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Changes to Patent Practice: The USPTO's New Rules to Shorten Patent Prosecution Time

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For the past several years, the USPTO has been faced with a backlog of patent applications that has raised criticism about the time it takes to issue a patent as well as about the quality of issued patents. In an attempt to address these problems, beginning in January 2006, The PTO proposed several rule changes that would affect how patent applications will be examined. The new rules issued on August 21, 2007, are the result after several hearings and over 500 public comments.

The new rules limit the number of claims that can be filed and the number of continuation applications and requests for continued examination that can be filed without justification. An applicant that exceeds limits on claim numbers must present justification in an Examination Support Document that will become part of the patent's file history.

The new rules purportedly become effective on November 1, 2007. However, in effect, some rules apply retroactively to pending applications filed prior to that date, and some rules have effect as of the August 21 publication date.

Limits on Claims

Previously, there was no limit on the number of claims in an application as long as required fees for excess claims were paid. This allowed drafting claims to cover many different embodiments of an invention with different degrees of particularity. The new rules limit the number to five independent claims and 25 total claims that may be presented in an application family that contains patentably indistinct claims.^[1] If these numbers are exceeded, applicants must file an Examination Support Document (ESD) prior to a First Office Action on the Merits (FAOM). A restriction requirement is not considered to be a FAOM although it may be included with a FAOM.

Following the court decision in *Pfizer Inc. v. Ranbaxy Labs. Ltd.*, 437 F.3d 1284, 1292, (Fed. Cir. 2006), the PTO has heightened the standard for a claim to be considered a dependent claim by requiring incorporation by reference of all the limitations of the claim to which it refers and requiring the claim to specify a further limitation of the subject matter of the previous claim. Claims that do not meet these standards will be considered independent claims and count against the limit of five.

The rules limiting continuation practice, discussed below, in conjunction with the rules limiting the number of claims, allows the applicant a maximum of 15 independent and 75 total claims in an application family that contains patentably indistinct claims without triggering a requirement for filing an ESD.

The 5/25 claim rule is not limited to applications filed on or after November 1, 2007. Rather, it is applicable to all pending applications that have not received a FAOM by that date. In addition, if the family application contains an application that was undergoing examination prior to November 1, the number of claims in that application would be part of the count for the 5/25 rule for any co-pending continuation application that had not received a FAOM by November 1. Thus, for commonly owned

applications containing at least one patentably indistinct claim that has not been withdrawn, the PTO will treat each application as having the total number of claims present in all of the applications for determining whether each application exceeds the 5/25 claim threshold. This would apply to a co-pending continuation application and to an original application so long as there is at least one patentably indistinct claim.

Examination Support Document Required for Excess Claims

When the 5/25 claim limit described above is exceeded, filing an ESD is mandatory. In essence, the ESD places the burden on the applicants to examine their own application.^[2] An ESD must include the following:

A pre-examination search statement, which must (a) encompass all the limitations of the independent claims and the dependent claims separately, (b) identify fields of search by U.S. class and subclass, and (c) identify search strings and databases (which must include U.S. and foreign patent documents and non-patent literature);

A list of references deemed most closely related to the subject matter of each claim;

Identification (or mapping) of claim limitations disclosed by each reference;

Detailed explanation of patentability of each independent claim, in which an applicant must explain why the claim limitations render the claimed subject matter novel and non-obvious over the cited prior art, and why one of ordinary skill in the art would not have combined the references; and

Showing of support in the specification for each limitation of the claims. If the application claims the benefit of one or more applications, the showing must also include where each limitation of each claim finds support in each such priority application.

In addition to the requirement for an ESD if the number of claims is exceeded, filing of supplemental ESDs may be required following amendments to the claims or introduction of new references in an Information Disclosure Statement.

Suggested Requirement for Restriction

If an application contains claims to more than one invention, applicants may file a Suggested Requirement for Restriction (SRR) under 37 C.F.R. § 1.142(c). A SRR must be accompanied by an election of an invention to no more than 5/25 claims, and must be filed before the earlier of a FAOM or a restriction requirement. When a SRR is rejected and an ESD has not been filed, applicants will have a two-month non-extendable period to respond.

For applications pending on November 1, 2007, in which a FAOM was not mailed before November 1, 2007, a two-month time period (extendable up to six months) is granted to either file an ESD or to cancel claims to comply with the 5/25 claim requirement.

Filing continuation applications between now and November 1, 2007, is unlikely to result in a FAOM, and these applications will most certainly fall within the requirements of the new rules as of November 1, 2007.

Commonly Owned Applications

On or after November 1, 2007, an applicant must identify other commonly owned pending applications or patents that: (1) have a claimed 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.

There is a rebuttable presumption that the application and the other application(s) or patent(s) contain at least one patentably indistinct claim, if the other commonly owned application or patent also has: (i) substantial overlapping disclosure with the application, and (ii) the same filing or priority date as the claimed filing or priority date of the other application.

The PTO may require the applicant to put all of the patentably indistinct claims in a single application or to file a terminal disclaimer. The 5/25 rule limiting the number of claims directed to patentably indistinct subject matter may apply regardless of whether all claims are in a single application.

