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**From:** gary.williams@gmail.com on behalf of Gary Williams

**Sent:** Tue 5/2/2006 12:29 AM

**To:** AB93Comments

**Cc:**

**Subject:** Comments by Gary Williams on Proposed Rule Makings AB93

To the Commissioner of Patents,

Please replace the comments submitted by Gary S. Williams on April 30, 2006 with the attached comments.

The attached comments address the Proposed Rule Making published in the Federal Register, Vol. 71, No. 1, Tuesday, January 3, 2006 and identified therein as follows:

37 CFR Part 1

[Docket No.: 2005-P-066]

RIN 0651-AB93

Changes To Practice for Continuing Applications, Requests for Continued Examination Practice, and Applications Containing Patentably Indistinct Claims

Regards,

Gary S. Williams

Reg. No. 31,066

Comment Concerning Proposed Rule Making RIN 0651-AB93  
May 1, 2006

Department of Commerce  
Patent and Trademark Office  
37 CFR Part 1

Comments by  
Gary S. Williams, Reg. 31,066

Brief Summary of Recommendations:

- 1) Explicitly allow the filing of RCEs, without numerical limitation, when accompanied by an IDS and a statement under 1.97(e).
- 2) Eliminate all ties between limits on the filing of RCEs and limits (if any) on the filing of continuation applications.
- 3) Eliminate 1.78(f)(2) and 1.78(f)(3).
- 4) Eliminate all proposed limitations of filing continuation applications.

A) Background Statement

The proposed changes to §1.78 and §1.114 cut off substantive patent rights for reasons other than patentability (as set forth in sections 102, 103 and 112 of Title 35) and procedural misconduct. It should be recognized by all that this is revolutionary and unprecedented. As will be explained in more detail below, some aspects of the proposed rule changes exceed the rule making authority of the USPTO under 35 U.S.C. 2.

Broadly speaking, other than statutory limitations on what subject matter is patentable, the only bases for preventing applicants from obtaining patents on inventions are patentability and procedural misconduct. In addition, 35 U.S.C. 154 limits the patent term to 20 years from the earliest applicable filing date, and thereby prevents applicants from extending the patent term through the filing of continuation applications.

There is little factual basis for the statement in the Notice of Proposed Rule Making that continuation applications contribute to the backlog of unexamined application, other than the fact that the filing of any patent application contributes to that backlog. Examiners will tell you that the processing of continuation applications takes much less time, on average, than the processing of non-continuation applications. The Examiner of a continuation application is often familiar with the subject matter of the application because he or she examined the parent application. Furthermore, the claims of continuation applications are often more precisely focused than the claims of non-continuation applications, due to the applicants' familiarity with the references cited in the parent application(s). Thus, the average processing time of such applications by Examiners is certainly less than the processing time of non-continuation applications, which undermines the argument that continuation applications unduly contribute to the backlog of unexamined applications.

Title 35 mandates that the USPTO examine patent applications and issue patents on inventions that meet the substantive requirements of novelty and non-obviousness (as set forth in sections 102 and 103), as well as the written description requirements of 35 U.S.C. 112. See 35 U.S.C. 131.

**35 U.S.C. 131 Examination of application.**

The Director shall cause an examination to be made of the application and the alleged new invention; and if on such examination it appears that the applicant is entitled to a patent under the law, the Director shall issue a patent therefor.

Rules that prevent inventors from obtaining patents on "true inventions" (i.e., inventions that are novel and non-obvious) must be consistent with the "entitled to a patent under the law" requirement of 35 U.S.C. 131.

Efficient operation of the USPTO, and the backlog of unexamined applications, are impacted by numerous processes that compete for the resources of the USPTO. The USPTO would do well to consider the likely impact of any proposed rule changes on the number of appeals filed, as well as on the number of petitions that may be filed. Appeals consume significant resources, both of the applicant and the USPTO, and therefore a dramatic increase in the number of appeals would certainly have a commensurate impact on the resources of the USPTO. Large numbers of new petitions, while perhaps less costly than appeals, would consume significant USPTO resources because of the need to have sufficient manpower to ensure fast action to avoid permanent loss of rights by applicants.

