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## The U.S. Patent and Trademark Office Revises Its Rules on Continued Examination Filings, Patentably Indistinct Claims, and Examination of Claims

On August 21, 2007, the United States Patent and Trademark Office ("USPTO") published controversial changes in its patent rules concerning continued examination practice, patent applications containing patentably indistinct claims, and examination of claims (the "Revised Patent Rules"). The Revised Patent Rules become effective on November 1, 2007. The Revised Patent Rules will be effective for all new U.S. patent applications, PCT national phase applications entering the U.S., and prior filed, pending U.S. applications. The Revised Patent Rules are expected to necessitate major changes to conventional patent filing, claiming, and prosecution strategies used by many patent applicants.

In January 2006, the USPTO provided public notice of initial rule revisions in its Claims and Continuation Practice. At that time, the USPTO stated that the goals of the rule revisions were to reduce its backlog of pending applications and to improve patent quality. Numerous corporations and patent practitioners submitted comments to the USPTO about the initial rule revisions, and a majority of the comments did not approve of the proposed rule changes. On April 10, 2007, the initial rule revisions were submitted to the Office of Management and Budget ("OMB") for approval. Apparently considering the public comments, the OMB modified the initial rule revisions and on July 10, 2007, released the Revised Patent Rules to the USPTO for implementation.

The Revised Patent Rules significantly change current Claims Practice. Prior to the Revised Patent Rules, Claims Practice permitted a patent applicant to file numerous patent claims in an attempt to vary the scope and breadth of the claims to protect the applicant's invention and to hedge against possible invalidity of the broadest claims, without having to perform a preexamination search or characterize the prior art. Under the Revised Patent Rules, a patent applicant must submit an examination support document ("ESD") if his application has more than 25 claims or more than five independent claims. This requirement will apply both to applications filed before the effective date of the Revised Patent Rules and to prior filed patent applications for which an Office Action has not issued before the effective date. The ESD requires (1) a statement that a preexamination search was performed, including U.S. and foreign patent documents and non-patent literature; (2) a disclosure of all references deemed most closely related to the subject matter of the claims; (3) identification of all claim limitations that are disclosed in the cited references, including a citation where the limitation is within each reference; (4) a detailed explanation of how each of the claims are patentable over the cited references; and (5) a citation of where each claim finds support within the applicant's written description of the invention. The requirements for filing the ESD are similar to the filing requirements currently required for expediting the examination of applications under the USPTO's optional accelerated examination program ("AEP"), which was implemented on August 25, 2006.

It may be advisable not to exceed 25 total claims and five independent claims in order to avoid the requirement of filing an ESD, with its attendant risk of misstatements or omissions that could lead to adverse prosecution history estoppel. Those 25 or fewer claims will need to be carefully drafted without the view that more claims can be added later during prosecution if and when desired. For applications that exceed the claim threshold because they contain claims to more than one invention, the patent applicant has the option to submit a suggested restriction requirement ("SRR") and election of an

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invention having no more than 25 total claims and five independent claims. The USPTO has discretion to accept the SRR or issue a different or no restriction requirement.

The Revised Patent Rules also change current practice regarding patentably indistinct claims. One change is how the claims will be counted: In counting the claims in a given patent application, the USPTO will include all of the claims in any *other* copending application having a patentably indistinct claim. Another change is a new requirement that a patent applicant identify other commonly owned pending applications or patents that (1) have a filing or priority date within two months of the claimed filing or priority date of the application, and (2) name at least one inventor in common with the application. In such circumstances, the patent applicant will be required to file a terminal disclaimer or explain how the applications contain only patentably distinct claims. Even with a terminal disclaimer filed, it appears that the USPTO may require the patent applicant to put all of the patentably indistinct claims together in a single application unless the patent applicant can justify multiple copending applications having patentably indistinct claims.

The Revised Patent Rules significantly change current Continuation Practice. Prior to the Revised Patent Rules, a patent applicant could file an unlimited number of continuation or continuations-in-part ("CIP") applications (collectively, "continuing applications") and requests for continued examination ("RCEs"). Under the Revised Patent Rules, a patent applicant may file only two new continuing applications and one RCE as a matter of right. In the event an applicant desires to file more continuing applications or RCEs, then the applicant will be required to submit a petition, accompanied by a fee, and demonstrate that the "amendment, argument or evidence" could not have been submitted during the prosecution of the prior-filed application. The present changes in Continuation Practice may limit an applicant's ability to file additional related applications after an allowance of claims in the parent application. In some instances, a patent applicant with an application under final rejection may have fewer procedural options to make further amendments or provide additional evidence to convince the USPTO to allow the claims. For instance, when an RCE or continuation filing is unavailable or undesirable to expend, then appealing the final rejection to the Board of Patent Appeals and Interferences ("BPAI") may be the only remaining choice. Accordingly, it is anticipated that more appeals will be filed following implementation of the Revised Patent Rules, when applicants wish to reserve an RCE or continuing application filing for another case or where applicants are unable to satisfy the USPTO that a further RCE or continuing application is justified. This increased use of appeals may lead to an increased backlog of patent appeals in the BPAI.

The Revised Patent Rules also will slightly change divisional application practice, but not to the extent described in the initially proposed rules change. Under the Revised Patent Rules, multiple divisional applications can be filed serially. That is, they need not all be filed during the pendency of the initial application, as the USPTO had originally proposed. Under the Revised Patent Rules, each divisional application also will be entitled to two new continuing applications and one RCE as a matter of right. However, the continuing application claiming priority to a divisional application cannot be a continuation-in-part application.

While the Revised Patent Rules will apply to all applications filed on or after the November 1, 2007 effective date, differences in technologies, patent portfolios, and business circumstances may require different patent filing, claiming, and prosecution strategies. In some circumstances, patent applicants may be advised to file one or more new continuation applications before the November 1, 2007, effective date, in order to maximize their opportunities to obtain patent coverage for their inventions. It may also be advisable for patent applicants to amend their claims in pending cases that have not yet been examined in order to avoid certain requirements that will be triggered by implementation of the Revised Patent Rules. Prior to the effective date, we strongly recommend that clients review their patent portfolios, as well as their unfiled invention disclosures, with their patent counsel to evaluate strategies for maximizing patent protection of their inventions in view of the Revised Patent Rules.

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