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# Summary and Analysis of Changes to the Continuation Rules at the USPTO

On August 21, 2007, the United States Patent and Trademark Office (USPTO) announced significant changes to the rules of practice in patent cases. The changes include the following:

- limiting the number of continuation (or continuation-in-part) applications that applicants may file per invention without justification to only two;
- tightening the definitions of continuation and divisional applications and restricting the kinds of claims that can be pursued in divisional applications;
- limiting requests for continued examination (RCEs) to one without justification;
- limiting the number of claims per application to 5 independent claims or more than 25 total claims (the "5/25" rule), unless an "examination support document" (ESD) is filed along with the application;
- redefining the relationship between individual applications in a patent application portfolio so that if one or more applications have at least one patentably indistinct claim, their claims are combined for purposes of the 5/25 rule; and
- increasing the duty of disclosure.

## Changing Continuation Practice

The general right to claim priority to a nonprovisional application through an unlimited chain of copendencies by 35 U.S.C. § 120 appears to be abolished. The new rules limit the number of continuation (or continuation-in-part) applications that applicants may file per application without justification to only two. Additional continuation or continuation-in-part (CIP) applications require justification. The justification for additional continuation or CIP filings is made by

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showing why any amendment, argument, or evidence to accompany an application could not have been filed earlier.

Beyond the above mentioned two continuations, applications pending prior to August 21, 2007 in which two continuation or continuation-in-part applications have already been filed are allowed to have one additional continuation application filed without justification. This additional continuation application may be filed before or after November 1, 2007.

## Changing Divisional Practice

Divisional applications may only be filed to non-elected groups of claims created when an Examiner finally restricts claims of an application. A properly filed divisional may also have two additional continuation applications filed without a justification; however, CIP applications claiming priority to a divisional application are not permitted. Further, the new rules require that greater attention be given to the labels given to each application, that is, whether an application is a continuation or a divisional. An improper divisional (*e.g.*, an application pursuing claims rejoined after restriction) will be considered as one of the two continuation applications that is allotted for each invention.

The new rules also state that any continuing application that contains claims previously examined in any prior-filed application is not a proper divisional application. This has implications in applications in which the USPTO makes an election of species requirement. In such applications, generic claims must be prosecuted in the initial application or its two continuation or continuation-in-part applications, including exhaustion of any available appeals, before even filing a divisional application to a non-elected species. If a divisional to a non-elected species is filed earlier, the USPTO, upon allowance of a generic claim, will regard the divisional as improper for being addressed to an invention examined in a prior-filed application.

## Limiting the Number of RCEs

Under the previous rules, an unlimited number of RCEs were allowed to be filed. Under the new rules, only one RCE may be filed per application and its continuation applications without justification. A proper justification requires a showing that any amendments, arguments or evidence could not have been filed earlier. Each divisional application and its accompanying continuation applications, if any, are also entitled to one RCE without justification.

## Limiting a Number of Claims per Invention without Justification

The new rules require a filing of an "examination support document" whenever an application contains or is amended to contain more than 5 independent claims or more than 25 total claims. The count of claims includes all of the claims in any other copending application with common ownership having at least one patentably indistinct claim.

An examination support document requires the following:

- a listing of the reference or references deemed most closely related to the subject matter of each of the claims;
- an identification of all of the limitations of each of the claims (whether in independent or dependent form) that are disclosed by the reference;
- a detailed explanation particularly pointing out how each of the independent claims is patentable over the cited references; and
- a showing of where each limitation of each of the claims (whether in independent or dependent form) finds support under the first paragraph of 35 U.S.C. § 112 in the written description of the specification.

Complying with these requirements will likely be very expensive for applicants. It is also quite likely that statements made in an ESD will be extensively scrutinized by patent infringement defendants in any patent issuing with an ESD in its file history. Therefore, an ESD will not be recommended in most, if not all applications. The new rules thus effectively limit the number of claims for most applications. It is important to understand how the USPTO will calculate the number of independent and dependent claims per application. The USPTO will:

- count a claim depending on a claim of a different statutory type as independent;
- count all of the claims in copending applications containing patentably indistinct claims (including applications having a continuity relationship), but not in issued patents containing patentably indistinct claims, in determining whether each such application contains more than five independent claims or more than twenty-five total claims;
- *not* count claims withdrawn from consideration as drawn to a nonelected invention or inventions, unless they are later reinstated or rejoined; and
- count multiple dependent claims as the number of claims from which they depend.

Importantly, the presence of even one patentably indistinct claim in two applications sharing the same ownership will cause the two applications to be treated as one application under the 5/25 rule. Thus, the two applications will be limited to 5 independent claims and/or 25 total claims. Further, applications with the same ownership, at least one common inventor, the same effective filing date and overlapping disclosure (in a sense defined precisely in the rules) will be subject to a rebuttable presumption that their claims are patentably indistinct. The presumption must be overcome to prevent the multiple applications being treated as one under the 5/25 rule.

