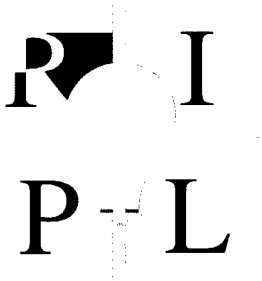
THE JOHN MARSHALL
REVIEW OF INTELLECTUAL PROPERTY LAW



THE CONTROVERSY SURROUNDING CONTINUING APPLICATIONS AND REQUESTS FOR CONTINUED EXAMINATION

SCOTT D. BARNETT

ABSTRACT

On August 21, 2007, the USPTO published new rules altering the manner in which continuing applications and requests for continued examination could be filed. These new rules represented a drastic departure from traditional practice, and consequently, generated a considerable reaction from the patent community. While some members of the patent community supported the new rules, many others felt that the rules would be insufficient in promoting the USPTO's goals, and served mainly as an unnecessary roadblock to good-faith patent prosecution. Prior to the rules going into effect, they were challenged in the case *Tafas v. Dudas*. In *Tafas*, the district court judge voided the rules as being beyond the scope of the USPTO's rulemaking authority. The USPTO, however, does not seem inclined to let the rules die so easily, and some form of the rules may still come into effect. Accordingly, this comment examines the possible effect that the rules may have on different parties and proposes a number of alternative, less-intrusive, means of achieving the USPTO's goals.

Cite as Scott D. Barnett, *The Controversy Surrounding Continuing Applications and Requests For Continued Examination*, 7 J. MARSHALL REV. INTELL. PROP. L. 545 (2008).

THE CONTROVERSY SURROUNDING CONTINUING APPLICATIONS AND REQUESTS FOR CONTINUED EXAMINATION

SCOTT D. BARNETT*

INTRODUCTION

"Although continuations have a legitimate role in the patent prosecution practice, increasingly they are the subject of debate because of their growing volume, their effect on pendency, and the opportunistic use of them."[1] On August 21, 2007, the United States Patent and Trademark Office ("USPTO") published new regulations placing a limit on the number of continuing applications and requests for continued examination ("RCE") that a patent applicant could file without a petition and showing.[2] These new regulations sharply contrasted the longstanding system that permitted an applicant to file an unlimited number of continuing applications and RCEs without a petition and showing.[3]

---

* J.D. Candidate, May 2009, The John Marshall Law School. B.S. Electrical Engineering, Northwestern University, Evanston, IL, June 2005. Thank you to my editor, Brad Nykiel and the staff of the THE JOHN MARSHALL REVIEW OF INTELLECTUAL PROPERTY LAW.

** Available at www.jmripl.com.

[1] NAT'L ACAD. OF PUB. ADMIN., U.S. PATENT AND TRADEMARK OFFICE: TRANSFORMING TO MEET THE CHALLENGES OF THE 21ST CENTURY 50 (2005) [hereinafter TRANSFORMING]. This report reflects the views of panel members Thomas H. Stanton, Marilu Goodyear, Bernard Ross, Daniel L. Skoler, and Charles Van Horn. *Id.* at i. The House Appropriations Subcommittee on Science, State, Commerce, and Justice asked the Academy to review the USPTO's structure and business process and to provide insights on whether and how agency efforts have helped to increase patent quality and decrease patent pendency. *Id.* at iii.

[2] *See* Changes To Practice for Continued Examination Filings, Patent Applications Containing Patentably Indistinct Claims, and Examination of Claims in Patent Applications, 72 Fed. Reg. 161, 46,716 (Dep't of Commerce Aug. 21, 2007) [hereinafter Changes] ("The third or subsequent continuing application or request for continued examination must be filed with a petition showing why the amendment, argument, or evidence sought to be entered could not have been previously submitted."), *voided by* Tafas v. Dudas, Nos. 1:07cv846 (JCC), 1:07cv1008 (JCC), 2008 WL 859467 (E.D. Va. Apr. 1, 2008). Under the current rules, an applicant may file an unlimited amount of continuing applications or requests for continued examination without a filing a petition and showing. *See* 37 C.F.R. §§ 1.78, 1.114 (2007). Had the rules gone into effect, the petition and showing requirement for a third or subsequent continuing application would be provided in § 1.78(d)(1)(vi) as: "A petition must be filed in such nonprovisional application that is accompanied by the fee set forth in § 1.17(f) and a showing that the amendment, argument, or evidence sought to be entered could not have been submitted during the prosecution of the prior-filed application." Changes, *supra* note 2, at 46,733–34. Likewise, had the rules gone into effect, section 1.114(a) would instruct the applicant:

> If prosecution in an application is closed, an applicant may, subject to the conditions of this section, file a request for continued examination of the application accompanied by a submission, the fee set forth in § 1.17(e), and if required, a petition under paragraph (g) of this section accompanied by the fee set forth in § 1.17(f).

Id. at 46,841.

[3] *See, e.g.*, *In re* Henriksen, 399 F.2d 253, 261 (C.C.P.A. 1968) (relying on the pre-1952 Patent Act practice, the court held that 35 U.S.C. § 120 "provides no limit to the number of applications that may be copending"); *In re* Hogan, 559 F.2d 595, 604 n.13 (C.C.P.A. 1977) (placing "a limit upon

The rules ("Final Rules") were set to go into effect on November 1, 2007.[4] However, prior to their implementation, the Final Rules were challenged in court in the case of *Tafas v. Dudas*.[5] In *Tafas*, the United States District Court for the Eastern District of Virginia voided the Final Rules, concluding that they were substantive in nature, and thus "otherwise not in accordance with law" and "in excess of statutory jurisdiction [and] authority."[6] Accordingly, the court granted the plaintiffs' motion for summary judgment.[7]

