

**From:** Erin Sheehan

**Sent:** Monday, February 04, 2013 4:57 PM

**To:** RCE outreach

**Cc:** Todd Dickinson; Vincent Garlock; James Crowne; Albert Tramosch; Claire Lauchner

**Subject:** Request for Continued Examination Practice

Attached please find the comments of the American Intellectual Property Law Association in response to USPTO notice entitled "Request for Comments on Request for Continued Examination (RCE) Practice", 77 Fed. Reg. 72830, published on December 6, 2012.

Please acknowledge receipt by return email.

Thank you,

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February 4, 2013

The Honorable Theresa Stanek Rea  
Acting Under Secretary of Commerce for Intellectual Property and  
Acting Director of the United States Patent and Trademark Office  
United States Patent and Trademark Office  
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Via email: [rceoutreach@uspto.gov](mailto:rceoutreach@uspto.gov)

**Re: Response to “Request for Comments on Request for  
Continued Examination (RCE) Practice”  
77 Fed. Reg. 72830 (December 6, 2012)**

Dear Acting Under Secretary Rea:

The American Intellectual Property Law Association (AIPLA) is pleased to have the opportunity to present its views with respect to the United States Patent and Trademark Office (Office) Notice entitled “Request for Comments on Request for Continued Examination (RCE) Practice” as published in the December 6, 2012, issue of the *Federal Register*, 77 Fed. Reg. 72830 (Notice).

AIPLA is a national bar association with approximately 14,000 members who are primarily lawyers in private and corporate practice and government service and in the academic community. AIPLA 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. Our members represent both owners and users of intellectual property.

### **General Comments**

RCE practice is based on the provision in 35 U.S.C. § 132(b), added by the American Inventors Protection Act, Public Law 106-113, sec 1000(a)(9), 113 Stat. 1501 A-582 (November 29, 1999), and implemented by the Director in 37 C.F.R. § 1.114 and MPEP 706.07(h). The purpose of the provision was to authorize the Director to prescribe regulations for the continued examination of an application notwithstanding a “final” rejection, at the request of the applicant, and to avoid the need to file a continuation application with a consequent loss of all earned patent term adjustment.

Those familiar with patent prosecution practice before the Office generally understand that it has long been Office policy and practice to typically provide an examination of a patent application and a reexamination of that application after the applicant has had an opportunity to respond to the results and conclusions of the first examination. Examiners were and are encouraged under

the principle of compact prosecution to make the second action (results and conclusions of the reexamination) “final” unless new issues are raised that are not caused by some action (amendment or submitted evidence) by the applicant (see MPEP 706.07(a)). When responding to a “final” action, applicants no longer have a right to have any further amendment or evidence entered or considered, although the examiner has discretion to enter and consider new amendments or evidence, and that discretion is typically not exercised because the examiner determines that the amendment or evidence raises new issues that would require further search and consideration.

Faced with this type of after-final situation, an applicant could challenge the finalization of the outstanding Office action in a number of ways: (1) the applicant could file a petition disputing the denial of entry of a new amendment or evidence so that prosecution could continue based on the new amendment and/or evidence (such petitions were expensive and rarely successful), (2) the applicant could file a continuation application where the new amendment and/or evidence would be added as a matter of right and further examination would take them into account, or (3) the applicant could appeal without entry of the amendment and/or evidence. Filing a new continuation application was burdensome for both applicants and the Office, so historically the Office adopted several programs, such as Continued Prosecution Applications (CPAs) or applications filed under 37 CFR § 1.62, permitting continued examination within the same file wrapper. In similar fashion, Congress was persuaded to authorize a simplified procedure for continuing prosecution of the subject matter of a patent application by adopting the continued examination practice of 37 CFR § 1.53(b). The new RCE practice did not require the filing of a continuation application but continued prosecution of the application with the same number and with retention of earned patent term adjustment.

Several of the problems that exist today relative to RCE practice are essentially the same as those that existed before RCE practice was introduced. They typically focus on whether it was proper or appropriate for the examiner to deny entry of a response after final rejection that necessitated the filing of a continuation application to have new amendments/evidence considered. Before addressing the specific questions set forth by the Office in the Notice, special attention should be paid to the current RCE backlog. Equally important is the uncertainty created by the decision a few years ago to move RCEs from an examiner’s amended docket to the continuing new docket and to accord them less examiner credit compared to continuations or new applications.

