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**From:** Robert P. Lord [mailto:Lord@oshaliang.com]

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**To:** AB93Comments

**Subject:** Comments on Proposed Rule Changes

Please find attached comments regarding the proposed rule changes.

Best regards,

Robert P. Lord  
OSHA • LIANG LLP  
[www.oshaliang.com](http://www.oshaliang.com)

713.228.8600 (Voice)  
713.228.8778 (Fax)

# Comments on the Proposed Rule Changes at the USPTO Regarding Continuing Examination Practice and Patentably Indistinct Claims

## Background

In the Federal Register Vol. 71, No. 1, pages 48-61, published Tuesday, January 3, 2006, the United States Patent Office (USPTO) outlined a series of proposed rules changes directed at reforming U.S. Patent practice. Included in the publication are the following two proposed changes. While other changes have been proposed; the following comments focus exclusively on these two:

1. “The revised rules would require that second or subsequent continued examination filings, whether a continuation application, a continuation-in-part application, or a request for continued examination, be supported by a showing as to why the amendment, argument, or evidence presented could not have been previously submitted.”<sup>1</sup>
2. “The revised rules would also ease the burden of examining multiple applications that have the same effective filing date, overlapping disclosure, a common inventor, and common assignee by requiring that all patentably indistinct claims in such applications be submitted in a single application absent good and sufficient reason.”<sup>2</sup>

The need to reform U.S. Patent practice is indisputable. As of April 18, 2006, the average pendency to first Office Action ranged from as low as 11 months to as high as 50 months, depending on the art unit.<sup>3</sup> The question of pendency promises to be a long-term issue: the USPTO predicts an average pendency to first Office Action for all art units of no less than 23.7 months – nearly two years – by fiscal year 2008<sup>4</sup>. In fact, in some art

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<sup>1</sup> Federal Register. Vol. 71, No. 1. Page 48.

<sup>2</sup> *Idem.* Page 50.

<sup>3</sup> Official Gazette of the United States Patent and Trademark Office. Volume 1305, Number 3.

<sup>4</sup> U.S. Patent and Trademark Office Interim Adjustments to *The 21<sup>st</sup> Century Strategic Plan*. Page 6.

units, for a patent filed in 2005, a first office action can be expected in as many as 136 months.<sup>5</sup> Contributing to high pendency are “the doubling of the number of patent applications filed since 1992, the increased technical complexity of patent applications, and the growth in the backlog of applications awaiting a patent examiner’s first review.”<sup>6</sup> In other words, the USPTO is drowning in patents that it does not have the resources to examine. It is in this context that the USPTO proposes the aforementioned rule changes.

**Proposed Rule Change 1 (“PR1”):**

The following comments directed to PR1 address two aspects of the proposed rule change: namely, (i) that PR1 will not achieve the results which the USPTO purports and (ii) that PR1 ignores the differences between the various continuation practices (continuation, continuation-in-part (CIP), and request for continued examination (RCE)) implicated by PR1.

(i) In drafting PR1, the USPTO relies on data concerning nonprovisional patent applications and RCEs received in fiscal year 2005. Specifically, in fiscal year 2005, the USPTO received approximately 62,870 continuing applications and 52,750 RCEs. Simply comparing these numbers with the overall number of nonprovisional applications received, continued examination filings would appear to account for approximately thirty percent of new work received in fiscal year 2005.<sup>7</sup>

As an initial matter, we must note three significant improprieties in relying on the aforementioned statistics. First, the thirty percent figure assumes that all filings require an identical amount of work by the USPTO. In fact, most continuing applications, especially continuation applications and RCEs, require considerably less work than new applications, since the parent application has already been examined. Thus, while it may be convenient to argue that every continuing application equates to an unexamined new application, this is simply not the case.

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<sup>5</sup> Presentation by John Doll, Commissioner for Patents. Official text summary at <http://www.uspto.gov/web/offices/pac/dapp/opla/presentation/chicagoslidestext.html>

<sup>6</sup> U.S. Patent and Trademark Office Interim Adjustments to *The 21<sup>st</sup> Century Strategic Plan*. Page 6.

