

**From:** Vanessa Pierce Rollins

**Sent:** Monday, February 04, 2013 3:33 PM

**To:** RCE outreach

**Cc:** Herbert C. Wamsley; Jessica Landacre; ljacobius@ipo.org; Robin Muthig; Kirsten Zewers

**Subject:** IPO Comments in Response to RCE Federal Register notice

Please accept the attached comments from the Intellectual Property Owners Association in response to the USPTO's "Request for Comments on Request for Continued Examination (RCE) Practice," 77 Fed. Reg. 72830 (Dec. 6, 2012). Please let me know if you have any questions.

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February 4, 2013

Submitted to: [rceoutreach@uspto.gov](mailto:rceoutreach@uspto.gov)

Hon. Terry Stanek Rea  
Acting Under Secretary of Commerce for Intellectual Property  
and Acting Director of the USPTO  
600 Dulany Street  
P.O Box 1450  
Alexandria, VA 22313

Re: **Request for Comments on Request for Continued Examination (RCE)  
Practice, 77 Fed. Reg. 72830 (Dec. 6, 2012)**

Dear Director Rea:

Intellectual Property Owners Association (IPO) submits the following comments pursuant to the USPTO's "Request for Comments on Request for Continued Examination (RCE) Practice," 77 Fed. Reg. 72830 (Dec. 6, 2012) (the "Federal Register notice").

IPO is a trade association representing companies and individuals in all industries and fields of technology who own, or are interested in, intellectual property rights. IPO's membership includes more than 200 companies and more than 12,000 individuals who are involved in the association either through their companies or as inventor, author, law firm, or attorney members.

IPO is concerned with the view (expressed in the Federal Register notice) that the examination of RCE applications "diverts resources away from the examination of new applications." IPO understands the importance of reducing the backlog of unexamined new patent applications, and understands that the USPTO must divide its examining resources among new patent applications, continuing patent applications (e.g., continuation applications and divisional applications), RCE applications, and reissue applications. The Federal Register notice suggests, however, that the examination of new applications is more important than the examination of RCE applications. This perspective loses sight of the fact that the goals of granting valid patents, stimulating investment in new technologies, and promoting economic growth will not be met until the examination process—including any continued examination—is completed and a patent is granted. Thus, IPO urges the USPTO to consider RCEs as part of the entire patent examination and granting process, and to focus its efforts on reducing application pendency as measured from filing to grant.

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The Federal Register notice sets forth a number of questions regarding RCE practice. Before addressing many of those questions, we wish to provide some suggestions and an overview of exemplary reasons why IPO's members may file RCEs. First, IPO respectfully requests the USPTO to consider the following suggestions that are not directly encompassed by the Federal Register notice:

***1. Develop and implement “best practices” for the processing of RCEs that serve the goals of compact prosecution and the prompt grant of allowable claims.***

There currently is significant variability across art units in the way that RCEs are processed and examined, as reported in this November 19, 2012, Patently-O article: <http://www.patentlyo.com/patent/2012/11/guest-post-the-rce-cliff.html>. The USPTO should study the practices and policies of different art units and implement best practices across the examining corps that serve the goals of compact prosecution and the prompt grant of allowable claims.

***2. Docket RCEs as they were before November 2009, such that Examiners act promptly on RCE submissions.***

Under the current docketing system, RCEs are the last priority on an Examiner's docket, and RCEs can languish for months—or even years—before they are taken up for examination again. This practice puts the examination of an application on hold indefinitely, mid-stream in prosecution, and is inefficient and wasteful of both applicant and USPTO resources. By the time the Examiner takes up an RCE application, he or she may have forgotten the invention, the prior art, and the details of the issues raised previously. The Examiner will have to take more time to refamiliarize him/herself with the application than would have been required if the RCE were examined promptly after filing.

Post-RCE delays are most frustrating after an interview. With each month that passes, the value of having had the interview diminishes, because the Examiner is likely to forget the applicant's explanations and the understandings that were reached during the interview.

To the extent that the USPTO is concerned that applicants use RCEs as an improper delay tactic, providing for prompt examination of RCEs would discourage such a practice.

The prompt examination of RCEs may become even more important if the Federal Circuit upholds the district court's Patent Term Adjustment (PTA) decision in *Exelixis v. Kappos*, because that decision mandates significant PTA awards when RCEs are not examined promptly. The USPTO could minimize the impact of this decision by promptly examining RCEs.

**3. *Re-align the count system to at least not discourage examination of RCEs.***

In addition to the low priority that RCEs are given under the current docketing system, the current count system disincentivizes the examination of RCEs. Indeed, some Examiners encourage applicants to file continuation applications instead of RCEs because they will receive more credit for examining a continuation application. However, forcing applicants to file continuation applications is costly, because the applicant may need to re-submit claim amendments and/or evidence in the continuation application to bring it up to date with the pending application.