According to the statistics published on the Office website, the RCE backlog has risen 5-fold, from less than 20,000 in the last quarter of FY 09 to about 100,000 in the final quarter of FY 12. This appears to be caused by the manner in which RCEs are docketed for review. In the past, RCEs were placed on an examiner’s amended docket, where they were expected to be acted upon within two months of docketing to the examiner. Currently, however, RCEs are placed on an examiner’s “continuing new” docket. An examiner’s continuing new docket includes all continuations, divisionals, and RCEs, from which (based on the effective filing date) there is an expectation that only one case needs to be acted upon each month.

This is in contrast to the requirement that an examiner must complete action on all amended applications within two months of docketing to the examiner. The disparity in the number of

applications which must be acted upon on each section of an examiner's docket coupled with the disincentive for examiners to even act on RCEs stemming from the reduced work credit for such action has, we believe, led to the increasing backlog in the number of continuing applications and RCEs on some examiner's dockets. Additionally, it has created much greater uncertainty for applicants and practitioners who do not know when to expect action on an RCE. The variation in the size of an examiner's continuing new docket, the practice of some examiners of completing only the required one RCE per month, and an apparent non-uniform application of general Office policies and practices regarding docket management have led to delays in RCE processing by as much as 2 years.

Therefore, AIPLA urges the Office to take steps to return to the former policy of placing RCEs on the amended docket, or to develop alternative means of addressing docket management/work-flow issues to provide more timely action on RCEs.

AIPLA recognizes that RCEs are a common and frequently necessary practice (at least in some art units). In feedback on the Notice, AIPLA members suggested that the Office perceives RCEs as an applicant-generated problem that the Office does not need to address or account for. Further, member feedback to the Notice showed at least a perception that the Office does not believe that the increased use of RCEs may have resulted from efforts by examiners to reduce the allowance rate, or that it could be an unintended consequence of the recent performance agreement with examiners. Whatever the cause, AIPLA continues to believe it is important to deal with this "hidden" backlog which is growing and reflects a real challenge that needs to be monitored, discussed, and resolved cooperatively by all participants. Instructed by the adage that "one gets what one measures," AIPLA believes that pendency goals should be established and tracked for RCEs (i.e., X months from filing to final disposition of RCEs and Y months for traditional total pendency including RCEs). These measures would establish a clear focus on the problem and would keep the user community fully apprised of the Office's success in bringing it under control.

The new fee schedule retains the nearly doubled fee for any subsequent RCEs and even the moderated fee for the first RCE is still high when compared to the costs of examining a case from scratch or of examining a continuation application, which has already had an examination. The Office has acknowledged in the Activity Based Costing information provided along with the proposed fees of February 2012, that the examination of an RCE costs less than examination of a utility application. The concern remains that increasing the RCE fee not only unfairly penalizes many applicants, but also supports a model that is not working.

AIPLA recognizes that the lowering of the fee for filing an RCE will have an impact on the aggregate cost recovery of the Office. But AIPLA is also concerned about appropriately matching fees with the underlying costs and about achieving appropriate value for the fees paid. These thoughts lead to two potential proposals to better justify or set the fees while still maintaining appropriate cost recovery for the Office: (1) impose a higher RCE fee but place the RCE on the amended case docket (same response time as an Office action), and (2) apply a fee similar to that currently charged for RCEs associated with placements on the continuing new case docket.

AIPLA is encouraged by this study of RCEs and looks forward to working with the Office on improvements and solution.

Answers to the eleven specific questions in the Notice follow.

**(1) If within your practice you file a higher or lower number of RCEs for certain clients or areas of technology as compared to others, what factor(s) can you identify for the difference in filings?**

Most AIPLA members commenting did not report any significant variation in the number of RCEs by technology area, although Office statistics should be able to identify technology areas with a higher or lower number of RCEs. Other observations of interest were as follows:

- a. While not attributed to any particular technology area, some members noted that although a small number of examiners are typically very flexible about entering new amendments or evidence after final, most are not. Some attributed this difference to the level of experience or confidence of the examiner and/or their knowledge of the art.
- b. Some members noted that there may be differences in RCE usage between U.S. and non-U.S. applicants. This is possibly due to communication and timing challenges across geographic boundaries.