**B) Complex Inventions**

Many of our most important inventions are complex inventions or groups of inventions, bringing together multiple improvements or inventions to produce a new product or process. Complex inventions typically require the filing of multiple patent applications. For reasons that include economic efficiency as well as satisfaction of the enablement and best mode requirements of 35 U.S.C. 112, it is common for such applications to either have identical specifications that describe multiple inventions, or to have large portions that are identical. In addition, the very nature of team efforts to develop complex inventions results in the presence of one or more common inventors in multiple applications.

The combined effect of the proposed changes to rules 1.75, 1.78 and 1.114 will be to prevent the effective protection of many such inventions. Proposed rule 1.78(f) creates a presumption that groups of applications filed on the same date, or having the same priority date, with substantially the same specifications, contain patentably indistinct claims, and furthermore requires that such claims be confined to a single application. However, the proposed changes to rule 1.75 limits substantive examination of an application to ten designated claims, unless the applicant is willing to make the admissions against interest required by proposed rule 1.261. As a result, claims

directed to distinct inventions, but filed in such a group of applications will be presumed to be patentably indistinct, and the requirement that all such claims be confined to one application will effectively require the applicant to forgo protection of many of these inventions. Added on top of this, the applicant will be unable to pursue applications on the distinct inventions through the filing of continuation applications due to the restrictions imposed by proposed rule 1.78(d).

While the USPTO may state that the presumption in 1.78(f) is rebuttable, the fact is that the proposed rule changes work together so as to prevent applicants from pursuing patent protection on multiple related inventions in multiple copending applications. This commenter submits that rule changes which deny inventors the right to protect true inventions, which meet all substantive patentability requirements, are contrary to the statutory requirements of 35 U.S.C. 131 and are also contrary to the entire purpose of the USPTO, which is to facilitate the protection of inventions.

### C) Requests for Continued Examination

While the rationale for linking limits on RCEs to limits on continuation applications has a factual basis, the negative impact of this linkage on both applicants and the operation of the USPTO will far outweigh the problem that the proposed rule change is attempting to address. For the reasons explained in more detail below, it is recommended that any limits on the filing of RCEs be decoupled from limits, if any, on the filing of continuation applications.

It is noted that there is a strong interaction between the proposed changes to §1.75 and the proposed limitation on RCEs and continuation applications. By placing a limit of ten on the number of claims to be examined, more applicants will be forced to submit responses to first office actions that include the addition of limitations not found in the originally designated claims. In turn, Examiners will issue second, final office actions that state, for the first time, new grounds of rejection. Since Examiners routinely refuse to consider amendments after final rejection, and filing an RCE would eliminate the opportunity to file a continuation application, Applicants will be forced to file appeals without ever having a chance (prior to appeal) to rebut the Examiner's rejections in the second office action. This nightmare will happen tens of thousands or perhaps hundreds of thousands of times per year.

With the assistance of a few colleagues, I file approximately 200 new applications per year, virtually all on "sophisticated technology" inventions (complex electronics, digital signal processing, software, etc.). In my experience, even under the current rules two office action responses are sufficient to obtain claim coverage commensurate with the differences between the invention and the prior art of record in about 60 to 65 percent of all applications. Thus, approximately 35 to 40 percent of all applications require the filing of a request for continued examination in order to obtain allowance of claims of appropriate scope without the filing of an appeal. While this may represent a higher level of tenacity than average, the fact is that many Examiners fail to develop a thorough understanding of an invention and the cited prior art while preparing the first office action, causing the entire prosecution process to be extended.

Since RCEs are so commonly required due to the failure of Examiners to make effective use of the first office action, the filing of at least a first RCE should be a matter of right in all applications, without any negative impact on the ability of the applicant to file continuation applications. If the proposed rule changes are adopted without decoupling limits on RCEs from limits on continuation applications, Applicants will be forced to pursue appeals in order to avoid being blocked from filing a continuation application on a second invention disclosed but not claimed in the parent application. This will happen in large numbers of applications that could have been resolved, in a manner acceptable to both the applicant and the USPTO, without undue delay or expense through the filing of a single RCE.

In summary, even without the proposed changes to §1.75, the proposed rule changes to §1.78 and §1.114 will result in a huge increase in appeals. By decoupling limits on the filing of RCEs from limits, if any, on the filing of continuation applications, a needless and wasteful flood of appeals would be averted.

