

**From:** Steve Benintendi  
**Sent:** Wed 6/14/2006 1:06 PM  
**To:** Clarke, Robert (OPLA)  
**Cc:** DAVID JEFFERIES  
**Subject:** Comment on Proposed Changes for Continuing Applications

Dear Mr. Clarke,

Our law firm submitted a comment to the proposed rule change on May 3, 2006. We sent it by facsimile according to the instructions in the published proposed rule. Our firm name, however, does not appear on your web site. In accordance with your web site, I have attached an electronic copy of our letter to this message. Please let me know if there is anything more I have to do so that our firm name appears and our letter is considered before rendering a final decision. Thank you.

Regards,

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PATENT, TRADEMARK, COPYRIGHT  
AND UNFAIR COMPETITION LAW  
AND RELATED LITIGATION

EDMUND F. WOOD 1923-1968  
TRUMAN A. HERRON 1935-1976  
EDWARD B. EVANS 1936-1971

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May 3, 2006

Mail Stop Comments, Patents  
Commissioner for Patents  
P.O. Box 1450  
Alexandria, VA 22313-1450

Dear Commissioner:

This letter is responsive to the January 3, 2006 Notice of proposed rule making "Changes to Practice for Continuing Applications, Requests for Continued Examination Practice, and Applications Containing Patentably Indistinct Claims" expressing our strong disapproval of the proposed rule. First, we as patent practitioners and litigators are in complete agreement that there are some serious issues in the patent system that need to be addressed. The Commissioner is correct to identify the incredible backlog of patent applications and the lengthy period of time it takes to prosecute an application to issuance as problems that need to be addressed. We applaud the Commissioner's eagerness to address these admittedly difficult problems.

However, our primary objection to the proposed rule is that the rule is geared to solving these problems by easing the burden on the Patent and Trademark Office ("PTO") itself with apparently little regard for the effects of this rule on the patent system as a whole, which includes a community larger than just the PTO. This rule, while affecting the procedures within the PTO, also affects applicants, patent practitioners, patentees, judges, courts, litigators, etc. and further affects the underlying principles on which the patenting system is based. The PTO is not just solely responsible for the operation of the PTO, but is in essence the overseer of the entire patent system. Its mandate then is not to promulgate rules that make its role in the patent system less burdensome, but to promulgate rules that make the operation of the patent system more efficient and beneficial for everyone involved. The proposed rule particularly fails in this regard.

Assuming for sake of argument that the proposed rule has its intended effect of reducing the backlog and decreasing the time to issue a patent, the effect of this rule on post-issuance aspects of the patent system are considerable. For example, in our view, the proposed rule would significantly increase the number of patent litigations. The proposed rule in essence

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mandates the creation of a written record of statements, admissions, etc., on which the PTO will purportedly rely, as to why an applicant or the applicant's representative did or did not take a certain action. By requiring such a showing as part of the written record, the PTO has effectively mandated the creation of a paper trail that will provide potential litigants with additional inequitable arguments on which to assert unenforceability of a patent. Thus, the effect of the proposed rule would be to significantly increase the burden of the patentee in terms of time, costs, resources, etc. to defend itself against lawsuits based on the written record required by the proposed rule. While such costly post-issuance litigation has no direct effect on the operation of the PTO, it does have a tremendous impact on the patentee, as well as the court system. Moreover, the job of the patent practitioner will become nearly impossible to perform without the constant fear of charges of inequitable conduct, despite best and honest efforts.

The showing required by the proposed rule is not only vague but may potentially have far-reaching implications that extend outside the patent process. For instance, the showing required by the proposed rule may require applicants to reveal highly sensitive business information. The decisions made during prosecution of a patent are in many instances done as part of an overall business strategy. The business strategy is developed at the highest levels of a company or other business entity and is aimed at providing a competitive and profitable position in the marketplace. These businesses go to great lengths to keep its business strategy secret so as to not alert its competitors to its plan to gain a competitive edge. The showing required by the proposed rule will force these businesses to reveal its business strategy and alert its competitors as to how it plans to gain a competitive edge. The showing required by the proposed rule may also implicate the attorney-client privilege. In particular, the showing required by the proposed rule may require applicants to reveal sensitive legal information that could be used by potential litigants to assert waiver of the attorney-client privilege. While we do not believe the PTO intends its proposed rule to have such an effect, the PTO must consider the possible implications of its rule prior to adopting it as PTO procedure. In this case, the implications of the proposed rule extend way beyond its intended purpose and therefore should not be adopted.

In addition, it is our view that the proposed rule will not have its intended result of reducing the backlog of applications and decreasing the time to issuance, but will increase the burden on the PTO and further delay prosecution of an application. The proposed rule would put in place a procedure that requires a further submission to the PTO, for which the PTO must then consider the various arguments, evidence, etc. in order to make a determination whether the showing is sufficient under the rule. Such a procedure will effectively increase the overall time spent on an application, especially if the group within the PTO reviewing such submissions is not properly staffed.

Additionally, by limiting applicants to one RCE or continuing application, applicants will be forced to respond to first Office Actions in the underlying nonprovisional application with a multitude of arguments and other evidence, such as affidavits. Presently, in many cases, the objections and rejections proffered in a first Office Action can be dealt with

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quickly and easily through discussion with the Examiner in order to elucidate the differences in the claims over cited art. However, the proposed rule places a serious consequence on applicants who would respond in this matter, but misjudge whether an examiner will be persuaded by such arguments and issue a final action. Thus, applicants will be forced to respond with all arguments and evidence at their disposal in preparation of a final action, and subsequent appeal.