**(2) What change(s), if any, in Office procedure(s) or regulation(s) would reduce your need to file RCEs?**

As discussed, for example, in response to Question 3 (below), a primary reason for the filing of RCEs is the non-entry of evidence and/or amendments after a final action. AIPLA members noted that the Office has made an effort to encourage entry of amendments after “final” in its “After Final Consideration Pilot (AFCP).” The AFCP program authorizes extra time for examiners to consider responses after a final rejection. AIPLA is hopeful that a review of the pilot, currently scheduled to end in March 2013, will show it is effective in reducing the number of RCEs as well as provide additional insights on how to effectively address the “non-entry” issue of amendments and evidence.

Several AIPLA members suggested that further training and enforcement of the proper application of the standard for non-entry of amendments and evidence after final would be helpful. Nonetheless, encouraging the use of discretionary entry of after-final amendments and/or evidence coupled with policy changes broadening required entry of after-final submissions are suggested.

The complexity and conflicting pressures of prosecution, for example, in terms of both applicant and Office resources, estoppel, and downstream patent enforcement strategies, create seemingly inefficient prosecution and review methodologies. One suggestion to address prosecution in view of these realities is to adjust the current examination system to allow applicants to continue

prosecution with up to two additional non-final actions for a fee as an alternative to filing an RCE and without having to go back to the end of the line for action.

The examiner “count” system, even with changes made in recent years, encourages the exercise of actions such as denial of entry of evidence and amendments after final which in turn leads to RCEs. This is still the case even with the AFCP program incentives because an RCE affords more counts than entering the amendment and allowing the application. Additional refinements in the system to further neutralize the “count” effect on entering, or not entering evidence or an amendment is encouraged. Currently, the count system rewards behaviors not in alignment with the desire of applicant to receive a patent. The changes in the count system to allocate greater credit to a first Office action, give credit for a final rejection and reduce the credit for an allowance incentivize starting examination of an application and providing a final rejection but not necessarily finding allowable subject matter. Even with the reduction of credit for an RCE, there is still an incentive for an examiner to push for an RCE. Providing incentives for identifying allowable subject matter and rebalancing the counts allocated within an application could assist in reducing the need for RCEs.

Several AIPLA members expressed continuing concern regarding examination quality oversight. While it is understood that principle authority lies with the primary examiner to make patentability decisions, reconsideration of the rejection is often sought through the supervisory staff. Member anecdotes support a conclusion that Office supervisory staff is often reluctant to intervene during prosecution even when system efficiencies could be gained or when the supervisory patent examiner seemingly agrees that the rejection is flawed. A further emphasis on supervisory and quality oversight is encouraged.

The Office is commended for adopting the Quick Path IDS (QPIDS) program, which permits the consideration of prior art which may be certified under 37 C.F.R. 1.97(e) after the payment of the issue fee and which goes to an RCE only if the new art necessitates a new rejection of the application. This program should be made permanent, if it is not already. It is recommended that an alternative program be developed which permits the consideration of prior art which may not be so certified after final rejection, allowance, or payment of the issue fee. This could be accomplished with the payment of a fee and similarly only require an RCE if the new art requires another rejection.

Also, even though standards for making a second or subsequent action final exist, many AIPLA members have commented these standards are often misapplied. For example, members have observed that some examiners do not find and apply the best prior art in their initial search, but rather present the best prior art in the second or third Office action and still make actions final even though applicants have not had the opportunity to reply as a matter of right. This seemingly results from an incomplete or piecemeal search by the examiner of all claims and the disclosure. A more complete search and citation of all relevant prior art in the first Office action would facilitate the compact prosecution desired by the Office and a reasonable opportunity to address prior art at the earliest possible time desired by applicants. While AIPLA appreciates that new art is sometimes required due only to an applicant’s unforeseen amendment, in many cases, the basic substance of an invention is not altered by amendments and “new” prior art would have

been equally applicable earlier in prosecution. In such cases, reliance upon purely procedural methods to manage examiner workflow, rather than focusing on substantive issues of merit, generate unnecessary inefficiencies. Further focus on examination quality, substantive understanding of the technology and prior art in the examiner's assigned area, and effective communication remains a preferred means of addressing many of the situations in which RCEs are required.

AIPLA encourages the Office to continue to emphasize that examiners promptly complete examination and that supervisors thoroughly review examiners' work. While the Office is looking at incentives for the applicant community, AIPLA believes that the Office also needs to look at the incentives which fees create for the Office and its personnel. All things being equal, the increased revenue (and Examiner credits) stemming from RCE filings (which are at least partly under the control of the Office) may tend to incentivize the behavior that leads to RCE filings. Incentives need to be balanced for all participants.