<sup>7</sup> Federal Register. Vol. 71, No. 1. Page 50.

Second, the thirty percent figure applies to *all* continuing applications and RCEs, while the proposed rule changes target only *second* continuing applications or RCEs. In fact, only approximately one third of the continuing applications filed in fiscal year 2005 were second or subsequent continuing applications, and approximately one fifth of the RCEs filed in fiscal year 2005 were second or subsequent RCEs. In view of these refined statistics, the USPTO admits that “the Office’s proposed requirements... will not have an effect on the vast majority of applications.”<sup>8</sup> Thus, the proposed rule changes can be expected to provide only a minimal reduction of the USPTO backlog (while resulting in a dramatically increased burden on applicants).

Third, even assuming *arguendo* that enacting the proposed changes would result in a significant decrease in the number of continuing examination filings, one could reasonably expect a proportional increase in the number of argument filings required by PR1. Clearly, to process and examine those arguments will require many of the resources presumed to have been spared – again significantly reducing any expected benefit of the proposed practice.

Whether or not restricting continuing applications will reduce the USPTO backlog, it hardly seems appropriate to propose restricting opportunities for one group of applicants, so that another group of applicants might benefit. More specifically, the growing backlog in new applications should not result in restricted intellectual property rights for those applications already filed. Therefore, we must consider continuing application practice on its own merits – in particular, we must focus on the scenarios in which second continuing applications become necessary, and whether the practice should be upheld.

(ii) There are three distinct continuation practices implicated by PR1: namely, continuations, CIPs, and RCEs. For a second instance of each of the aforementioned continuation practices, PR1 would require a showing as to why the amendment, argument, or evidence presented could not have been previously submitted.

The language of PR1 appears to be an attempt to address the situation where an applicant, upon receiving a final action, files a RCE or a continuation. As a result of

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<sup>8</sup> *Idem.*

filing the continuation or RCE, the applicant is effectively able to re-open prosecution of an application. While this practice may occur with continuations and RCEs, it is not seen with CIPs. Thus, the motivation for including CIPs in the scope of PR1 is unclear.

With respect to RCEs, because the USPTO itself acknowledges growing difficulty with “the increased technical complexity of patent applications,” it is wholly reasonable at this point to broach the topic of examiners’ level of skill in the art. Specifically, to those of us prosecuting patents in highly technical fields – *e.g.*, electrical engineering, computer science, chemistry, biology, etc. – it is apparent that first and second office actions often serve little more purpose than to educate the examiner in the specific field of endeavor to which the invention is directed. Unfortunately, given the “count” system employed by the USPTO for examiner evaluation, examiners are faced with the burden of learning complex technical matter – and issuing responses thereto – under severely restricted time constraints. These difficulties are compounded by frequent language barriers, which in some instances negate any theoretical benefit of an examiner interview.<sup>9</sup> Accordingly, it is frequently not until after a first request for continued examination that prior art references begin to approach an appropriate degree of relevance.

In fact, given the aforementioned challenges, a single request for continued examination may not suffice to reach a mutual understanding of the subject matter. Thus, it may not be until a second request for continued examination that an applicant can reasonably be expected to begin narrowing the claimed invention – any amendments to this point will have served only to *clarify* the claimed invention. Accordingly, it is inappropriate to expect applicants to justify a failure to provide specific arguments – as required by the PR1 – when the examination process had not yet reached a point at which the necessity of those arguments becomes apparent. In effect, the USPTO proposes to place on applicants the burden of anticipating all possible arguments that *may* be required – a burden that is certain to lead to excessive prosecution history estoppel and prematurely narrowed claim scope.

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<sup>9</sup> On a related note, the USPTO proposes to hire 1,000 new Examiners in 2006, with English lessons being provided to non-English speaking Examiners. However, given the highly technical nature of patents in certain art groups, serious questions arise concerning the efficacy of the proposed hiring practice. To expect an Examiner lacking basic conversational English skills to reach the level of language proficiency required to effectively examine technical patents seems highly optimistic.