**4. *Do not use the fee structure to penalize RCEs.***

As set forth below, applicants have a number of legitimate reasons for filing RCEs. Thus, IPO does not believe that the USPTO should use the fee structure to discourage or penalize the filing of RCEs. As IPO noted in its Comments to “Notice of Proposed Rulemaking: Setting and Adjusting Patent Fees,” 77 Fed. Reg. 55028 (September 6, 2012), IPO does not believe that raising filing fees is the solution to the RCE problem. The USPTO’s final fee schedule (effective March 19, 2013) increases the large entity RCE fee from \$930 to \$1,200 for the first RCE and to \$1,700 for the second and each subsequent RCE. These fees are unduly high and fail to take into account prosecution realities that make RCEs necessary, as outlined below. Moreover, IPO does not believe that applicants should have to pay such high RCE fees when RCEs are not examined promptly, but instead are relegated to the back of the examination queue.

In addition to the suggestions above, IPO believes the following overview of exemplary reasons<sup>1</sup> why our members may file RCEs will help the Office to better understand IPO’s positions.

- To obtain entry and consideration of an IDS after a final Office Action.
  - Foreign agents do not always forward references cited in foreign counterpart applications in time for making a 1.97(e)(1) statement.
  - A foreign patent office may cite potentially relevant prior art in an application that is not a “counterpart” application, such that a 1.97(e)(1) statement would not be appropriate.
  - Many Applicants are hesitant to use 1.97(e)(2) statements when it may be difficult to confirm that the information being submitted was not known to any person encompassed by Rule 56 more than three months ago.
- To amend claims or present new evidence to address a new rejection in a final Office Action.
  - The new rejection may have been made in response to previous claim amendments or may cite prior art submitted in an IDS after the first Office Action.

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<sup>1</sup> See Gary Ganzi, “Patent Continuation Practice and Public Notice: Can They Coexist?” 89 J. Pat. & Trademark Off. Soc’y 545 (2007).

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- To amend claims or present new evidence to address a rejection, where previous arguments, amendments, and/or evidence was not successful.
  - It often takes more than one “round” of prosecution for the applicant to fully understand the Examiner’s position and for the Examiner to fully understand the invention.
  - When the first Office Action contains numerous 112, ¶ 2 rejections, 112, ¶ 1 rejections, and prior art rejections, it may take more than one “round” of claim amendments and explanations to reach agreement on suitable claim language.
  - Even if the Applicant is confident of the patentability of the claims, an RCE may be viewed as a more favorable option than appeal because of the backlog at the Board.
- To amend claims or present new evidence to place the application in better condition for appeal.
- In response to a request by the Examiner with a suggestion that the RCE will result in allowance (and the Examiner will earn counts for both the RCE and the allowance).
- To delay prosecution or postpone allowance. Because an RCE must be accompanied by a bona fide response to the final office action, filing an RCE is only useful as a “delay” tactic because of the way that RCEs are docketed and examined. When RCEs were examined as “amended” cases, filing an RCE did not significantly delay prosecution.

With respect to the specific questions posed in the Federal Register notice, IPO provides the following general responses to selected questions. These responses are not intended to be representative of the experiences or opinions of specific IPO member companies or individuals.

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

- IPO commends the USPTO on its creativity and efforts in formulating and implementing the After-Final Consideration Pilot program. IPO would like to see this program made permanent. Because IPO members have experienced mixed application of this program, IPO asks that the USPTO ensure widespread training on the program and incentives to encourage after-final consideration.
- More willingness of Examiners to suggest claim amendments and/or identify allowable subject matter.
- More complete searching of all claimed embodiments to avoid piecemeal prosecution and serial prior art rejections.
- More flexibility in the consideration and entry of claim amendments and evidence after a final office action, such as making permanent the After-Final Consideration

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Pilot program and providing more widespread training and incentives to encourage after-final consideration.

(IPO members have experienced mixed implementation of this program, with some Examiners being very willing to work with applicants after final, and others refusing to consider even minor, clerical claim amendments.)

- More flexibility in the consideration and entry of claim amendments and evidence after a final office action, particularly after an interview.
- More guidance on when claim amendments/evidence can be entered after final.
  - To address a new ground of rejection in a final office action?
  - To address a new reference cited in a final office action?
  - To address a new argument set forth in a final office action (e.g., a new explanation of the claim interpretation being applied, a citation of a different portion of a reference, or a new explanation of why a reference is being cited)?
  - If experimental data addresses an issue first raised in the final office action?
  - If experimental data was not available before (such as results of a long-term study)?