Despite the ruling in *Tafas*, many believe that the USPTO will continue to fight for the implementation of new rules governing continuing applications and requests for continued examination.[8] The Final Rules were not unanimously opposed. Although the Final Rules were generally opposed by patent agents and attorneys,[9] manufacturing companies,[10] biotechnology companies,[11] and independent inventors,[12]

---

continuing applications is a matter of policy for the Congress, not for us"); Bott v. Four Star Corp. 848 F.2d 1245, 1245 (Fed. Cir. 1988) (unpublished table decision) (stating that the Court would not "adopt equitable safeguards to limit continuation applications when the Congress gave no indication that it intended to so do"). *But cf.* Mark A. Lemley & Kimberly A. Moore, *Ending Abuse of Patent Continuations*, 84 B.U. L. Rev. 63, 64 (2004). This article suggests that an applicant's right to file an unlimited number of continuing applications is "[o]ne of the oddest things about the United States patent system." *Id.* The right to file an unlimited number of continuing applications is criticized because it "introduces substantial delay and uncertainty into the lives of a patentee's competitors," wears down examiners, may be used to broaden a patentee's claims through hindsight, and allows for "submarine patenting." *Id.* at 65.

[4] Changes, *supra* note 2, at 46,716.

[5] 2008 WL 859467, at *1. Plaintiffs claimed that the proposed rules were an unlawful agency action under section 706(2) of the Administrative Procedure Act ("APA") and should be declared null and void. *Id.*; *see* 5 U.S.C. § 706(2)(2). Section 706(2)(c) of the APA provides:

> To the extent necessary to decision and when presented, the reviewing court shall decide all relevant questions of law, interpret constitutional and statutory provisions, and determine the meaning or applicability of the terms of an agency action. The reviewing court shall . . . hold unlawful and set aside agency action, findings, and conclusions found to be . . . in excess of statutory jurisdiction, authority, or limitations, or short of statutory right.

Id.

[6] *Tafas*, 2008 WL 859467, at *10 (quoting 5 U.S.C. § 706(2)(c)).

[7] *Id.*

[8] *See* Sandra Thompson, *Vaccinate Your Patent Portfolio: How to Protect Your Intellectual Property Rights During the Sweeping Changes at the USPTO*, Mar. 18, 2007, MONDAQ BUS. BRIEFING, *available at* http://www.mondaq.com/article.asp?articleid=58238 (stating that "it is likely that these new rules will be repackaged at some point in 2008–09."); Kevin Tampone, *Possible New IP Rules Could Have Major Effect for Firms*, CENT. N.Y. BUS. J., Dec. 21, 2007, at 13, *available at* http://www.cnybusinessjournal.com/ (stating that the new rules "are still likely to come through in some form, local intellectual-property law attorneys say").

[9] *See* Letter from Michael K. Kirk, Executive Director, AIPLA, to John W. Dudas, Under Secretary of Commerce for Intellectual Property and Director of the U.S. Patent and Trademark Office (Apr. 24, 2006), *available at* http://www.uspto.gov/web/offices/pac/dapp/opla/comments/fpp_continuation/aipla.pdf [hereinafter Kirk Letter] (noting that the proposed changes to the continuation process "would disadvantage applicants by prematurely truncating prosecution of their applications").

[10] *See* Letter from Honda R&D Americas, Inc. to John W. Dudas, Under Secretary of Commerce for Intellectual Property and Director of the U.S. Patent and Trademark Office (May 3, 2006), *available at* http://www.uspto.gov/web/offices/pac/dapp/opla/comments/fpp_continuation/honda.pdf [hereinafter Honda Letter] (commenting that Honda does not believe the proposed

they were generally favored by software companies,[13] electronics companies,[14] and U.S. government agencies.[15] Because some form of the new rules may still come into effect, it is important to analyze the impact that such rule changes would have on parties concerned with patent rights.[16] This comment examines the sufficiency of the new rules in promoting the USPTO's goals[17] and addresses the new rules' potential impact on interested parties and the patent prosecution process.

---

changes to the continuation rules "will adequately protect applicants while achieving the USPTO's goal of the reducing the pendency backlog").

[11] *See* Letter from A. Scott Whitaker, Chief Operating Officer, Biotechnology Industry Organization, to Robert W. Bahr, Commissioner for Patents (May 2, 2006), *available at* http://www.uspto.gov/web/offices/pac/dapp/opla/comments/fpp_continuation/bio.pdf (commenting that the "PTO's proposed rule changes will adversely impact innovation, especially in the biotechnology sector, by inhibiting the ability of innovators to obtain adequate coverage on their inventions and to attract financing for products that often take a relatively long time to reach the marketplace").

[12] *See* Letter from Byron L. Hale, Chief Technology Officer, Effective Information, LLC to Commissioner for Patents (May 3, 2006), *available at* http://www.uspto.gov/web/offices/pac/dapp/opla/comments/fpp_continuation/ia_con.pdf. Hale, an independent inventor, believed that "the proposed rule changes on continuations would drastically increase my costs for obtaining a patent, while at the same time restricting the protection I pay for." *Id.*

[13] *See* Letter from Robert W. Holleyman, II, President and C.E.O, the Business Software Alliance, to John W. Dudas, Under Secretary of Commerce for Intellectual Property and Director of the U.S. Patent and Trademark Office (May 3, 2006), *available at* http://www.uspto.gov/web/offices/pac/dapp/opla/comments/fpp_continuation/bsa.pdf [hereinafter Holleyman Letter]. In comments directed to the USPTO, the Business Software Alliance noted that they "support[] the changes aimed at ending the abuses of continuation practices whether by rule changing or through legislation." *Id.* at 1.