Furthermore, it should be noted that many RCEs are filed due to the receipt of prior art references from foreign patent offices, potential licensees, litigation opponents, and the like. So long as the applicant can truthfully make the statement required by §1.97(e), there is no basis for limiting the filing of such RCEs, nor is there any basis for eliminating an applicant's right to file a continuation application due to the filing of such RCEs.

### C) Continuation Applications

35 U.S.C. 120 requires that any patent application be granted an effective filing date of its parent application "if filed before the patenting or abandonment of or termination of proceedings on the first application or on an application similarly entitled to the benefit of the filing date of the first application and if it contains or is amended to contain a specific reference to the earlier filed application."

#### **35 U.S.C. 120 Benefit of earlier filing date in the United States.**

An application for patent for an invention disclosed in the manner provided by the first paragraph of section 112 of this title in an application previously filed in the United States, or as provided by section 363 of this title, which is filed by an inventor or inventors named in the previously filed application shall have the same effect, as to such invention, as though filed on the date of the prior application, if filed before the patenting or abandonment of or termination of proceedings on the first application or on an application similarly entitled to the benefit of the filing date of the first application and if it contains or is amended to contain a specific reference to the earlier filed application.

### First Generation Continuation Applications

The first portion of the phrase from section 120 quoted above applies to all patent applications that are filed during the pendency of a first application and that contain a specific reference to the first application. These may be called "first generation continuation applications."

The "shall have the same effect" language in section 120 is an unequivocal mandate. Applications that are filed during the pendency of a parent application and that explicitly claim priority to the parent application shall have the same effect as though filed on the date of the parent application.

The only qualification of this mandate concerns applications that do not contain a specific reference to the earlier filed application at the time the application is filed. This portion of section 120 reads as follows:

No application shall be entitled to the benefit of an earlier filed application under this section unless an amendment containing the specific reference to the earlier filed application is submitted at such time during the pendency of the application as required by the Director. The Director may consider the failure to submit such an amendment within that time period as a waiver of any benefit under this section. The Director may establish procedures, including the payment of a surcharge, to accept an unintentionally delayed submission of an amendment under this section.

There is no authorization in section 120, or elsewhere in Title 35, to limit claims of priority in patent applications, except with respect to the timeliness with which such claims are submitted.

### Second Generation Continuation Applications

With respect to "second generation continuation applications," which are patent applications filed after the issuance or abandonment of the parent application, but which claim priority to a copending patent application that contains a valid claim of priority to the parent application, the applicable language from 35 U.S.C. 120 reads as follows:

#### **35 U.S.C. 120 Benefit of earlier filing date in the United States.**

An application for patent for an invention disclosed in the manner provided by the first paragraph of section 112 of this title in an application previously filed in the United States, ... which is filed by an inventor or inventors named in the previously filed application shall have the same effect, as to such invention, as though filed on the date of the prior application, if filed before the patenting or abandonment of or termination of proceedings ... on an application similarly entitled to the benefit of the filing date of the first application and if it contains or is amended to contain a specific reference to the earlier filed application.

There are numerous published District Court and Appellate Court decisions concerning patent enforcement lawsuits where at least one of the patents in suit issued from a "second generation

continuation application." Except in those cases where the applicant failed to properly claim priority, the effective filing dates of these patents has been universally held be governed by the portion of 35 U.S.C. 120 quoted above. Thus, Section 120 grants inventors the right to submit second generation continuation applications.

#### Good Faith in Prosecution

The introductory portion of the AB-93 Notice of Proposed Rule Making states that "applicants face a general requirement of good faith in prosecution." It is submitted that filing a patent application that describes multiple inventions, and then filing continuation applications with claims directed to those inventions is not evidence of bad faith in prosecution.

Furthermore, the standard of proof required in the proposed rules "that the amendment, argument or evidence could not have been submitted during the prosecution of the initial application or the first continuing application" makes little sense when the object of the continuation applications is to obtain patents on distinct inventions. Each patent application is, both by law and regulation, to be directed to a single invention. Patent applications directed to multiple inventions are subjected to restriction, per 35 U.S.C. 121. Therefore filing multiple applications to claim multiple inventions is actually evidence of good faith compliance with the "one invention per application" requirements of Title 35, regardless of whether those applications are filed simultaneously or as continuations of a parent application.