## Requiring Disclosure of Certain Copending Applications

The rules require the USPTO to be informed of applications with effective filing dates within two months of each other that have the same ownership, and one inventor in common. The rules provide that one or more other nonprovisional applications meeting the above conditions must be disclosed to the USPTO within:

(1) Four months from the actual filing date of a nonprovisional application filed under 35 U.S.C. 111(a);

(2) Four months from the date on which the national stage commenced under 35 U.S.C. 371(b) or (f) in a nonprovisional application entering the national stage from an international application under 35 U.S.C. 371; *or*

(3) Two months from the mailing date of the initial filing receipt in the other nonprovisional application that is required to be identified under § 1.78(f)(1)(i).

These deadlines CANNOT be extended. It is unclear what sanctions exist for failure to identify these other applications, other than it provides a basis for which the USPTO may make final a second office action that includes a new double patenting rejection.

## Effective Date and Compliance Date

The effective date for these new rules is November 1, 2007. Most of the rules, however, have implications for currently pending applications and any new applications that may be filed before November 1, 2007.

The USPTO has also set a compliance date of February 1, 2008 for its newly required disclosures of related applications for all pending applications. Furthermore, for applications that have not received a first office action on the merits by November 1, 2007, the USPTO is

expected to notify the applicants of the need to supply an examination support document, propose a restriction requirement, or amend the claims so as to not exceed the 5/25 claim threshold.

## Action Needed Prior to November 1, 2007

The rules changes create one instance in which an additional action must be taken prior to November 1, 2007. For pending applications in which an RCE has been filed previously, only *one* RCE may be filed for each application after November 1, 2007 without a justification. This one RCE, without justification, may only be used once in each application family. Thus, for an application family in which an RCE has been filed previously, and the claims are finally rejected and may not be allowed in after final practice, a second RCE should be filed prior to November 1, 2007. Failure to file a second RCE prior to November 1, 2007 will require the applicant to submit an RCE with justification, a continuation application, or an appeal.

## Consequences for Patent Application Filing Strategies

The new rules change the number of claims that can be filed in a given patent application. Now, only 5 independent claims and/or 25 total claims may be filed unless an examination support document is filed along with the application. This rule cannot be circumvented by filing multiple patent applications claiming the same invention because, as discussed above, applications filed with the same ownership and patentably indistinct claims will be considered to be the same application for the purposes of this 5/25 rule.

While only five independent and twenty-five total claims will be examined in an application, there is one way to file more than 5/25 claims initially in an application without filing an examination support document. In order to file with more than the 5/25 limit, the application must be filed with a "suggested restriction requirement," suggesting to the examiner how the claims may be divided so that only groups of claims that comply with the 5/25 limit are examined in any one application. The applicant also selects the group of claims to be examined first. If the examiner agrees with the suggested restriction requirement, the elected group is examined in the application and the applicant may file divisional applications to pursue the groups that are withdrawn from consideration. Other strategies are available depending on the specific subject matter and prosecution strategy for each case.

## Consequences in Patent Prosecution

The changes to the patent rules will make it prudent to present all necessary evidence, declarations and argument in response to the first substantive office action. Under the previous rules, which provided

unlimited RCE submissions, applicants could attempt to overcome claim rejections initially by using only argument, or claim amendment, and then relying on multiple RCEs if necessary if more extensive arguments and supporting evidence (*e.g.*, declarations) were considered necessary. Currently, as only one RCE by right is permitted in each patent application family, each office action response, especially the first response, will need to be much more comprehensive. If evidence to overcome a rejection is not used as early on in prosecution as possible, the opportunity to use such evidence may be lost.

Appeal practice will likely become much more common under the new rules. Appeal allows the ruling of the examiner to be reviewed by the Board of Patent Appeals and Interferences (BPAI) at the USPTO. Previously, most practitioners avoided the appeal process because it could take several years for the BPAI to decide an appeal. The appeal process also entails risk in that an adverse decision at the BPAI can only be appealed to the Court of Appeals for the Federal Circuit, or by filing an action in a federal district court. For these reasons, most practitioners utilized unlimited RCEs and/or continuation submissions to amend claims and argue to acquire an earlier allowance.

The USPTO has received numerous complaints about the extensive delays in the appeal process. In response, they have reduced the appeal docket so that cases may proceed through appeal more quickly. Patent term adjustment is also available so that at least some of the time lost in appeal will be regained as additional patent term. Moreover, the USPTO has added a pre-appeal process in which three senior examiners quickly review the prosecution of an application prior to appeal in order to decide more obvious disputes between the applicants and examiner.

## Rules Will Require Greater Monitoring of the Patent Portfolio

The new rules require that if two patent applications with the same ownership have patentably indistinct claims, the applications will be treated as one application under the 5/25 rule. Thus, both applications must have 5 independent and/or 25 total claims in this situation. Indeed, if the applications have the same effective filing date, overlapping disclosure, one identical inventor, and the same ownership, there is a rebuttable presumption that the claims of the two applications are indistinct. In order to prevent this from happening, and possibly compromising the validity of patent claims, patent owners will generally want to ensure that the claims of different applications are patentably distinct. This can be problematic when a patent portfolio is being prosecuted by multiple practitioners.

Pending applications should be reviewed in order to ensure that the claims of the applications are patentably distinct and to determine whether there are applications with the same ownership, a common

inventor, and priority dates within two months of each other. These applications should be brought to the attention of the USPTO in both applications. The USPTO must be informed of the existence of such applications after November 1, 2007, but no later than February 1, 2008.

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