

## OPINION

### ■ PROPOSED PTO RULES ■

# Let continuations go on

By Robert H. Resis SPECIAL TO THE NATIONAL LAW JOURNAL

**T**HE U.S. PATENT and Trademark Office (PTO) recently proposed new rules that, if adopted, will require patent continuation applicants to show why their “amendment, argument, or evidence presented could not have been previously submitted.” 71 Fed. Reg. 48-61 (Jan. 3, 2006). Comments to the proposed rules are due on May 3. The proposed rules would apply to any second or subsequent continued examination filings, whether a continuation application, a continuation-in-part (CIP) application or a request for continued examination.

The PTO asserts that “current continued examination practice...[is] impairing the Office’s ability to examine new applications without real certainty that these practices effectively advance prosecution, improve patent quality, or serve the typical applicant or the public.” But the PTO acknowledges that its “proposed requirements for seeking second and subsequent continuations will not have an effect on the vast majority of patent applications.” According to PTO 2005 statistics, fewer than 7% of applications would be affected by the proposed rules.

#### Other reasons for the backlog

The PTO does not make a showing that the pending backlog of applications is due to an increase in second and subsequent continuations. The “commentator” article cited by the PTO in support of the proposed rules notes that the percentage of patents issuing on continuation applications has been about the same as it was 30 years ago—around 23%. Further, continuation applications are easier for examiners to act on since the examiners are already familiar with the

disclosures in the parent applications. The root of the growing backlog problem is the continued siphoning of funds from the PTO over the years—funds that applicants have been paying for timely application examination.

The proposed rules ignore important benefits of our current patent laws and rules. The current system allows inventors to build patent portfolios, which investors, bankers and venture capitalists demand. Currently, an inventor can file as many continuation applications deemed appropriate so that later claims supported by the parent application are entitled to the effective filing date of the parent application. With one exception, the proposed changes will stifle the building of patent portfolios and, in turn, stifle investment, innovation and commercialization of inventions. (The only change that should be adopted is the one that requires a CIP applicant to declare which claims are disclosed in the prior-filed application, and thus are entitled to the prior-filed application date.)

“While continuations are filed in 23% of all patent applications, patents based on continuation applications represent 52% of all litigated patents.” Mark A. Lemley et al., “Ending Abuse of Patent Continuations,” 84 B.U. L. Rev. 63, 70 (2004). Since litigation is a strong indicator of patent value, continuation practice should not be curtailed.

Congress recognized that flexibility is warranted when it passed the governing patent statute on continuation practice, 35 U.S.C. 120. Indeed, it can be argued that the proposed rules are inconsistent with the broad mandate of § 120, and that the PTO does not have the authority to adopt them. See *Application of Henriksen*, 399 F.2d 253, 262 (C.C.P.A. 1968) (“it is for the Congress to decide...whether such

a restriction [on continuation applications]... is to be imposed”).

The PTO appears to underestimate the number of appeals of final rejections that many applicants currently avoid by filing continuation applications—a number that would increase under the proposed rules. The PTO also appears to underestimate the time it will spend resolving petitions under the proposed rules.

There are other ways the PTO can and should streamline the patent application process, reduce its backlog of applications and bring more certainty to our patent system. The PTO’s concurrent proposal to require an examination support document if an applicant wants initial examination of more than 10 claims will reduce application backlog much more than the proposed rules. The PTO also should require applicants to provide

### Proposed rules would stifle innovation.

the meaning of their key claim terms at the time each claim is presented to an examiner, and to place in issued patents all alternative, synonymous language presented by the applicant during prosecution just prior to the claims.

Other than requiring CIP applicants to identify claim-priority dates, the proposed continuation rules should not be adopted because they will curtail the flexibility that inventors need to build patent portfolios. Any benefit from these rules would be more than offset by the irreparable decreases in investment, innovation and commercialization of inventions resulting from these rules. ■

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