[14] *See* Letter from David Simon, Chief Patent Counsel, Intel Corp., to Commissioner for Patents, U.S. Patent and Trademark Office (May 3, 2006), *available at* http://www.uspto.gov/web/offices/pac/dapp/opla/comments/fpp_continuation/intel.pdf. In comments directed to the USPTO, Intel noted that they "commend[] the [Patent] Office's efforts to curtail abuses by those outliers who unnecessarily delay prosecution of their applications with multiple continuation filings." *Id.*

[15] *See* Letter from the Antitrust Division of the U.S. Dep't of Justice to the U.S. Patent and Trademark Office (May 3, 2006), *available at* http://www.uspto.gov/web/offices/pac/dapp/opla/comments/fpp_continuation/usdoj_ad.pdf (noting that the proposed changes to the continuation rules will likely "improve the efficiency of the patent examination process and should discourage potential abuses of that process").

[16] *See* Tampone, *supra* note 8 (noting that the new rules governing continuing applications and RCE's "could have a major effect on how companies and attorneys protect intellectual property"); *see also* Stewart Weinberg, *U.S. Patent Office to Unveil New Continuation Rules Monday*, DOW JONES NEWSWIRES, Aug. 20, 2007, http://www.patentlyo.com/patent/2007/08/continuation-ru.html (stating that the original proposal to limit continuations "generated strong reaction, both positive and negative, from various industries that rely on the patent system"). *But see* Posting of Simon J. Elliott & Courtenay C. Brinckerhoff to Patent Docs: Biotech & Pharma Patent Law & News Blog, New Continuation Rules: Unfair to Biotech?, http://www.patentdocs.us/patent_docs/2007/08/new-pto-continu.html (Aug. 29, 2007, 22:52) ("[T]he PTO asserts that the new rules will affect less than three percent of patent applications.").

[17] *See* Changes, *supra* note 2, at 46,717. The USPTO stated that there is a "need for a better focused and effective examination process to reduce the large and growing backlog of unexamined applications while maintaining or improving the quality of issued patents." *Id.*; *see also* Press Release, U.S. Patent and Trademark Office, USPTO to Publish Measures to Improve Patent Quality: *Claims and Continuations Rules Will Improve Effectiveness and Efficiency of Patent Examination* (Aug. 20, 2007), *available at* http://www.uspto.gov/web/offices/com/speeches/07-33.htm. John Dudas, Under Secretary of Commerce for Intellectual Property, addressed the proposed changes stating: "These rules better focus examination and will bring closure to the examination

Part I of this comment defines continuing applications and requests for continued examination. Part I then surveys the historical development of these rights. Finally, Part I traces the process leading up to the issuance of the Final Rules. Part II examines the case of *Tafas v. Dudas* and offers arguments for keeping the Rules void. Part III analyzes the factors that prompted the issuance of the Final Rules and examines the potential effects the Rules will have on different sectors. Finally, Part IV considers the USPTO's options post *Tafas* and proposes alternative, less intrusive, means of achieving the USPTO's goals.

I. BACKGROUND: DEFINITIONS, HISTORY, AND THE EVENTS LEADING UP TO THE RULE'S ISSUANCE

The background section of this comment defines the continuing application and request for continued examination in light of the historical development of these rights. Section A examines the different types of continuing applications and discusses the right to file a request for continued examination. Section B describes the historical development of an applicant's right to file continuing applications and requests for continued examination. Finally, Section C provides an overview of the process leading up to the issuance of the new rules.

A. Defining Continuing Applications and Requests for Continued Examination

A continuing application is one filed during the pendency of another application that contains at least part of the disclosure of the other application and names at least one inventor in common with that application.[18] There are three main types of continuing applications that one may file at the USPTO.[19] An applicant may file a continuation, a divisional, or a continuation-in-part ("CIP") application of a prior application, all of which the USPTO characterizes as "continuing" applications.[20] The expressions "continuation," "divisional," and "continuation-in-part" are merely terms used for administrative convenience.[21] The fundamental characteristic shared by all types of continuing applications is that they are entitled to the benefit of the filing date of an earlier application as to common subject matter.[22]

---

process more quickly, while ensuring quality and maintaining the right balance between flexibility for applicants and the rights of the public." *Id.*

[18] *See* 35 U.S.C. §§ 120, 121 (2006); 37 C.F.R. § 1.78 (2007); Transco Prod. Inc. v. Performance Contracting Inc., 38 F.3d 551, 555 (Fed. Cir. 1994); 4A DONALD S. CHISUM, CHISUM ON PATENTS § 13.01 (2006) ("A person who has filed one application for a patent in the Patent and Trademark Office may file a subsequent or continuation application.").

[19] U.S. PAT. & TRADEMARK OFFICE, U.S. DEP'T OF COMMERCE, MANUAL OF PATENT EXAMINING PROCEDURE § 201.11 (8th ed., 5th rev. 2006) [hereinafter MPEP]. *See also Transco*, 38 F.3d at 555 (recognizing that "there are various types of 'continuing' applications that one may file at the PTO").

[20] MPEP, *supra* note 19, § 201.11. The application types are exclusive. *Id.* For example, an application cannot be both a continuation *and* divisional application. *Id.*

[21] *Transco*, 38 F.3d at 556.

[22] MPEP, *supra* note 19, § 201.11.

Industry terms have evolved to describe the often confusing relationships between the initial application and the derivative continuing applications.[23] A "parent" application is the immediately preceding application upon which a continuing application claims priority.[24] An "original" application refers to the first application in a chain of continuing applications upon which subsequent applications claim priority.[25]

A "continuation" is a second application for the same invention claimed in a prior nonprovisional (parent) application and filed before the original prior application becomes abandoned or patented.[26] A "divisional" is a second application for an independent or distinct invention, carved out of a pending application and disclosing and claiming only subject matter disclosed in the earlier or parent application.[27] A divisional application is often filed to obtain patent protection on subject matter that is withdrawn from examination during the prosecution of the parent application because of a restriction requirement.[28] A CIP application is a continuing application containing a portion or all of the disclosure of an earlier application along with added matter not present in that earlier application.[29]

Filing a request for continued examination ("RCE") allows applicants to continue to have their application examined after prosecution has closed.[30] Both a RCE and a

---

[23] *See Transco*, 38 F.3d at 555.

