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**From:** Lawrence Ebert [mailto:ebertip@yahoo.com]
**Sent:** Sunday, April 30, 2006 12:04 PM
**To:** AB93Comments
**Subject:** Comments on continuation practice proposal appearing in the Federal Register (Jan. 2006)

I. Legal authority?

One may question whether a limitation on the number of continuing applications an applicant may file, even in the context of a required evidentiary showing, is within the power of the USPTO in view of the wording of 35 USC 120. Although I won't pursue that, I suspect there could be a legal challenge to the proposal of January 2006.

II. Rationale?

A. Prosecution never ends

The USPTO noted that the USPTO can never finally reject, or even allow, an application for patent.

For authority, the USPTO cited to a law review article: Commentators have noted that the current unrestricted continuing application and request for continued examination practices preclude the office from ever finally rejecting an examination or even from ever finally allowing an application. See Mark A. Lemley and Kimberly A. Moore, Ending Abuse ... , 84 BULR 64, 65 (2004).

B. Continuations responsible for the backlog?

According to the USPTO, "had there been no continued examination filings, the Office could have issued an action for every new application received in 2005 and reduced the backlog by issuing actions in 35,000 older cases. Instead, the Office's backlog grew because of the large number of continued examination filings."

III. Will it really solve the perceived problem?

A. Channeling the problem elsewhere

If, hypothetically, all continuation applications and RCE's were efforts by patent applicant to resolve differences with the examiner over claim scope, then the removal of the continuation and RCE channel (after one repeat) would send such disagreements into the appeals channel, thereby overburdening that channel. If, hypothetically, continuation and RCE practice were an effort to keep a ball in the air, patent applicants might increase the practice of filing multiple (similar)

applications on one day, or increase continuation-in-part practice. Separately, to the extent applicants use continuation practice to capture later competitor's products, the issue is whether there is written description in the parent application to support such claims, a question which should readily be resolved by the USPTO, or allowed to pass on to appeal. [for example, PIN/NIP, 304 F.3d 1235.]

B. Aren't continuing applications easier to handle?

Although there is an implication that continuing applications are fungible with new applications, this is not the case.

From the just-n-examiner blog: Examiners have always told me they like continuations (or RCEs) because they receive the same amount of counts as a "new" application but without the requirements of conducting a search from scratch or learning new technology. I would think limiting continuations would hurt examiner productivity, as applicants will be unlikely to ever cancel claims to expedite issuance, thereby further increasing the number of appeals (which seems to be the intent of the USPTO lately).
[http://just-n-examiner.livejournal.com/9399.html]

From the POPA newsletter of March 2006: [Restriction of] second, and subsequent, continuation applications, which examiners usually process more quickly, would increase the number of tough cases per docket and decrease examiners' action counts. Would disproportionately affect senior and primary examiners. Junior examiners don't get cons till after about 18 months.

At footnote 40 of 84 B.U.L. Rev. 63, Lemley and Moore somewhat address the issue of cons being easier: Some commentators have suggested to us that examiners might actually prefer continuation applications, since they have already learned the technology and can get disposal credits without having to do as much work. The long delay associated with continuation applications belies that claim; it scarcely seems credible that an examiner will remember enough about a case nearly two years after she last dealt with it to result in a significant time savings.

Even in the time before RCEs, examiners typically had no trouble remembering issues in a continuation case, because a continuation, filed to keep a case going, focussed the issues. With RCEs, the "remember enough" argument seems silly at best. If the examiners say second and subsequent continuing applications can be processed more quickly, why look to indirect inferences of law professors?

C. Limiting second continuing applications won't solve the problem

Although the USPTO talked about a hypothetical world in which there were "no continued examination filings," the USPTO proposal is only to limit second and subsequent continuing application filings. There are not enough second and subsequent continuing application filings being made, which if limited in the

future, would rollback the backlog problem.

From "Edison's light bulb, and the future of stem cell research," Intellectual Property Today (April 2006):

In the November 2005 issue of Intellectual Property Today, I presented some data on continuing applications for FY 2004 from the PTO, and noted the USPTO is evaluating the possibility of limiting continuations, which crystallized in the Federal Register in January 2006 [71 Fed. Reg. 48 (Jan. 3, 2006)] Two readers from Chicago, Kevin Noonan and Paul Reinfelds, sent along data for FY 2005, and noted, with the small number of "second" continuing applications, that the PTO proposal limiting continuing applications, even if effected, would not likely solve the problem faced by the PTO.