Limits on Numbers of Continuation Applications

The new rules place strict limits on the number of continuation applications that can be filed following an initial patent application. Applicants may file two continuations or continuation-in-part (CIP) applications and a single request for continued examination (RCE) in an application family. An application family includes the initial application and its continuation or CIP applications.

Applicants may file a divisional application if the prior-filed application is subject to a requirement for restriction, and the divisional application claims only a non-elected invention(s) that has not been examined. The rules allow divisional applications to be filed in parallel or series as long as one application from the parent application family is pending. [3]

However, an applicant cannot rely on a restriction requirement to file a divisional application if: (a) the applicant traverses the requirement for restriction; (b) the requirement for restriction is conditional, such as a requirement for election of species in an application that contains a claim that is generic to all of the claimed species; or (c) the applicant requests rejoinder of claims to the non-elected invention.

In a divisional application family, which includes the divisional application and its continuation applications, the applicant may file, without a petition and showing, two continuation applications of the divisional application and a single RCE. No continuation-in-part (CIP) applications are permitted in the divisional application family.

Any additional continuing applications or RCEs may be filed only with a petition and showing as to why an amendment, argument or evidence could not have been submitted during prosecution of the prior-filed applications. Petitions will not be granted automatically and the PTO will consider factors such as resolution by appeal before the Board, number of applications filed and applicant's diligence, before permitting exceptions to the limits on continuations.

Certain options for filing additional applications prior to the promulgation of the new rules should be considered for pending applications. If a continuation application was filed before August 21, the PTO will permit an applicant to have only "one more" continuing application after August 21, 2007, without the requirement of a petition.

Continuation-In-Part Applications

When an applicant files a continuation-in-part application, the new rules require that the applicant identify any claims in the continuation-in-part application for which the subject matter is disclosed in the priority application(s) in a manner that fulfills the requirements of 35 USC 112 ¶1. Failure to meet this requirement will result in all of the claims being treated as entitled only to the actual filing date of the continuation-in-part application, and thus subject to prior art based on that date.

Patent Prosecution under the New Rules

The new rules attempt to introduce efficiency in patent examination by limiting the number of applications and claims an applicant may file. Applications that narrowly claim an invention will be the least affected, whereas applicants seeking broader coverage will likely be subjected to increased burdens. While the rules allow an applicant to exceed the limits on claims and continuation applications, the requirements and possible ramifications for doing so are significant.

If an applicant is unable to adequately protect an invention by the maximum of 15 independent and 75 total claims allowed in an application family, the applicant is required to furnish an ESD. An ESD requires an applicant to provide the PTO with search and analysis as to why the applicant's claims are patentable. This process could add enormous expense to the cost of obtaining the patent. Moreover, it could expose the applicant to allegations during litigation of inequitable conduct in violation of Rule 56, which among other consequences can render the patent unenforceable.

Patent applicants also have routinely used continuation applications to extend the dialog with

examiners in lieu of filing appeals. The consequence of doing so under the new rules, with the exception of one RCE application is a loss in the number of claims that can be derived from an application family. Filing a third continuation or second RCE also entails making statements on the record with Rule 56 implications.

Although the rules take effect on November 1, 2007, several provisions make them applicable to pending applications or those that are filed between the publication date of August 21, and the effective date of November 1. The “one more” rule allows for filing of an additional continuation application after August 21. However a First Office Action on the Merits is unlikely before the effective date and these applications will be subject to 5/25 claim limits and other limits on continuations.

The new rules will apply to all pending applications as of the effective date. Thus, applicants considering filing a second or later RCE in a pending application must do so before November 1, 2007.

The additional requirements imposed on applications pending as of the effective date have generally been accorded the ability to obtain additional extensions of time. However, preparing for these additional requirements should begin now. For example, applicants should also be aware of the need to identify all commonly owned applications filed on or claiming a priority date within two months of each other with a common inventor. Applicants would do well to prepare arguments to rebut a presumption that both applications contain patentably indistinct subject matter, or to plan for amending claims to comply with the 5/25 claims rule.

A Declaratory Judgment Action to block implementation of the new rules by preliminary and permanent injunction was filed the day after the new rules were published. The suit is on behalf of an independent inventor and was filed in the U.S. District of Virginia and names the PTO and its Director, Jon Dudas. This pending suit adds to uncertainty about implementation of the new PTO rules.

In the meantime, highly strategic prosecution is essential in light of the complex and restrictive nature of the PTO's new rules.

Footnotes:

[1] This rule applies to copending applications that have patentably indistinct claims, i.e., to claims that cover the same invention. If the claims in an application have been subjected to a restriction requirement, the subject matter in each group of claims resulting from the restriction requirement is deemed a separate invention. The test for patentable distinction of claims in co-pending applications in the absence of a restriction requirement is a one way test for obviousness.

[2] These requirements for an ESD are similar to those that have been required for accelerated examination. However, if an applicant elects to proceed with accelerated examination an application must have three or fewer independent claims with 20 or fewer total claims.

[3] Voluntary divisional applications, i.e., ones that are not responsive to a restriction requirement, are treated as continuation applications.