[24] MPEP, *supra* note 19, § 201.04. Section 201.04 states:

> The term "parent" is applied to an earlier application of an inventor disclosing a given invention. Such invention may or may not be claimed in the first application. Benefit of the filing date of copending parent application may be claimed under 35 U.S.C. 120. The term parent will not be used to describe a provisional application.

Id.; *see also* 4A CHISUM, *supra* note 18, § 13.03[1] (stating that, in the case of a chain of three applications, the original may be called the "grandparent" and the subsequent applications may then be called a "child" or "grandchild" accordingly).

[25] *See Transco*, 38 F.3d at 556; Cecil D. Quillen, Jr. & Ogden H. Webster, *Continuing Patent Applications and Performance of the U.S. Patent and Trademark Office*, 11 FED. CIR. B.J. 1, 4 n.14 (2002) (noting that, when discussing continuing applications and RCEs, the term original "means a U.S. patent application that does not claim the filing date of an earlier filed nonprovisional U.S. application."). However, the MPEP provides a broader definition of original applications, stating that an original may be a continuing application. MPEP, *supra* note 19, § 201.04(a).

[26] MPEP, *supra* note 19, § 201.07.

[27] *Id.* § 201.06.

[28] *Id.*; 35 U.S.C. § 121 (2006). Section 121 states:

> If two or more independent and distinct inventions are claimed in one application, the Director may require the application to be restricted to one of the inventions. 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.

Id.; *see also* U.S. PAT. & TRADEMARK OFFICE, QUESTIONS AND ANSWERS CLAIMS AND CONTINUATIONS FINAL RULE 2 (2007), *available at* http://www.uspto.gov/web/offices/pac/dapp/opla/presentation/ccfrfaq.pdf [hereinafter QUESTIONS] ("The divisional application must contain only claims directed to an invention or inventions that were identified in the restriction requirement but were not elected for examination and were not examined in any other nonprovisional application.").

[29] MPEP, *supra* note 19, § 201.08.

[30] *See* 35 U.S.C. § 132(b) (2006); 37 C.F.R. § 1.114(a) (2007). Prosecution in an application is closed when "the application is under appeal, or that the last Office action is a final action (§ 1.113), a notice of allowance (§ 1.311), or an action that otherwise closes prosecution in the application." *Id.* § 1.114(b).

continuing application retain the priority date of the parent application.[31] The main difference between a RCE and a continuing application is that a RCE retains the filing date of the parent application, whereas a continuing application is provided a new filing date.[32] Consequently, a RCE enters the examination queue in the place where the parent application sat prior to the final Office action, but a continuing application, having a new file date, goes to the back of the examination queue.[33] Thus, an applicant will receive an office action on the merits sooner by filing a RCE than by filing a continuing application.[34] In sum, requests for continued examination provide an alternate avenue for obtaining continued examination of an application, without having to file a continuing application.[35]

B. Historical Development of the Continuing Application and Request for Continued Examination

An applicant's right to file a continuing application and a request for continued examination is rooted in both common law and legislation.[36] This section begins by examining the common law development of the right to file continuing applications followed by a discussion on the statutory embodiment of the continuing application and request for continued examination rules.

1. Common Law Development of Continuing Applications

The Supreme Court first recognized the concept of the continuing application in 1864 in *Godfrey v. Eames*.[37] In *Godfrey*, an applicant withdrew his application after being notified by the Commissioner of Patents that it was refused.[38] On the same day that he was notified of the refusal, the applicant filed a new and altered application for the invention that subsequently issued as a patent.[39] The Court held

---

[31] 35 U.S.C. § 120, 37 C.F.R. §§ 1.78, 1.114.

[32] 37 C.F.R. §§ 1.53(b), 1.114; MPEP, *supra* note 19, § 706.07(h) ("An RCE is not the filing of a new application. Thus, the Office will not convert an RCE to a new application such as an application filed under 37 C.F.R. [§] 1.53(b) . . . ."); *see also* Stephen T. Schreiner & Patrick A. Doody, *Patent Contaminations: How Proposed Rule Changes Will Undermine Our System and Create New Problems*, 24 INTELL. PROP. L. NEWSL. 38, 42 (2006) (noting that a RCE is *not* a new or separate application while a continuation application *is* a new and separate application).

[33] *See* MPEP, *supra* note 19, § 708; *see also* Posting of James D. Ivey to Intellectual Property Law Server, Re: Difference Between Continuation, CIP, RCE and Div, http://www.intelproplaw.com/Forum/Forum.cgi?board=patent_filing;action=display;num=1138202897 (Jan. 25, 2006, 11:08) [hereinafter Ivey].

[34] *See* Ivey, *supra* note 33.

[35] MPEP, *supra* note 19, § 706.07(h).

[36] *See generally* 4A CHISUM, *supra* note 18, § 13.02 (noting that an inventor's right to rely on the filing date of a prior copending application in a subsequent application developed through court decisions and gained statutory embodiment in 1952 with the enactment of 35 U.S.C. § 120).

[37] 68 U.S. 317 (1864).

