

New Rules: USPTO May Have Underestimated Impact

Wednesday, Aug 22, 2007 --- On August 21, 2007, the USPTO issued final rules (1) limiting the number of continuation applications that can be filed without justification, and also (2) limiting the number of claims that can be presented in a given application without having to provide a detailed patentability analysis.

The USPTO believes that the new rules will improve the patent examination process and relieve the overwhelming backlog of pending patent applications, but may have underestimated the substantive impact the rules will have on patent Applicants.

The rules have a stated effective date of November 1, 2007, but many provisions will apply to applications that are already pending on that date.

Thus, Applicants cannot avoid the rules by filing applications before November 1. Indeed, the USPTO seems to have gone to great lengths to draft rules that certainly do not encourage, and in some ways discourage, a rush to filing.

The rules are complicated with many interrelated provisions, and their full implications probably will not be grasped until long after November 1.

A brief summary of key provisions is provided here, with the very important caveat that each patent practitioner should read the rules and official commentary and each patent Applicant should seek the advice of patent counsel.

* Continuation & RCE Limits (“2+1”) *

The final rules allow a total of one original application plus two continuations (including continuations-in-part) as a matter of right.

The final rules also limit Requests for Continued Examination (RCE) to only one RCE as a matter of right, that may be filed in either an original application or any permitted continuation.

Further continuations or RCEs will require justification.

That is, the USPTO may permit an Applicant to file further continuations or RCEs in order to obtain consideration of an amendment, argument or evidence only if the Applicant submits a petition with a showing that the amendment, argument or evidence “could not have been submitted during the prosecution of the prior-filed application.”

The final rules do not offer any guidance as to what will satisfy this standard.

The limitations on continuations and RCEs may cause Applicants to front-load their patent prosecution efforts.

While Applicants currently may respond to a first Office Action with arguments and documentary evidence in an effort to resolve issues quickly and economically, Applicants may consider including additional substantive evidence, such as declarations, with a first response and/or conducting USPTO interviews prior to filing a first response.

These strategies will increase the costs and time necessary to prepare a first response.

The limitations on continuations and RCEs also are likely to lead to more appeals.

An Applicant may opt to appeal if it feels strongly about the chances of success and decides not to use an RCE or continuation to negotiate further with the Examiner.

Additionally, an Applicant may be forced into an Appeal if no further continuations or RCEs are permitted.

These additional appeals will impose added costs on the Applicant, increase the burden on the Patent Office Board of Appeals, and undermine any efficiency gains that may be associated with other aspects of the new rules.

* Divisional Applications *

The final rules strictly define divisional applications with reference to a restriction requirement, and do not count divisional applications against the continuation limits.

The final rules allow serial divisional applications, which is consistent with current practice and different from the originally proposed rules.

Therefore, an Applicant may delay filing of divisional applications and may file multiple divisional applications in series, as long as a prior application in the priority chain remains pending.

Each divisional application is treated as an original application in that two continuations and one RCE may be filed as a matter of right in a divisional family. However, no continuation-in-part application can be based on a divisional application.

The new rules may elevate the status of divisional applications in an Applicant's patent portfolio.

Instead of arguing against restriction requirements to minimize patent costs, Applicants may accept restriction requirements and file divisional applications in order to pursue additional patent protection without impacting their ability to file continuations based on the original application.

Divisional applications also will permit Applicants to present more patent claims before running into the claim limits discussed below.

* Restriction Requirements *

The new rules permit Applicants to propose their own restriction requirements.

A suggested restriction requirement must be submitted before the USPTO issues a restriction requirement or Office Action on the merits, and must include an election without traverse of one group of claims that satisfies the 5/25 claims limits (discussed below).

The USPTO may or may not accept the Applicant's suggestion.

Only time will tell whether Examiners accept suggested restriction requirements on a predictable basis that would justify the cost and effort required to prepare such a submission.

However, it is likely that Applicants in fields where multiple-way (even hundred-way) restriction requirements are not uncommon (such as the chemical and biochemical arts) will be willing to test the waters.

* Claim Limits *

The new rules provide that each patent application may contain up to 5 independent claims and up to 25 total claims.

If more than 5 independent claims or more than 25 total claims are included in an application, then a burdensome "Examination Support Document" (ESD) will be required, and must be filed before the first Office Action on the merits.

If no ESD is filed before the first Office Action on the merits, the application may not be amended to include more than 5 independent claims or more than 25 total claims.

The 5/25 limits are applied after any Restriction Requirement is imposed, such that non-elected and withdrawn claims are not counted.

However, if a Restriction Requirement is withdrawn and non-elected claims are re-joined, the 5/25 limits will apply to the total number of claims after rejoinder.

Thus, an Applicant may have to cancel claims to obtain rejoinder of other

claims.

Furthermore, as discussed below, the USPTO has structured the rules to thwart attempts to evade the 5/25 limits by filing multiple co-pending applications.