Data for FY 2005: There were 63,000 continuing applications, which included 44,500 cons/cips and 18,500 divisionals. Of these, 11,800 were second, or subsequent, applications. Separately, there were 52,000 RCEs, of which 10,000 were second, or subsequent. Thus, 21,800 applications of 384,228, were second or subsequent, which is 5.7%. As for FY2004, RCEs were the single most abundant "continuing" form, 52,000 of 384,228 [13.5%]. All "continuing" forms combined constituted 115,000 of 384,228 [30%].

The article in the November 2005 issue of Intellectual Property Today ["You Only Look Twice" at page 18] had noted: About 7% of applications were "second" continuations. The article also stated: Although some of the re-work may arise from overreaching by patent applicants, some may be caused by the insufficiency of 19.7 hours, on average, to allow examiner and applicant to come to a meeting of the minds on proper claim scope.

IV. Will it create more problems?

Second, and subsequent, continuing applications are a small fraction of all applications. Eliminating all of them would not solve the problem of the backlog.

However, there has been no assertion that all second and subsequent applications are submitted for bad purposes. Furthermore, the USPTO discussion of January 2006 provides no clear-cut justifications that an applicant might use to support a second and subsequent application. The answer to "what's all right and what's not all right" is not provided. That uncertainty makes the proposal appear arbitrary and ultimately will create more problems at the USPTO. Moreover, to the extent applicants take a conservative approach, various by-pass alternatives will be chosen, and the burden will merely shift, rather than vanish.

Thus, the January 2006 proposal has a dimension of "rearranging deck chairs on the Titanic," both in the sense that it is only a slight change and in the reality that it is not solving the ultimate problem. To the extent that it burdens continuation

applicants with legitimate positions, without greatly benefiting the class of all applicants, the proposal is not efficient.

V. A more detailed look

A. Law review as authority

The USPTO stated: "Commentators have noted that the current unrestricted continuing application and request for continued examination practices preclude the office from ever finally rejecting an examination or even from ever finally allowing an application. See Mark A. Lemley and Kimberly A. Moore, Ending Abuse ..., 84 BULR 64, 65 (2004)."

The pinpoint cite is to page 65 of the law review. Page 65 recites:

We collected the data on the patent filing dates, issuance dates, whether the [page 65] patent claimed priority to an earlier filed application, the date of the earliest claim to priority, and whether any other patent in the priority chain was issued and when.

Continuation practice has a number of pernicious consequences, which we detail in Part II. First, at a minimum, continuation practice introduces substantial delay n4 and uncertainty into the lives of a patentee's competitors, who cannot know whether a patent application is pending in most circumstances. Second, the structure of the PTO suggests that continuations may well succeed in "wearing down" the examiner, so that the applicant obtains a broad patent not because he deserves one, but because the examiner has neither incentive nor will to hold out any longer. Third, continuation practice can be - and has been - used strategically to gain advantages over competitors by waiting to see what product the competitor will make, and then drafting patent claims specifically designed to cover that product. Finally, some patentees have used continuation practice to delay the issuance of their patent precisely in order to surprise a mature industry, a process known as "submarine patenting."

Congress and the courts have created a number of patent doctrines designed to combat the misuse of continuation applications. In the last ten years, they have changed the term of patents, ended the secrecy of most patent applications, revived the controversial doctrine of written description, and created An entirely new defense of prosecution laches. While these changes have indeed mitigated some of the worst abuses of the continuation process, our data demonstrate that they are not likely to be effective in tackling the core of the problem.

One simple solution to the problems that beset continuations would be to abolish the practice. Part III explores this alternative. In it, we consider the various justifications that have been offered for continuation practice and find

many of them wanting. We also consider various complicating factors and potential downsides to abolishing continuations. We conclude from our empirical research that, while there are very real abuses of the system attributable to continuation practice, they may not be so widespread as to justify eliminating continuation practice entirely. Whether continuations should be abolished entirely depends on a judgment concerning the benefit continuations provide to applicants who are legitimately trying to draft effective patent claims.

As alternatives to this drastic remedy, we offer a number of other steps that Congress and the courts could take to restrict abuse of continuations. These steps include requiring publication of all applications, placing a time limit on the addition of new claims that broaden the scope of the patent, and creating a defense for infringers who independently developed the patented invention [page 66] before it was added to the patent claims. At a bare minimum, our data should enable the courts to add some rigor to the new doctrine of prosecution laches by providing a baseline against which to judge the reasonableness of any particular patentee's delay.

The details relied upon by the USPTO are not on page 65.