[38] *Id.* at 318. Godfrey filed an application for boot-trees. *Id.* The application was rejected for want of novelty. *Id.* Godfrey then withdrew the rejected application and filed a new application on the same invention simultaneously. *Id.*

[39] *Id.* at 319.

that the issued patent was entitled to the filing date of the first application because the second application was so analogous to a permissible amendment[40] that the two applications should be construed as one continuous application within the meaning of the law.[41] However, in order for such continuity to exist, it was necessary that the two applications were for the same invention such that they exhibited "substantial identity."[42]

In 1877, the Court in *Smith v. Goodyear Dental Vulcanite*[43] reaffirmed *Godfrey* and expanded the doctrine of continuing applications.[44] In *Smith*, an applicant allowed his application to remain dormant for eight years following a third rejection and then refiled with a new application.[45] During the prosecution of the new application, the USPTO recognized that earlier rejections were erroneous and allowed the claims as originally filed in the first application.[46] Recognizing that the delay in filing was due to poverty and illness rather than neglect or indifference,[47] the Court held that the applicant had not abandoned his application and was entitled to the original filing date.[48]

In *General Talking Pictures Corp. v. Western Electric Co.*,[49] the Court reaffirmed the validity of continuing applications.[50] The Court concluded that a continuing application is entitled to the filing date of the original application where the subject matter sought to be patented in the continuing application is the same subject matter described in the original application.[51]

---

[40] *See* Patent Act of 1836, ch. 357, § 7, 5 Stat. 117 (1836). The Patent Act of 1836 expressly authorized applicants to alter their applications following a rejection and have the amended application reexamined.

[41] *Godfrey*, 68 U.S. at 325–26. If a party withdraws his application for a patent, "intending at the time of such withdrawal to file a new petition, and he accordingly do[es] so, the two petitions are to be considered as parts of the same transaction." *Id.* The court held that both petitions are to be viewed as "constituting one continuous application, within the meaning of the law." *Id.*

[42] *Id.* The Supreme Court held that continuity between applications was proper only where the two applications were for the same invention. *Id.* In finding that the applications were sufficiently similar to warrant continuity, the Court stated: "We are satisfied that there was here such substantial identity in the two specifications as brings the case within the rule thus laid down." *Id.* at 325.

[43] 93 U.S. 486 (1877).

[44] *Id.* at 500–01.

[45] *Id.*

[46] *Id.* at 492.

[47] *Id.* at 491. The Court noted that the applicant's poverty made him "utterly unable to bear the necessary expenses of prosecuting his case further," but he did not withdraw his application, did not ask for a return of part of the fee he had paid, "nor by any act of his did he indicate acquiescence in the unfavorable action of the Patent Office." *Id.*

[48] *Id.* at 500–01. The Court held that filing a second petition for a patent, after the first has been rejected, does not sever the second application from the first and deprive the applicant of "any advantage he would have enjoyed had the patent been granted without a renewal of the application." *Id. But cf.* Patent Act of 1870, ch. 230, § 32 (1870). In 1870 Congress placed an express limit on the time for responding to an action on an application by the USPTO wherein if no timely response is made, the application is regarded as abandoned. Patent Act of 1870 § 32.

[49] 304 U.S. 175 (1938).

[50] *Id.* at 183.

[51] *Id.*

2. Statutory Embodiment of the Continuing Application and Request for Continued Examination

The Patent Act of 1952[52] codified the continuing application doctrine of *Godfrey*, but also added that the continuing application must specifically mention the first application.[53] 35 U.S.C. § 120 contains four main requirements for continuing applications[54]: (1) continuity of disclosure between the applications;[55] (2) codependency between the applications;[56] (3) the continuation application must specifically reference to the earlier filed application;[57] and (4) the continuation and prior applications must be filed by the same inventor.[58]

The doctrine permitting an applicant to file a request for continued examination was codified in a 1999 amendment to 35 U.S.C. § 132(b).[59] Section 132(b) allows an applicant to pay a fee and continue prosecution of an application following a final rejection.[60] In 2000, the USPTO enacted 37 C.F.R. § 114 ("Rule 114"), which permits

---

[52] Patent Act of 1952, ch. 950, § 1, 66 Stat. 792 (1952) (codified as amended in 35 U.S.C.).

[53] *See* 35 U.S.C. § 120 (2006). Section 120 states:

> An application for patent for an invention disclosed in the manner provided by the first paragraph of section 112 of this title in an application previously filed in the United States, or as provided by section 363 of this title, which is filed by an inventor or inventors named in the previously filed application shall have the same effect, as to such invention, as though filed on the date of the prior application, if filed before the patenting or abandonment of or termination of proceedings on the first application or on an application similarly entitled to the benefit of the filing date of the first application and if it contains or is amended to contain a specific reference to the earlier filed application.

Id.

[54] *Id.*; *see* 4A CHISUM, *supra* note 18, § 13.02[4].

[55] 35 U.S.C. § 120; 4A CHISUM, *supra* note 18, § 13.02[4] (noting that the prior application must meet the enablement, best mode, and description requirements as to the invention claimed in the later continuation application).

[56] 35 U.S.C. § 120; 4A CHISUM, *supra* note 18, § 13.02[4] (noting that the second application must be filed prior to the patenting or abandonment or termination of proceedings on the first application).

[57] 35 U.S.C. § 120.

[58] *Id.*; 4A CHISUM, *supra* note 18, § 13.02[4]. The Patent Law Amendments Act of 1984 replaced the "same inventor" requirement of section 120 with the phrase "which is filed by an inventor or inventors named in the previously filed application." Patent Law Amendments Act of 1984 § 105(b), Pub. L. No. 98–622, 98 Stat. 3385 (codified as amended 35 U.S.C. § 120). The change was made to provide an application with the benefit of the filing date of an earlier application when all of the inventors named in the later application were not named in the earlier application. Section-by-Section Analysis: Patent Law Amendments Act of 1984, 98th Cong., 130 Cong. Rec. H10, 526 (Oct. 1, 1984), *as reprinted in* 1984 U.S.C.C.A.N. 5827.

