apparent that, since Congress went out of its way to specifically delineate a circumstance where the USPTO may affect the benefits afforded by §120, had Congress intended to allow the USPTO to alter, modify, or restrict the benefit of priority outlined in §120 in any other manner, such a grant of authority would also have been included in the codification of the statute. The USPTO in its remarks refers briefly to 35 U.S.C. § 2(b) as authorizing the proposed restrictions on claims of priority. We cannot, however, reconcile the requirement in 35 U.S.C. § 2(b) that the USPTO pass regulations consistent with law, with the proposed limitation on the absolute right to claim the benefit of priority afforded to applicants by § 120.

The USPTO also cites *In re Bogese*, 303 F.3d 1362 (Fed. Cir. 2002) (*Bogese II*) as proof that "applicants face a general requirement of good faith in prosecution" and suggests this gives the Director the authority under 35 U.S.C. § 2 to ensure that applicants comply with that duty. Given the ability of the courts to find a patent invalid under the extreme facts in *Bogese II*, given the fact that the USPTO recognizes the filing of second continuation applications is relatively rare, and given the likelihood that only a negligible number of such applicants are acting as inappropriately as the applicant in *Bogese II*, the proposed changes are an overbroad, overreaching, and harmful fix to a virtually non-existent problem. The USPTO has no evidentiary basis to presume that filers of multiple continuing applications are trying to avoid claiming their invention. To the contrary, we suggest that the majority of such applicants are actively seeking to acquire all of the protection to which they are entitled, by filing claims of varying scope. Such a practice is clearly a "*bona fide* attempt to claim the applicant's invention" and contrary to the extreme behavior prohibited in *Bogese II*.

Accordingly, we do not agree with the USPTO that either 35 U.S.C. § 2 or *Bogese II* grants the Director the authority to require an applicant to prove the necessity of a claim to the benefit of priority to an earlier-filed application under § 120. In particular, neither of the cited sources of authority suggest that the Director is allowed, as proposed in Rule 78(f)(2), to prohibit an applicant from filing even one continuation application under § 120 (if the applicant had previously filed a request for continued examination in the parent application). Further, as described herein, simple statutory analysis seems to indicate that the USPTO *does not* have the authority to alter the specifically enumerated rights drafted and codified by Congress as 35 U.S.C. §120.

We fully expect that if the proposed changes are adopted as proposed, applicants will challenge the authority of the USPTO to issue the regulations. Given the likelihood of such a challenge, we respectfully request that the USPTO to implement the proposed rules. We also request that the USPTO provide a more detailed analysis of how the proposed regulations are believed to be consistent with the rights afforded applicants under § 120. Regardless, at least because the USPTO is now on notice that the proposed rules may be contrary to existing statutes and / or may otherwise violate the powers delegated to the USPTO by Congress, the USPTO should take all available measures to ensure that the potential damages to applicants resulting from the proposed rules are prevented or at least minimized.

4. CONCLUSION

We greatly appreciate the opportunity to offer some suggestions to alleviate some of the problems facing the USPTO and to comment on the USPTO's proposed rules.

Sincerely,

Michael Downs
Magdalena Fincham
Carson Fincham
Steve Filipek
Taylor Davenport

on behalf of Walker Digital Management, LLC