Under such circumstances, one might suggest that applicants provide more extensive information disclosure statements, to provide the examiner with as much relevant prior art as possible. However, in making such a suggestion, one must consider the cost of commissioning a thorough and qualified prior art search. Already, the fees associated with initial filings and multiple office actions threaten to place patents beyond the financial reach of many small entities and individual inventors. Increasing the financial burden of filing can only serve further to make patents inaccessible to those inventors, thereby undermining the institution's protective purpose.

Further, even ignoring the cost of prior art searches, there remains the fact that any prior art search conducted at the time of filing will necessarily omit all patents filed in the past 18 months, due to the USPTO-imposed delay in publication. Thus, applicants will be required to conduct prior art searches 18 months *after* filing, and incur the additional cost of preliminary amendments if such amendments are found necessary in light of newly published prior art. Alternatively, applicants may rely more heavily on examiner interviews, in hopes of obtaining examiner amendments – again reducing any presumed resource benefits of PR1.

As an initial remedy to the problem of under-qualified or recalcitrant examiners, the USPTO proposes increased reliance on the appeals process. Surely, doing so will merely shift resource strain from the examiners to the appeals panel. Having already endured two years' pendency to first office action and a lengthy prosecution history through the first request for continued examination, applicants will subsequently face a growing pendency at the appeals level. The added time to appeal will extend the expected total pendency of an application – from filing to issuance – well beyond the USPTO's average projection of 33 months by 2008<sup>10</sup>. Such delays will certainly augment the already significant challenge to inventors of protecting their inventions while their patent rights remain undetermined.

With the introduction of RCEs and the modification of the patent term, the possibility of so-called "submarine" patents is significantly reduced. Accordingly, the purpose of continuations has been relegated to that of a divisional application. In other words, continuations are now used primarily to enable the patent holder to obtain claims

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<sup>10</sup> U.S. Patent and Trademark Office Interim Adjustments to *The 21<sup>st</sup> Century Strategic Plan*. Page 6.

directed to subject matter that was not claimed in the original application (*i.e.*, the application to which the continuation claims benefit). Given the current role of continuations, it follows that an applicant would easily be able to show why the amendment, argument, or evidence presented could not have been previously submitted: namely, because the subject matter of the claims in the continuation is different than the subject matter of the claims of the original application. Thus, the primary impact of PR1 on continuations would be an increase in prosecution history, without any of the intended impact on the number of continuations filed.

In view of the above observations, in the event that PR1 is passed, applicants would be required to adopt patent filing strategies intended to minimize prosecution history. For example, applicants may choose to include at least one independent claim directed to each aspect of the invention in a single, omnibus original application. This strategy would force the USPTO to issue a restriction requirement, which should be sufficient to establish a *prima facie* showing as to why a second (or subsequent) continuation is necessary. In this manner, applicants will be able to obtain continuation applications with minimal prosecution history estoppel. Thus, while the number of initial filings may initially be reduced, the increase in continuation applications would ultimately result in an equal number of applications.

Similarly, consider the case where an applicant seeks claims directed at additional embodiments of the invention (*i.e.*, embodiments not claimed in the originally filed application). Assuming that the additional embodiments are supported by the original specification, the applicant could file a single continuation with multiple sets of independent claims directed to those embodiments. As above, the USPTO would be forced to issue a restriction requirement – again allowing the applicant to successfully side-step the requirements of PR1.

Finally, turning to CIPs, the entire purpose of a CIP is to add *new* subject matter to a pre-existing application. It logically follows that the applicant could not have made the amendment, argument, or evidence previously, because the subject matter was not present at the time the original application was examined.

In fact, even assuming that PR1 is adopted, it could not be expected to have any impact on CIP practice. Specifically, given that a CIP includes new subject matter, the

claims (assuming they are properly directed to the new subject matter) would not receive the benefit of an earlier filing date (*i.e.*, the filing date of the original application). Accordingly, the applicant, without sacrificing any rights, could file a new application that includes the original subject matter and the new subject matter. However, instead of filing the new application as a CIP, the applicant could merely cross-reference the original application in the new application, but not claim any benefit under 35 U.S.C. § 120.<sup>11</sup>

Using such an approach, in the worst case scenario, the new application would be rejected under 35 U.S.C. §102(e) – in which case, the claims were probably not drafted in a manner sufficient to highlight the new subject matter. The more likely scenario is that the application will be rejected under 35 U.S.C. §103(a) in view of the original application and another piece of prior art. However, 35 U.S.C. § 103(c) may be used to traverse any such rejection based on a common inventor or assignee. In view of this opportunity, applicants can continue to file CIPs (or their equivalents as discussed above) in the face of PR1.

