

Updated Patent Portfolio Triage: Another take on what to do before November 1

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This update assumes familiarity with the USPTO new rules that *may* be effective November 1, 2007. For more detailed information on the new rules see www.ptslaw.com/uspto.cfm

The uncertainty about whether the new rules will be implemented depends upon the outcome of the preliminary injunction hearing on Halloween in the lawsuit filed by GlaxoSmithKline (GSK) seeking to enjoin implementation of the new rules. While the Vegas odds makers may be giving an edge to GSK in obtaining a preliminary injunction at the hearing, the timing of the hearing is too late to permit last minute filings in the event that the PTO is not enjoined. Even if a preliminary injunction is granted, some or all of the new rules could still be implemented at a later date if the PTO prevails on summary judgment or appeal. If the PTO would prevail, some interesting issues may arise around whether the PTO would attempt to make the rules retroactive to November 1, 2007 even if a preliminary injunction is granted in the GSK case.

One of the most significant challenges in planning for the new rules has been the numerous clarifications and interpretations issued by the PTO—both formally, via the various materials posted on the USPTO website (see, e.g., FAQ updates of 9/26/07, 9/27/07, 10/10/07 and 10/22/07) and through the clarification notice in the Federal Register on October 10, 2007, as well as informally, in a multitude of private conversations between PTO staff and practitioners.

Although there are relatively few situations in which a complete loss of rights may occur if actions are not taken by November 1, 2007, there are numerous situations in which strategic options for responding to the New rules may be reduced or extra work incurred by not taking action prior to the effective date. In most of the problem cases under the new rules, a failure to be proactive will increase the likelihood that an ESD must be filed or impose delays in prosecuting all of the potential continuing cases for a given patent family.

Given this very fluid environment surrounding the new rules, here are some updated suggestions on triage issues that may still need to be considered before November 1, 2007.

Current CIP Cases

The requirement under *Rule 78(d)(3)* to file a table showing priority of each claim has been waived by the PTO until February 1, 2007. In light of this waiver and the GSK lawsuit, disclaiming priority to any parent cases in order to divorce a CIP case from an existing patent family may be deferred. Whether to disclaim priority is, of course, a decision that must be made on a case-by-case basis in view of the need for a priority claim, an ability to make the claim of priority to the parent and any possible intervening art. There still appears to be an issue of whether a case filed after the effective date as a continuation of any CIP case will be treated as a continuation or a CIP under the New rules. This issue appears to turn on the interpretation of the terms “the prior filed application” in *Rule 78(a)* and whether that language means only the immediately prior case or any prior case to which a claim of priority is made.

Cases Under Final Rejection

Because of the limit of only one RCE per patent family, a review of all currently pending cases under Final Rejection may be advisable to identify those cases in families where at least one RCE has already been filed. If an earlier RCE has already been filed in a family, it is advisable to file another RCE prior to the effective date (in cases under a Final Rejection) to avoid the one-RCE limit. Also, it may be advisable to file an RCE before the effective date if the only change in the case will be the consideration of additional references or arguments. There still appears to be an issue of whether only one RCE is permitted per family in a divisional case, or whether in cases of divisional families one RCE also may be filed for each continuation of a divisional application under *Rule 1.114(d)(3)*.

Families with Existing Restriction Requirements

Where a patent family has one or more outstanding restriction requirements, the patent family should be reviewed to determine whether there are advantages to filing divisional cases before the effective date of the new rules. Questions recently addressed by the PTO, about filing additional claims in a divisional case that are outside the scope of the nonelected claims as originally presented in a parent case, brought this issue to light. In cases where claims to the nonelected invention are broader than the claims that were originally presented, it may be advisable to file a divisional application to the nonelected invention prior to the effective date, such that the new definition of divisional in *Rule 78(a)(2)* may not apply to that case.

Under 35 USC 121, a divisional application may be directed to a nonelected independent and distinct "invention." ("If the other *invention* is made the subject of a divisional application which complies with the requirements of section 120 of this title it shall be entitled to the benefit of the filing date of the original application.") The statutory language of Section 121 implies that the independent and distinct nonelected invention may be claimed more broadly in a divisional than the claims as originally presented in the parent case that was the subject of the restriction requirement, provided the claims are still directed to the nonelected invention and a new oath and declaration are filed. ("If a divisional application is directed solely to subject matter described *and claimed* in the original application as filed, the Director may dispense with signing and execution by the inventor.") However, under the new rules a divisional application that is entitled to reset the continuation limits under *Rule 78(d)(1)* would be limited only to the claims as originally filed in the parent case. ("A divisional application is a continuing application as defined in paragraph (a)(1) of this section that discloses and claims only an invention or inventions that were disclosed *and claimed* in a prior-filed application, ..." *Rule 78(a)(2)*). This definition of divisional applications under the new rules appears to be in conflict with the meaning of a divisional application as set forth in 35 USC 121. The consequence of the more narrowed definition of divisional under *Rule 78(a)(2)* is that the continuation limits of *Rule 78(d)(1)* may not be reset for otherwise statutorily permitted divisional cases that present claims directed to the same invention, but that are broader or different than the claims as originally presented in the parent case.