AIPLA proposes that the Office create a new procedure for a "single review RCE" or a "one more action" procedure with a lower fee than that currently being charged for an initial RCE. This new procedure is envisioned as an opportunity for an examiner, in exchange for some portion of a count, to consider art the examiner has newly discovered or identified or for an applicant to put claims in condition for appeal. It would also provide an opportunity for an examiner to update his or her search following an agreement after final on potentially allowable subject matter, all without requiring a full RCE with a delayed track, multiple actions, and the like. This procedure should not be slow-tracked onto the continuing new case document, but should be maintained on the amended case docket (response to Office action scheduling), or even faster, and treated as an amendment after final, and should provide some count or other benefit to the examiner commensurate with the fee and the work. This is similar to some of the ongoing efforts of the Office (specifically the after-final pilot program), but would be available as a matter of right and would come with a smaller fee than a current RCE (but more than the pilot program which does not currently require payment of additional fees to the Office).

It is noted that in many instances the "race to final action" also results in premature or unnecessary appeals. AIPLA therefore encourages enhancing pre-appeal brief conferences to include applicant participation in an interview with the examiner and two other Office personnel to further facilitate assuring that the case is ripe for appeal or that an appeal is even necessary.

**(3) What effect(s), if any, does the Office's interview practice have on your decision to file an RCE?**

Many AIPLA members noted interviews often have a positive impact on advancing prosecution of an application by facilitating communication between applicant and the examiner, especially regarding the nature of the invention, potential arguments, and potential claim amendments. In some instances, these positive interactions lead to fewer RCEs.

However, several members expressed frustration with interviews after a final rejection as the presumption by the examiner is that it introduces and raises new issues that are merely precedent

to an RCE. Examiner crediting systems encourage this practice rather than seeking to resolve patentability issues as soon as possible. Early and open communication is able to resolve many problems. However, in many cases, the need for an interview is not apparent until late in prosecution. Further, even if an interview is conducted prior to the final rejection where all issues are overcome, a new search often leads to a final rejection based on new prior art. The Office is encouraged to place additional emphasis on performing complete searches of “the invention as described and claimed” as required in MPEP 904. Finally, some members have encountered examiners that refuse or make it difficult to schedule an interview after a final rejection has been made, but will grant the interview for the RCE. Further, some examiners will not grant an interview on an RCE until the case comes up for action on their docket.

Anecdotally, members indicated that some examiners acknowledge during the interview that the arguments are convincing, indicate that they are utilizing the after final pilot to consider amendments but nevertheless then deny entry of the amendment. This results in inefficiency for the Office and applicant but more time and credits for the examiner. Alignment of incentives for all parties is recommended.

While the Office has indicated that the after final pilot has increased the allowance rate by 4%, some members felt that many examiners will not utilize the program. It is suggested that a variation be considered which would require a fee but would make the entry of any amendment or evidence a matter of right.

- (4) If, on average, interviews with examiners lead you to file fewer RCEs, at what point during prosecution do interviews most regularly produce this effect?**

See answer to Questions 3 and 10.

- (5) What actions could be taken by either the Office or applicants to reduce the need to file evidence (not including an IDS) after a final rejection?**

The iterative/burden shifting nature of patent prosecution often makes it difficult to appreciate what is needed to overcome rejections. As a matter of first principles, it is suggested that Office actions be enhanced to clearly highlight not only what issues prevent patenting, but what would be required to obviate these issues. In addition, examiners often make “technical” rejections based on their own claim interpretation rather than providing rejections of the invention as disclosed. This dichotomy between rejection of the “claims” and of the “invention as disclosed and claimed in view of the disclosure” creates unnecessary prosecution that can often be resolved through open and candid discussion rather than legal and technical rejections solely drawn to “moving the case” and “garnering credit.” That is, examine the claims using a “could have reasonably been expected to have been claimed” standard by reviewing not only the literal language of the claims, but the also the specification. It is noted that MPEP 904 indicates that a first search should cover the invention as described and claimed, including the inventive concepts toward which the claims appear to be directed.