The ESD requirements are similar, but not identical, to the requirements for accelerated examination support documents.

An ESD must be based on a prior art search of a specified scope, must include a list of the references “most closely related” to the claimed subject matter, must identify all claim limitations disclosed in each reference, must include a detailed explanation of the patentability of each independent claim, and must include a showing of where each claim limitation is supported in the application and in any priority applications.

The rules exempt certain Applicants from one of the ESD requirements, the identification of claim limitations disclosed in each reference.

The exempted Applicants are generally those that would qualify to pay USPTO fees as a Small Entity, but the rules caution that the requirements may not be identical.

The ESD requirements are burdensome, and raise risks of both prosecution history estoppel and charges of inequitable conduct. While Applicants may be willing to accept such costs in return for accelerated examination, for most applications, Applicants may prefer to give up claims rather than conduct the search and analysis required here.

The interplay between the claim limits and restriction requirements raises several complicated issues.

Applicants who believe that 5/25 claims are not adequate to define all aspects of their invention may opt not to argue against a restriction requirement and/or may resist rejoinder of withdrawn claims.

While Applicants then would face the additional costs of prosecuting a divisional application, the benefit of obtaining claims that fully and adequately protect the invention could be worth the added time and expense.

* Co-Pending Applications *

The new rules impose several requirements on co-pending applications that are commonly owned and have at least one common inventor:

(1) Any such applications filed within two months of each other must be identified in a separate paper filed in each application. (It appears that pending applications have until February 1, 2008 to satisfy this requirement.)

(2) Where such applications have the same filing date (or priority date) and

contain substantial overlapping disclosures, a rebuttable presumption will arise that one of the applications contains at least one claim that is not patentably distinct from at least one claim in the other application. Applicants can rebut this presumption by explaining how all claims are patentably distinct, or can submit a Terminal Disclaimer and provide “good and sufficient reason” for the two (or more) applications. (It appears that pending applications have until February 1, 2008 to satisfy this requirement.) If the USPTO does not accept the Applicant’s explanation, the USPTO may require the patentably indistinct claims to be canceled from all but one of the applications.

As with similar current rules, parties to a joint research agreement are treated as common owners under these rules.

The combined impact of the continuation limits, claim limits and co-pending application rules may require more strategic planning for patent application filings.

Applicants seeking to avoid the continuation limits cannot simply file parallel applications, because the USPTO may require patentably indistinct claims to be filed in a single application. Applicants seeking to avoid the claim limits cannot simply file parallel applications, because the USPTO will count the claims of each application as if they were filed in both applications.

Moreover, Applicants seeking to avoid the issues raised by co-pending applications cannot simply file applications in series because the continuation limits will prevent the filing of more than two continuation applications.

* Retroactivity *

Although the new rules have a stated effective date of November 1, 2007, many of the provisions will apply to applications that already are pending and thus have a retroactive impact.

The continuation limits are retroactive in that applications filed before November 1, 2007 will count towards the two continuations permitted as a matter of right that will limit continuations that can be filed on or after November 1, 2007.

There is a one-time exception for applications that only claim priority to nonprovisional applications that were filed before August 21, 2007, where no other U.S. application filed on or after August 21, 2007 claims priority to the same prior application.

For this subset of applications, one (and only one) additional continuation application can be filed without complying with the new rules, even after November 1, 2007.

The retroactive effect will be felt when a third continuation is filed after November 1, 2007.

Such an application will have to be justified, even if the original application or first or second continuation was filed before November 1, 2007 (unless the second continuation was filed before August 21, 2007, in which case the one-time exception would apply).

The one-time exception means that if an application already has two continuations filed in its family as of August 20, 2007, “one more” continuation can be filed, and need not be filed before November 1, 2007.

The one RCE limit is retroactive.

Thus, if an RCE has been filed prior to November 1, 2007 in the application in question or in any of its parent applications or child applications, then no further RCE may be filed without justification.

Applicants facing a final rejection should consider filing an RCE prior to November 1, 2007.

If an RCE already has been filed in the application, or in any parent application, or in any application that claims priority to the same parent application, an RCE will not be permitted after November 1, 2007 without justification.

Thus, if any new amendments or evidence are to be submitted, it may be advisable to file an RCE before November 1, 2007.

This brief overview of the main provisions of the new rules illustrates the complicated substantive issues that Applicants will face as the new rules take effect.

While the USPTO promotes the rules as promoting “certainty and clarity” in the examination process, the rules themselves and the effects of their interrelationships are clear as mud.

It will take time for Applicants to determine how to adequately protect their inventions within the combined constraints of the claim limits, co-pending application requirements, and continuation limits.

Appropriate strategies likely will evolve as the rules are put into practice and are interpreted and applied in specific cases.

Until then, Applicants should work with their patent counsel to craft and implement plans to bring pending applications into conformance with the new rules and devise tactics for future patent portfolios.

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