B. Who are the abusers?

At pages 105-106 of 84 BULR 64, Lemley and Moore state: Individual inventors, who have proven surprisingly powerful in influencing Congress, are more likely than other [page 106] inventors to abuse the continuation process. At page 106, Lemley and Moore state: A compromise proposal might, therefore, limit each applicant to no more than one continuation application or CIP, but they also state: Limiting the number of continuations that can be filed may require an act of Congress.

Lemley and Moore did not mention the Axel patents in their "ending abuse" paper. However, in "Patenting Nanotechnology," published in the Stanford Law Review in November 2005 [58 Stan. L. Rev. 601], Lemley spoke favorably of the Axel patents of Columbia University. Lemley wrote: Axel received one on his roughly contemporaneous methods of inserting genes into a cell, and both licensed their patents for significant revenue. But largely because they were funded by the [page 611] federal government before the passage of the Bayh-Dole Act, they granted nonexclusive licenses to all comers, meaning that their patents raised the cost of practicing biotechnology but did not prevent anyone from entering the downstream market.

Nevertheless, the district court in Biogen v. Trustees of Columbia University, 332 F. Supp. 2d 286 (D Mass 2004) cited Lemley (and Moore on Ending Abuse of Patent Continuations), although for a different proposition than that which appeared in "Patenting Nanotechnology":

-->In the instant case, the '275 patent was issued twenty-two years after the application from which it derives was filed. There were several delays in the prosecution of the application. Columbia [University] has provided no evidence, or even argument, to explain why it took twenty-two years to obtain the '275 patent or to justify the delays in that process. n6 The timing of its issuance strongly suggests that Columbia deliberately delayed obtaining a patent that it always intended to secure in order to make it effective just as the other Axel patents expired and thus increase its commercial value by maximizing the period in which the public would have to pay Columbia royalties for the use of the Axel patents.<--

n6 "Analyzing the 2,224,379 patents that issued from 1976 through 2000, two commentators found that prosecution of these patents 'took an average of 2.47 years from the earliest claimed filing date to issuance date.'" Pls.' Mem. in Supp. of Mot. for Prelim. Injunction at 29 n.8 (quoting Mark A Lemley & Kimberly A Moore, "Ending Abuse of Patent Continuations," 84 B.U. L. Rev. 63, 71 (2004)).

Separately, in the case of the Harvard/MIT patent on "nuclear factor-kappa B" (or NF-kB), Lilly asserts that the patent application(s) were at the U.S. Patent and Trademark Office for 16 years before the USPTO decided the discovery warranted a patent.

Separately, an op-ed in the Los Angeles Times on April 12, 2006 and an article in Science on March 24, 2006 (311 Science 1716) criticized the continuation practices of James A. Thomson of Wisconsin in obtaining US 5,843,780 and 6,200,806 in the area of embryonic stem cells, although it is far from clear that this criticism is justified.

The issue of "how much" abuse there is and "who the abusers are" remains to be clarified.

C. Footnote 22 of the Lemley and Moore article

In footnote 22 of the BULR article, Lemley and Moore discussed the interplay of patent continuations and the hypothetical calculations of an elevated patent grant rate by Quillen and Webster:

Cecil D. Quillen, Jr. et al., Continuing Patent Applications and Performance of the U.S. Patent and Trademark Office - Extended, 12 Fed. Cir. B.J. 35, 38 (2002). Quillen and Webster had originally estimated in earlier work that the grant rate was 95%. Cecil D. Quillen, Jr. & Ogden H. Webster, Continuing Patent Applications and Performance of the U.S. Patent and Trademark Office, 11 Fed. Cir. B.J. 1 (2001). This earlier work was properly criticized for failing to take account of cases in which multiple patents issue from a family of continuation applications. On the other hand, some of the critics made equally unrealistic assumptions - for example, that every

continuation filed results in a separate patent. See Robert A. Clarke, U.S. Continuity Law and Its Impact on the Comparative Patenting Rates of the U.S., Japan and the European Patent Office, 85 J. Pat. & Trademark Off. Soc'y 335, 338 (2003)
(erroneously assuming that every continuation resulted in a patent and concluding that the grant rate was 75%). The 85% number provided in the revised Quillen et al. study is based on actual data about the applications that issue based on continuations, and reflects the best estimate we have of how often applications mature into patents.

One notes that Robert A. Clarke, an employee of the USPTO, never assumed "every continuation resulted in a patent." Separately, the 95% (or 97%) number of Quillen and Webster was not purported to be "the grant rate" but was rather an upper bound on what the grant rate might be.

The USPTO's reliance on a law review with known, uncorrected, factual errors might be questioned.