**(6) When considering how to respond to a final rejection, what factor(s) cause you to favor the filing of an RCE?**

AIPLA members provided a number of factors that are considered in responding to a final rejection or filing an RCE. These factors include:

- a. An extension of time will be necessary to file the response and given the perceived likelihood that an amendment and/or new evidence would not be entered, and that an RCE would need to be filed any way, simply filing the RCE and avoiding an extension of time is more cost effective;
- b. Previous experience with the examiner in entering evidence or amendments after final;
- c. Previous experience with the examiner in considering arguments after final;
- d. The effect filing the RCE may have on Patent Term Adjustment;
- e. Whether or not the case is ripe for appeal;
- f. If the examiner insists on an RCE before consideration of the submission; (e.g., an advisory action with non-entry of the amendment and/or evidence is received);
- g. Whether or not the examiner will agree not to make the first action final in an RCE;
- h. Some attorneys feel they are “rewarding” the examiner with an RCE in the hopes that the examiner will show greater flexibility in examining the RCE;
- i. Compliance with 37 CFR § 1.56 for the citation of prior art that needs to be cited- newly discovered or otherwise identified.

**(7) When considering how to respond to a final rejection, what factor(s) cause you to favor the filing of an amendment after final (37 CFR 1.116)?**

Anecdotal observations by our members suggest that examiner variation is the key factor. Examiners known to be more open to considering after final responses and that seek to advance prosecution often drive the use of after final amendment practice. This highlights the need for increased training regarding the benefits of communication and prosecution consolidation as well as the need for greater supervisory and quality oversight.

**(8) Was your after final practice impacted by the Office's change to the order of examination of RCEs in November 2009? If so, how?**

This change has led to significant prosecution delays for applications awaiting examination as RCEs and has also led to real frustration of applicants. In many cases, an applicant believes progress has been made and they are close to an allowance only to be placed at the back of the

line and endure great delays in concluding prosecution and obtaining the patent. This negative change offsets the positive change made by the Office in asserting that “quality does not equal rejection.” The generally increased willingness to hold interviews and the increased allowance rate of the Office are applauded, but they lose impact when long delays are inserted into the middle of the prosecution of a single application (an RCE has the same serial number). It is believed that the change in the order of examination of RCEs has been the largest source of frustration by practitioners recently.

Because many applications require at least one RCE to reach allowable subject matter, it is believed that most, if not all, practitioners have been impacted by this change. It is noted that the speed of picking up RCEs varies by the examiner’s docket and attitude, with some examiners only doing RCEs when required. This delay in prosecution provides great uncertainty for applicants and negatively impacts our economy and innovation community. For a company in the midst of seeking funding, or in the process of being bought, or bringing a product to market, this delay is detrimental to their overall success. This uncertainty can delay or eliminate options for the company creating quite negative consequences. It is true that an applicant may pay for a Track 1 application and speed prosecution, but this should not be required in an RCE, which is really not a new application but a request for continued prosecution.

**(9) How does client preference drive your decision to file an RCE or other response after final?**

There are wide variations in client preferences. Factors in determining whether or not to file an RCE include: (1) client preference to not file appeals, (2) client preference to file an RCE rather than pursue an appeal if it is believed progress can still be made interacting with the examiner, and (3) perceived cost versus benefit.

**(10) What strategy/strategies do you employ to avoid RCEs?**

Several AIPLA members reported the use of interviews and other open communication methods as well as reliance upon appeals. Several members noted their strategy to avoid RCEs is to include as many dependent claims and language variations as possible to ensure consideration of the invention as disclosed and/or clearly intended to be claimed, as well as all evidence of record. This technique improves the chances that the examiners will object to such claims thereby informing applicants of what claim limitations the examiners find to contain allowable subject matter. Such dependent claims should be able to be moved into the independent claim after a final rejection and considered. It is noted that even this is sometimes not permitted.

Several members indicated that interviewing early and often helps to reduce the need for RCEs. It should be noted that some examiners display a commendable willingness to hold several interviews and strive to assist in identifying allowable subject matter. Also, some indicated great success using the first action interview pilot program, contributing to a significant reduction in RCEs.

**(11) Do you have other reasons for filing an RCE that you would like to share?**

Some reasons include:

- a. Emerging statutory and decisional case law and Office procedural and policy changes;
- b. The ability to narrow the issues, and potentially to secure allowance;
- c. Technology variations and the complexity of some inventions tend by their nature to necessitate multiple formal communications to clarify issues to the point where substantive issues can be developed; and
- d. Compliance with 37 CFR § 1.56 for the citation of prior art that needs to be cited- newly discovered or otherwise identified.

\* \* \* \* \*

Thank you for allowing AIPLA the opportunity to provide comments on this important initiative. AIPLA looks forward to further dialogues with the Office in finding solutions and defining programs to maintain and enhance the Office's mission.

Sincerely,



Jeffery I.D. Lewis  
President  
American Intellectual Property Law Association