Moreover, considering the above, it is our view that the number of appeals to the Board will drastically increase. To avoid the new procedure, applicants will opt to appeal the decisions of the examiners in lieu of filing an RCE or continuing application, as is commonly done in today's practice. In fact, the current legitimate uses of continuing applications and RCEs are beneficial to both applicants and examiners. For example, during prosecution of an application, an applicant will often accept claims that the examiner has indicated are allowable, and cancel the remaining claims from the application. Those canceled claims are then often pursued in a continuation application. However, under the proposed rules, continuations will not be used in this fashion, and applicants will choose instead to proceed to appeal. Further, RCEs are often used to allow examiners further consideration of a case, when new issues are raised during prosecution (and particularly following a final Office Action). However, under the proposed rules, this will no longer be done.

The increase in the number of appeals will further prolong prosecution time and result in an additional backlog of appeals and applications. Further, the relationship between the examiners and applicants will become acrimonious as the applicant will be forced to contest everything to avoid the rule. Such an adversarial relationship between applicants and examiners will result in further time delays.

The requirement that divisional applications can claim priority to only one application is also problematic. It is not unusual in some practice areas, e.g., biotech, to receive multiple-way restrictions. Under the proposed rule, all divisional applications must be filed before the issuance or abandonment of the original application. Such a requirement poses a significant financial burden on applicants as the costs for all the divisional will be due in a relatively short time period. The financial burdens may have the effect of making applicants choose which claims to pursue at the risk of allowing other potentially valuable aspects of their inventions, to which they are entitled, to go unprotected. Such a result is contrary to the goals of the patent system. Moreover, the proposed rule regarding divisional applications may also have the effect of increasing the backlog of applications as a large number of divisional applications will be filed simultaneously, or over a relatively short period of time.

In our view, the proposed rule will also dramatically increase the number of petitions that are filed by applicants. For example, it is our view that the number of petitions directed to improper restriction requirements will dramatically increase. It is further our view that the number of petitions directed to improper final Office Actions will dramatically increase. Again, while current practices would allow multiple divisional applications filed in a sequential

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manner or filing of an RCE as a way to deal with improper action on the part of the PTO, applicants will have no other choice but to petition these in order to avoid the harsh consequences of the proposed rule. This will inevitably result in lengthening the prosecution time of an application.

Furthermore, the PTO has not stated a case that would justify the sweeping changes that would be implemented by the proposed rule. In essence, the PTO asserts that the number of second or subsequent continuations, continuations-in-part and RCEs are primarily due to frivolous filings seeking to avoid final agency action. The amount of resources spent on second or subsequent continuing applications is not as high as that asserted by the PTO due to the examiners already being familiar with the subject matter of the continuing application and their experience with the previous related applications (as is the normal procedure in the PTO). Moreover, the proposed rule addresses the bad actions of a relatively small group by restricting the legitimate actions of the much larger group. Any proposed rule should specifically target the bad actions without impinging on the legitimate actions of others. In any event, the reduction in frivolous filings is currently being addressed in other ways. For instance, the twenty-year patent term reduces the incentive for submarine patents. The eighteen-month publication also serves the purpose of providing notice to the public. This notice function could be expanded by eliminating the current exception and making publication mandatory in all applications, and by publishing the claims as amended by preliminary amendment. Moreover, judicial remedies, such as prosecution laches, are also being used to prevent the misuse of the continuing application process. Any determination that an applicant is not making a bona fide attempt to bring an application to completion is one that is better left to the courts and not made at the administrative level.

The backlog of applications and the relatively long period of time to prosecute a case to issuance are serious problems that must be addressed. The proposed rule attempts to address these problems with a very narrow focus that ignores the larger view of an efficient patent system. We recommend that the problems be addressed by bringing together all the relevant parties to the patent system, including the PTO, patent practitioners, patentees, litigators, and judges, to arrive at a solution that benefits all the parties in the patent system. The input from all the various parties will result in improved rule making, a greater understanding of the issues and concerns of each of the parties, and a spirit of cooperation that results in an improved patent system. For example, those from the business community may be able to suggest improved ways to train and retain examiners. Patent practitioners may be able to suggest alternate rules that accomplish the stated goals without the detrimental effects to patentees noted above. For instance, reducing unnecessary/bad restriction requirements, relaxing after-final practice and/or implementing delayed examination procedures may be possible solutions to achieve a reduction in the backlog of applications.

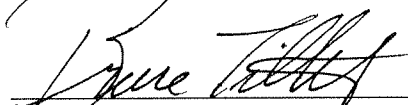
Finally, it must be recognized that fee diversion over the past decade, and the failure of the PTO to hire examiners at a rate commensurate with increased filings, has brought

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us to this current state. In effect, patent applicants have paid substantial sums to provide the PTO with the ability to be efficient and well staffed, only to have that money spent elsewhere and drive the PTO into a state of despair. The proposed rule attempts to place the blame on applicants for aggressively pursuing their rights, and to shift to applicants and the patent bar the responsibility to fix the current state of despair. Such an approach is unacceptable. The government needs to fix the problem that they created, by returning diverted funds and properly staffing the PTO. While this may take time, it is the appropriate solution. Short-term impact-type solutions that are likely to have little, if any, impact on the problems they are meant to address, while creating a plethora of new problems cannot be the solution. The proposed rule seems to flow from a mindset of "desperate times call for desperate measures." We respectfully caution the PTO from acting out of desperation. The proposed rule is ill conceived, and should not be adopted out of desperation to "do something, anything." The end of fee diversion and the hiring and training of new examiners must be allowed time to have an impact before we conclude that desperate measures must be taken.

We applaud the Commissioner's willingness to address these difficult issues. The proposed rule, however, will not achieve its goals and will have a negative impact on the overall patent system. Accordingly, we strongly recommend that this rule not be implemented.

Respectfully Submitted,



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Wood, Herron & Evans, L.L.P.