### **Proposed Rule Change 2 (“PR2”):**

With respect to PR2, regarding patentably indistinct claims in concurrent filings, concerns for inventors’ rights are not as significant. However, in the context of the fee structure associated with concurrent filings, a question of efficiency arises. Specifically, we would expect patentably indistinct claims to be easier to examine than patentably distinct claims, since each redundant claim must be examined only once. Further, each separate application filing is accompanied by a filing fee. Thus, the USPTO effectively proposes to increase its workload by requiring the filing of disclaimers – which will require more involved examination than the redundant claims themselves – while potentially reducing its current income associated with redundant filings. Such a proposal seems to point to an unaddressed financial inefficiency, which would hardly seem the responsibility of inventors to remedy.

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<sup>11</sup> This step is necessary to comply with the current requirements under 37 C.F.R. §1.56.



In view of the above, from a policy standpoint, PR2 is clearly off the mark with respect to addressing the problems of the USPTO. However, a substantive review of PR2 also raises concerns about what exactly the intent of the rule is. Specifically, PR2 requires that “all patentably indistinct claims in such applications be submitted in a single application absent good and sufficient reason.” Realistically, given that each word in the claim exists to impart some meaning as to the scope of the claim, any two claims which are phrased differently are presumed to be patentably distinct.

Further, if the phrasing of the claims is such that they are not patentable distinct, then the preexisting rules directed to double patenting (including provisional double patenting) should be sufficient to address this problem. In fact, if applicants could be relied upon to differentiate patentable distinct and indistinct claims, then the need for the double patenting rules would be superfluous. However, the USPTO has long recognized that applicants cannot be relied upon to make this distinction (at least to the satisfaction of the USPTO). When viewed in this light, the rationale behind PR2 is less than clear.

## **Conclusion**

As a general principle, when a business’ workload exceeds its productivity, it must either reduce its workload or increase its productive capacity. However, the USPTO’s ability to reduce its workload is constantly tempered by its responsibilities under 35 U.S.C. § 2(a): namely, that it “shall be responsible for the granting and issuing of patents.” More specifically, under 35 U.S.C. § 2(b), the Patent Office “may establish regulations, not inconsistent with law, which ... (C) shall facilitate and expedite the processing of patent applications....” In other words, the USPTO has a responsibility not only to grant and issue patents, but also to maintain a regulatory environment that enables those tasks with the greatest efficiency possible. However, as discussed above, the proposed rule changes will offer little, if any, increase in processing efficiency, while imposing significant burdens on all inventors, and most significantly small inventors. Thus, the proposed rule changes seem entirely inconsistent with the Patent Office’s official responsibilities.

While we acknowledge the need for reform in the USPTO, we propose that the USPTO adopt a more self-critical approach. Specifically, we propose that the USPTO

undertake a concerted effort to remodel its internal finances and productive efficiency. Presumably, filing and maintenance fees are calculated to correspond with associated processing costs. Similarly, the fees submitted with continuing examination filings are intended to offset the resources required to process such filings. Surely, the responsibility falls on the USPTO to balance those fees and resources efficiently. Instead, with the proposed rule changes, the USPTO intends to pass the buck of its inefficiencies to the inventors it purports to serve. To impose these changes would set an altogether undesirable precedent in which the USPTO is allowed to restrict inventors' intellectual property rights rather than face its own internal deficiencies. Clearly, such a precedent must not be allowed to be put in place as a new rule or set of rules as suggested by PR1 and PR2.

Submitted by:

Robert P. Lord (Reg. No. 46,479)

Aly Z. Dossa (Reg. No. L0031)

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