If this interpretation is correct, there may be advantages to filing divisional cases based on existing restriction requirements prior to the effective date of the new rules. It should be noted, however, that under a hyper-technical reading of *Rule 78(d)(1)(ii)*, even divisional cases that were already filed, and even issued, may not provide a proper basis for resetting the continuation limits under *Rule 78(d)(1)(iii)* because the exception for divisional cases under these two provisions incorporates the new definition of divisional under *Rule 78(a)(2)*. There have been no indications in any PTO materials that the PTO would retroactively interpret the provisions of *Rule 78(d)(1)* in that manner, and, in fact, all of the PTO materials documenting that a divisional application will reset the 2+1 limits make no distinction as to whether the divisional contains only the claims originally presented or only claims directed to the invention that was restricted.

This issue was identified in discussions with PTO representatives about the possibility of seeking a further restriction requirement in a large patent family with more than two continuations where the only currently pending case is a divisional filed after the effective date. The question was how the PTO would handle the case if claims broader than the originally presented claims were presented during prosecution (e.g., a preliminary amendment is filed adding a set of method claims directed to the same limitations as a set of apparatus claims that were originally presented and restricted, along with a suggested restriction requirement (SRR), provisionally elected the apparatus claims.) During the period that the method claims are present in the case after the preliminary amendment, the case technically is a continuation case, not a divisional case under the new rules. Assuming the SRR is accepted, however, the case goes back to being a proper divisional case. The issue that this raises is whether the PTO would actively delete the claim to priority during the period when the provisionally unelected method claims are present under *Rule 78(d)(1)*. Also, what happens if the PTO does not delete the claim to priority during this period, the method claims are cancelled, and later the PTO, or a future litigant, attempts to assert the savings clause in *Rule 78(d)(1)* that failure to delete a claim to priority is not a waiver?

Best Practices After the Effective Date

As discussed by many sources, one of the best practices in view of the New rules may be to utilize existing cases that already have a FAOM as vehicles for presenting additional claim sets to seek a restriction requirement in order to set up the possibility for divisional cases that may reset the 2+1 continuation limits. While the SRR provisions of *Rule 142(c)* are technically not available for pending cases that already have a FAOM, the PTO has acknowledged that it expects that applicants will be presenting additional claims in those pending cases with a FAOM along with comments or remarks for the purpose of seeking a restriction requirement.

One possible strategy in the situation of a patent family with 2+ co-pending cases and at least one pending case with a FAOM may be to copy at least the independent claims of the other co-pending cases without a FAOM into the case with a FAOM in order to seek restriction requirements that may permit the other co-pending cases to be subsequently "re-classified" as divisional instead of a continuation. An explanation that this strategy is underway in a pending case with a FAOM may also serve as sufficient for purposes of *Rule 78(f)(2)*.

USPTO New Rules Summary

Claim Limits

The number of claims per application (for new and most existing cases) may be no more than five independent and 25 total claims (the 5/25 claim limit).

- If the 5/25 claim limit is exceeded, extra work is required in the form of an expensive Examination Support Document (ESD) that could cost \$5,000 - \$20,000 or more.
- In addition to expense, filing an ESD may create uncertainty in terms of prosecution and enforcement due to statements that must be made in the ESD.

Continuation Limits

The ability to file continuing applications will be limited for applications filed after November 1, 2007.

- No more than two continuing applications and one RCE (the 2+1 limit) are permitted per patent application family as a matter of right. Additional applications over the 2+1 limit may only be filed with a petition to waive the limits.
- Proper divisional applications will reset the 2+1 limit by creating a separate patent family for each divisional.

Co-Pending Case Limits

Simultaneous prosecution of related applications that have overlapping or patentably indistinct claims is discouraged in several ways.

- Co-pending applications in the same patent family with a common assignee and a common inventor that have patentably indistinct claims create a presumption that the number of claims in each of these cases should be counted together for the 5/25 claim limits.
- The USPTO may cancel patentably indistinct claims in all but one application.

The claim limits and continuation limits are set to take effect on November 1, 2007 for both new cases and pending cases, other than those that have received a First Office Action. The requirements imposed by the co-pending case limits have a deadline of February 1, 2008 for existing cases and four months after filing for new cases.