The Federal Register notice questioned why more Applicants do not submit after-final responses, but instead proceed directly with RCEs. Many IPO members report experience with Examiners who will not enter any amendments after final, and so their practice is to file an RCE to minimize extension of time/notice of appeal fees and expedite prosecution.

- General ability to present claim amendments and/or evidence to address new rejections raised in a final office action.
- More information provided in an advisory action relating to the Examiner's reaction to after-final claim amendments, to decide whether further progress might be made in an RCE or whether the issues are ripe for appeal.
- Elimination of MPEP § 706.07(b), which permits an Examiner to make the first office action after an RCE another final office action under many circumstances, thus necessitating yet another RCE.
- Discouraging Examiners from providing notice in a notice of allowance or ex parte Quayle action that information submitted in an IDS was not considered (e.g., due to an incomplete citation or missing copy). Once prosecution on the merits is closed, an RCE may be required to re-submit the information in a new IDS.

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

Overall, most IPO members find interviews to be very helpful in advancing prosecution. Thus, on the whole, the ability to conduct interviews reduces the need to file RCEs.

Speaking very generally, interviews held before a final office action may reduce the need to file an RCE, if agreement can be reached and any necessary amendments and/or evidence can be submitted before a final office action. However, the issues do not always appear to be ripe for an interview after the first office action. Moreover, many IPO members prefer to try to address the first rejections in a written response before incurring the expenses associated with an interview.

Interviews held after a final office action also may reduce the need to file an RCE, if agreement can be reached and any necessary amendments and/or evidence are entered after-final because they are likely to place the application in condition for allowance.

***(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?***

Many IPO members are reluctant to submit evidence unless it appears to be absolutely necessary because of the scrutiny that it can draw during litigation. Thus, many IPO members view the submission of evidence as a "last resort," and so are not likely to submit evidence in response to a first office action. As a result, it may be difficult to reduce the need to file evidence after a final office action.

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

Speaking generally, IPO members consider filing an RCE if they want to present claim amendments and/or evidence in response to a final office action. When deciding whether to file an RCE, IPO members may consider whether the claim amendments and/or evidence are likely to be entered after final and, if not, may file an RCE in the first instance, to avoid the expense and delay associated with filing an after-final response, receiving an advisory action, and then filing an RCE (likely requiring extension of time and/or notice of appeal fees). This assessment may be based on the scope of the claim amendments, the nature of the evidence, experience with the particular Examiner, or an indication from the Examiner that the claim amendments and/or evidence will or will not be entered after final.

IPO members also consider filing an RCE if they believe that they can make any progress with the Examiner, or if they want to place the application in better condition for appeal, such as by amending the claims or submitted evidence that supports patentability.

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***(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)?***

IPO members who are concerned that the Examiner may invoke MPEP § 706.07(b) may file an after-final response instead of an RCE, to minimize the chances that the first office action after the RCE will be a “final” office action.

IPO members who believe that the claim amendments and/or evidence should or will be entered and considered after final are likely to file an after-final response instead of an RCE in the first instance.

IPO members who are making amendments and/or submitting evidence to place the application in better condition for appeal may file an after-final response instead of an RCE in the first instance.

***(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?***

Before the changes to the examination of RCEs, filing an RCE generally was considered to add to the expense of patent prosecution, but not the time. Now that RCEs can be associated with significant delays mid-stream in the examination process, many IPO members file RCEs as a “last resort.” Indeed, some Examiners have suggested to IPO members that they file continuation applications instead of RCEs, because continuation applications usually are taken up for examination sooner.

(This option is not always the best for the applicant because filing a continuation application can be more costly if amendments and/or evidence need to be resubmitting in the continuation application and because any patent term adjustment accrued in the pending application will not carry over to the continuation application.)

A number of IPO members also report filing appeals instead of RCEs, particularly now that the examination of RCEs can be substantially delayed and take as long as an appeal. This strategy also can have advantages under the Patent Term Adjustment (PTA) rules, because a favorable resolution on appeal can lead to a PTA award, whereas an RCE usually has a negative impact on PTA.

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

IPO members may pursue the following strategies in appropriate cases:

- Presenting foreseeable fall-back positions in original dependent claims;
- Presenting additional fall-back positions in dependent claims submitted in response to the first office action;

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- Interviewing early in the prosecution process (i.e., before a final office action)
- Submitting evidence in response to the first office action.

\* \* \* \* \*

IPO thanks the USPTO for considering these comments and would welcome any further dialogue or opportunity to provide additional information to assist in the Office's efforts to reduce the need for RCEs.

Sincerely,

A handwritten signature in black ink, appearing to read "R.F. PHILLIPS". The signature is stylized and written in all caps.

Richard F. Phillips  
President