[59] Act. of Nov. 29, 1999, P.L 106-113, § 1000(a), 113 Stat. 1501A-560, 582 (1999) (enacting S. 1948 §§ 4403, 4732(a)(10)(A), codified in 35 U.S.C. § 132(b)). After the amendment, section 132(b) states:

> The Director shall prescribe regulations to provide for the continued examination of applications for patent at the request of the applicant. The Director may establish appropriate fees for such continued examination and shall provide a 50 percent reduction in such fees for small entities that qualify for reduced fees under section 41(h)(1) of this title.

Id.

[60] *Id.*

an applicant to file a request for continued examination ("RCE") of an application where prosecution was closed, either by final rejection or notice of allowance.[61]

Prior to the 1999 amendment, applicants could continue prosecution on a patent applicant by filing a continued prosecution application ("CPA") or a file wrapper continuation ("FWC").[62] CPAs and FWCs essentially served the same function as a RCE; however, such applications were typically assigned a new serial number.[63] FWCs are now obsolete[64] and current CPAs may only be filed on design patent applications.[65]

C. Process Leading up to the Issuance of the New Rules

Following the adoption of the rules permitting continuing applications and requests for continued examination, it became evident that in some instances, the rules were being used to broaden the scope of an applicant's original claims or wear down an examiner until the application was allowed.[66] Furthermore, the right to file continuing applications and requests for continued examination has increased the backlog at the USPTO.[67] With these issues in mind, on January 3, 2006, the USPTO

---

[61] 37 C.F.R. § 1.114(a) (2007). Section 1.114(a) states: "If prosecution in an application is closed, an applicant may request continued examination of the application by filing a submission and the fee set forth in § 1.17(e)."

[62] *See* Rajiv P. Patel, *An Introduction to U.S. Patent Prosecution, in* FUNDAMENTALS OF PATENT PROSECUTION 2007: A BOOT CAMP FOR CLAIM DRAFTING & AMENDMENT WRITING, at 161, 178 (PLI Pats., Copyrights, Trademarks, & Literary Prop. Course, Handbook Ser. No. 906, 2007), *available at* WL, 906 PLI/Pat 161 (stating that "[o]lder patents may note applications referred to as file wrapper continuations (FWCs) or continued prosecution applications (CPAs), which essentially served the same function as an RCE"); *see also In re* Bogese, 303 F.3d 1362, 1364 n.3 (Fed. Cir. 2002) (stating that "a 'file wrapper continuation' application . . . had the effect of abandoning the pending application and physically transferring the file history of the abandoned application into a new application for further prosecution.").

[63] Patel, *supra* note 62, at 178.

[64] Changes to Patent Practice and Procedure, 62 Fed. Reg. 53,132, 53,142 (Dep't of Commerce Oct. 10, 1997). In 1997, the provision authorizing the filing of a FWC was deleted. *Id.* Applicants were advised that applications purporting to be FWCs would be treated as CPAs. *Id.* at 53,147.

[65] Elimination of Continued Prosecution Application Practice as to Utility and Plant Patent Applications, 68 Fed. Reg. 32,376, 32,376 (Dep't of Commerce May 30, 2003) ("Since continued prosecution application (CPA) practice is largely redundant in view of RCE practice, the Office is eliminating CPA practice as to utility and plant applications."); 37 C.F.R. § 1.53(d).

[66] *See* TRANSFORMING, *supra* note 1, at 51 (noting that "[a]cademic papers and congressional testimony maintain that continuations are used to 'wear down' examiners until the applicant obtains a patent, or so that the applicant can include claims in the new application that cover a competitor's product that has come on the market since the original application was filed"); *accord* Paul Festa, *Bar Code Patents Thrown Out*, CNET NEWS.COM, Jan. 27, 2004, http://www.news.com/2100-1025_3-5148584.html; s*ee also In re* Bogese, 303 F.3d 1362, 1369 (Fed. Cir. 2002) (holding that the PTO did not err in rejecting applicant's claims due to unreasonable delay where the applicant filed twelve continuation applications over an eight-year period and did not substantively advance the prosecution of his application when required and given opportunity to do so by the PTO); Lemley & Moore, *supra* note 3, at 74–75 (noting that the only way an examiner can dispose of an application is by allowing it and therefore, when faced with a determined applicant, the examiner has an incentive to allow the application).

[67] *See* TRANSFORMING, *supra* note 1, at 51 ("[O]ne study reported that it took USPTO an average of 4.16 years to issue a patent for applications with at least one continuation compared to

proposed rule changes affecting an applicant's right to file continuing applications and requests for continued examination.[68] This proposal would have given applicants the right to file only one continuation absent a petition and showing, regardless of what form the continuation took.[69]

Following the proposed rule changes, interested parties were asked to submit their comments on the proposed rules.[70] After careful analysis of the comments, the USPTO revised the rules and issued the Final Rules on August 21, 2007.[71]

The Final Rules limited the number of continuing applications and RCEs that an applicant could file absent a petition and showing.[72] Under the Final Rules, an applicant could only file two continuing applications or one RCE without providing a petition and showing.[73] Then, "[t]he third or subsequent continuing application or request for continued examination must be filed with a petition showing why the amendment, argument, or evidence sought to be entered could not have been previously submitted."[74]

Had the rules gone into effect, the petition and showing requirement for a third or subsequent continuing application would be provided in § 1.78(d)(1)(vi) as: "A petition must be filed in such nonprovisional application that is accompanied by the fee set forth in § 1.17(f) and a showing that the amendment, argument, or evidence sought to be entered could not have been submitted during the prosecution of the prior-filed application."[75] Likewise, had the rules gone into effect, section 1.114(a) would instruct the applicant:

> If prosecution in an application is closed, an applicant may, subject to the conditions of this section, file a request for continued examination of the application accompanied by a submission, the fee set forth in § 1.17(e), and if required, a petition under paragraph (g) of this section accompanied by the fee set forth in § 1.17(f).[76]

---

an average of 1.96 years for applications without continuations."); *accord* Lemley & Moore, *supra* note 3, at 64; *see also* Weinberg, *supra* note 16 (noting that the number of continuation requests has been rising in recent years).