Furthermore, the "could not have been submitted" standard in the proposed rules is an inhuman standard, requiring a level of perfection during prosecution that no one, including the employees and officers of the USPTO, can claim to have achieved. There is a very large distance between a requirement of good faith in prosecution, and a requirement of perfection.

To further parse the "bad faith" issue, let us consider, in order, first generation, second generation and subsequent generation continuation applications.

First Generation Continuation Applications. It is submitted that the filing of multiple first generation continuation applications cannot be presumed to be bad faith prosecution, because such applications cannot be used to delay prosecution. Stated differently, first generation continuation applications, regardless of their number, fall outside the scope of the *In re Bogese* decisions. While filing a truly excessive number of first generation continuation applications (e.g., a large number of applications that all contain patentably indistinct claims) might amount to bad faith, the commenter doubts that this has occurred sufficiently often to warrant the issuance of the currently proposed rule changes.

Similarly, the simultaneous filing of multiple applications having at least one common inventor and specifications that having identical portions, cannot be presumed to be bad faith prosecution, because the simultaneous filing of such applications cannot be used to delay prosecution. To the contrary, the most common reason for simultaneous filings of multiple applications is entirely appropriate: the multiple applications are directed to multiple distinct inventions, all of which relate to the same product, service or the same group of products or services.

Second Generation Continuation Applications. With regard to second generation continuation applications, it is submitted the 35 U.S.C. 120 and 121 explicitly sanction the filing of divisional applications while a parent application is pending, and the filing of continuation applications while any divisional application is pending. Therefore, 35 U.S.C. 120 and 121 explicitly authorize the filing of first and generation continuation applications, and the filing of such applications cannot be presumed to be evidence of bad faith in prosecution.

Subsequent Generation Continuation Applications. Finally, with respect to subsequent generations of continuation applications, filed after the issuance or abandonment of all first generation continuation applications, the issue of bad faith in prosecution can be addressed by comparing the claims of such applications with the claims in other applications that claim priority to the same parent application. Applicants can be required to identify all such applications, their status and/or outcome. The USPTO could then determine if such applications contain patentably indistinct claims and then process those applications accordingly. For instance, if a subsequent generation application contains claims that are patentably indistinct from a previously issued or allowed application, one set of consequences could apply, and if the new application contains claims that are patentably indistinct from the claims prosecuted in a previously abandoned application, then a second set of consequences could apply.

Summary. This commenter recommends replacing the proposed rule changes with rule changes that are more narrowly focused on applications that exhibit objective indicia of bad faith in prosecution (e.g., patent applications containing patentably indistinct claims with respect to other applications in the same patent application family).

#### D) Presumption that Copending Applications Contain Patentably Indistinct Claims

§1.78(f)(2) creates a presumption that applications having the same filing date, at least one common inventor, a common assignee, and substantially overlapping disclosures contain patentably indistinct claims. This is tantamount to a presumption that applicants are gaming the system and that their attorneys are acting in bad faith. Such a presumption is insulting to practitioners, and represents an overreaction to tactics engaged in by a small minority of applicants.

It should be recognized by the USPTO, however, that the proposed change to rule 1.75 may produce an incentive to divide ordinary applications in two in order to obtain substantive examination of more than ten claims. Especially for inventions which require the filing of six or more independent claims (in order to obtain protection commensurate with the novel aspects of the invention), there will be strong incentives to file two or more applications - which would conflict with proposed §1.78(f)(2). However, this phenomenon will be of the USPTO's own making.

The full impact of proposed §1.78(f) will be to limit the ability of applicants to protect complex inventions that have multiple features or combinations of features that satisfy the substantive patentability requirements (as set forth in sections 102, 103 and 112 of Title 35), and will therefore create incentives for applicants and their counsel to find new ways to game the system

in order to obtain patent protection for those inventions. The "medicine" administered by proposed §1.78 is not only worse than the problem it purports to address, it also undermines the relationship between the USPTO and the patent practitioners that the Office relies upon to make the patent prosecution process work smoothly.

This commenter suggests the deletion of proposed §1.78(f)(2) and §1.78(f)(3) in their entirety. Proposed §1.78(f)(1) will provide the USPTO with the information needed to identify copending applications with common ownership and overlapping sets of inventors, and from that information the USPTO can identify applications with patentably indistinct claims. The Examiners of such applications can, under existing rules, require the filing of a terminal disclaimer and/or the cancellation of identical claims.