[68] *See* Changes To Practice for Continued Examination Filings, Patent Applications Containing Patentably Indistinct Claims, and Examination of Claims in Patent Applications, 71 Fed. Reg. 48 (Dep't of Commerce Jan. 3, 2006).

[69] *Id.* at 48 ("The revised rules would require that second or subsequent continued examination filings, whether a continuation application, a continuation-in-part application, or a request for continued examination, be supported by a showing as to why the amendment, argument, or evidence presented could not have been previously submitted.").

[70] *See* Changes, *supra* note 2, at 46,717 ("Both the Continuing Applications Proposed Rule and the Claims Proposed Rule requested public comments and provided a comment period of four months to give the public an opportunity to submit written comments.").

[71] *Id.*

[72] *Id.*

[73] *Id.* at 46,716; QUESTIONS, *supra* note 28, at 2 ("An applicant may file two continuation or CIP applications claiming the benefit of an initial application, plus an RCE in the application family, without any justification.").

[74] Changes, *supra* note 2, at 46,716.

[75] *Id.* at 46,733–34.

[76] *Id.* at 46,841.

Although the Final Rules were intended to alleviate many of the USPTO's concerns regarding continuing applications and RCEs, they represent a drastic departure from historical practice and should be viewed with great scrutiny.

II. KEEP THEM VOID: WHAT THE FEDERAL CIRCUIT SHOULD DO IF IT GETS THE CHANCE

Legal precedent establishes that "[c]ourts must be cautious before adopting changes that disrupt the settled expectations of the inventing community."[77] This is because "[f]undamental alterations in [patent] rules risk destroying the legitimate expectations of inventors in their property."[78] If given the opportunity, the Federal Circuit should uphold the Eastern District of Virginia's decision to permanently enjoin enforcement of the Final Rules. The Court should enjoin the Rules because: (1) the Final Rules are substantive in nature and therefore outside the scope of the USPTO's rulemaking authority and (2) the Final Rules would disrupt the expectations of the inventing community because of their retroactive effect.

A. Tafas v. Dudas

On August 22, 2007, one day after the new rules were issued, independent inventor Triantafyllos Tafas filed a complaint in the United States District Court for the Eastern District of Virginia seeking to have the rules declared null, void and without legal effect as being beyond the rulemaking power of the USPTO.[79] On October 9, 2007, pharmaceutical giant GlaxoSmithKline ("GSK") filed a similar complaint.[80] The actions were consolidated and on October 15, 2007, GSK moved for a temporary restraining order and preliminary injunction enjoining the implementation of the Final Rules, which the court granted on October 31, 2007.[81] GSK, Tafas, and the USPTO then filed their respective motions for summary judgment on December 20, 2007.[82]

---

[77] Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., 535 U.S. 722, 739 (2002) (citing Warner-Jenkinson Co. v. Hilton Davis Chem. Co. 520 U.S. 17, 28 (1997)).

[78] *Id.*

[79] Complaint at 2, Triantafyllos Tafas v. John Dudas and The United States Patent and Trademark Office, No. 1:07cv846 (E.D. Va. Aug. 22, 2007).

[80] Complaint at 1, Smithkline Beecham Corp. v. Dudas, No. 1:07cv1008 (E.D. Va. Oct. 9, 2007).

[81] Tafas v. Dudas, 511 F. Supp. 2d 652, 663 (E.D. Va. 2007) ("In carefully weighing the factors of the Federal Circuit's balancing test . . . the Court will grant GSK's Motion for a Preliminary Injunction.").

[82] Tafas v. Dudas, Nos. 1:07cv846 (JCC), 1:07cv1008 (JCC), 2008 WL 859467, at *3 (E.D. Va. Apr. 1, 2008); *see also* Defendants' Reply Memorandum in Support of Their Motions for Summary Judgment 2–26, Tafas v. Dudas, Nos. 1:07cv846(L) (JCC/TRJ), 1:07cv1008 (JCC/TRJ) (E.D. Va. Feb. 1. 2008). The USPTO provided several counter arguments to the plaintiffs' claims. *Id.* For instance, the USPTO argued that: (1) "The Final Rules Were Promulgated Pursuant to Expressly Delegated Rulemaking Authority"; (2) "Final Rule 78 Places Reasonable Conditions on the Filing of Continuing Applications, Consistent with Section 120 of the Patent Act"; (3) "Final Rule 114 Comports With Section 132"; and (4) The "Final Rules are not Retroactive in Their Current Application." *Id.*; JOHN E. SCHNEIDER & MARK T. GARRETT, *TAFAS V. DUDAS*: THE PTO RULES LIMITING CONTINUATIONS AND CLAIMS ARE NULL AND VOID 1 (2008), http://www.fulbright.com/images/publications/BRIEFPTORulesNullandVoid.pdf ("Dudas and the

On April 1, 2008, the district court ruled that the Final Rules were substantive in nature and exceeded the scope of the USPTO's rulemaking authority under the Patent Laws.[83] Consequently, the court granted summary judgment to GSK and Tafas, and voided the Final Rules as "otherwise not in accordance with law" and "in excess of statutory jurisdiction [and] authority."[84] While Tafas and GSK had pleaded other issues for judicial review, the court opted to decide the case solely on the question of whether the Final Rules fell within the scope of the USPTO's rule-making powers.[85]

Regarding the new rules governing continuing applications, the court noted that prior case law held that "there is no statutory basis for fixing an arbitrary limit to the number of [continuing] applications that may be filed and retain the benefit of the priority date."[86] After acknowledging that the new rules "do[] not completely prohibit applicants from filing more than two continuation or continuation-in-part applications," the court stated that the new rules "effectively impose[] a hard limit on additional applications."[87] The court found that there was effectively a hard limit on additional applications because the "could not have been submitted" standard of the petition and showing requirement would be nearly impossible to satisfy.[88] Because the new rules changed existing law, the court found them to be "substantive" in nature and thus, outside of the scope of the USPTO's rule-making authority.[89]

As to the new rules imposition of a limit on the filing of RCEs, the court found that the limitation of one RCE per patent application family was "a clear departure from the plain language of" 35 U.S.C. § 132.[90]

B. The USPTO Lacks Substantive Rulemaking Authority

Congress has granted the USPTO limited rulemaking authority.[91] For instance, the USPTO is authorized to "establish regulations, not inconsistent with law" to "govern the conduct of proceedings in the Office."[92] The USPTO may also promulgate

---

USPTO countered on several grounds as well, including that the final rules were procedural because they did not affect any core patentability requirements, that they were necessary in view of the crippling backlog of applications, and that no[]property rights were taken because none vested until a patent actually issued.").

[83] *Tafas*, 2008 WL 859467, at *4; s*ee also* 35 U.S.C. § 2(b)(2) (2006) (granting the USPTO the authority to "establish regulations, not inconsistent with law . . . .").

[84] *Tafas*, 2008 WL 859467, at *4; *see also* 5 U.S.C. § 706(2).

[85] *Tafas*, 2008 WL 859467, at *4 (noting "because the Court believes that one who judges least judges best, it will not reach the other issues raised by the parties, resting instead on the determination of a single dispositive issue").

[86] *Id.* at *7 (quoting *In re* Henriksen, 399 F.2d 253, 254 (C.C.P.A. 1968)); *see also In re* Hogan, 559 F.2d 595, 604 n.13 (C.C.P.A. 1977).

[87] *Tafas*, 2008 WL 859467, at *7.

[88] *Id.*; *see also* Christopher A. Brown, *Survey of Developments in Intellectual Property Law*, 40 IND. L. REV. 987, 988 (2007) (stating: "[n]ot only is a burden created on the applicant that has never before existed, but the 'could not have been presented' burden appears to be quite high").

[89] *Tafas*, 2008 WL 859467, at *7.

[90] *Id.* at *8; *see also* 35 U.S.C. § 132 (2006).

[91] 35 U.S.C. § 2(b)(2).

[92] *Id.* § 2(b)(2)(A).

regulations that "facilitate and expedite the processing of patent applications"[93] and "govern the . . . conduct of agents, attorneys, or other persons representing applicants or other parties before the Office."[94] However, Federal Circuit legal precedent establishes that the USPTO lacks any substantive rulemaking power.[95]

A rule is said to be substantive if it causes a change in existing law or policy which affects individual rights and obligations.[96] It is important to distinguish purely substantive rules from procedural rules having "collateral substantive consequences."[97] The Federal Circuit has established that 35 U.S.C. § 2(b)(2) does not grant the USPTO the ability to promulgate purely substantive rules.[98] The Court preceding the Federal Circuit, however, granted the USPTO the ability to promulgate procedural rules that have "collateral substantive consequences."[99]

In the case *In re Van Ornum*,[100] the U.S. Court of Customs and Patent Appeals ("CCPA") upheld a USPTO rule requiring an applicant to file a disclaimer if he or she sought more than one patent on an invention.[101] The CCPA found that the rule was procedural in that it "clearly relate[ed] to application processing within the PTO," but that it had a "collateral substantive consequence" because "it relate[d] to a condition under which a patent w[ould] be granted which otherwise would have to be denied for double patenting."[102] In deciding whether to uphold the rule, the CCPA held that the USPTO had the authority to implement procedural rules regardless of their collateral substantive consequences.[103]

The Final Rules are distinguishable from the rules at issue in *In re Van Ornum*. If the USPTO appeals the decision, the Federal Circuit should affirm the lower court's decision and view the Final Rules as purely substantive rules, rather than

---

[93] *Id.* § 2(b)(2)(C); *see also* Memorandum in Support of Plaintiffs' Motion for a Temporary Restraining Order and Preliminary Injunction at 15, Smithkline Beecham Corp. v. Dudas, No. 1:07cv1008 (E.D. Va. Oct. 15, 2007) [hereinafter Plaintiff's Memorandum] (noting that the current USPTO apparently interpreted its power to implement the new rules under 35 U.S.C. § 2(b)(2)(C), which grants the USPTO the power to facilitate and expedite the processing of patent applications).

[94] 35 U.S.C. § 2(b)(2)(D).

[95] Merck & Co. v. Kessler, 80 F.3d 1543, 1549–50 (Fed. Cir. 1996) (recognizing that the Commissioner of the USPTO does not have the authority to issue substantive rules); *accord* Eli Lilly & Co. v. Bd. of Regents of Univ. of Wash., 334 F.3d 1264, 1269 n.1 (Fed. Cir. 2003).

[96] Animal Legal Def. Fund v. Quigg, 932 F.2d 920, 927 (Fed. Cir. 1991); *see also* Chrysler Corp. v. Brown, 441 U.S. 281, 282 (1979) (noting that substantive rules "must be the product of a congressional grant of legislative authority, promulgated in conformity with any procedural requirements imposed by Congress"); Am. Hosp. Ass'n v. Bowen, 834 F.2d 1037, 1045 (D.C. Cir. 1987) (defining substantive rules as those that "grant rights, impose obligations, or produce other significant effects on private interests" or that "effect a change in existing law or policy").

[97] Tafas v. Dudas, Nos. 1:07cv846 (JCC), 1:07cv1008 (JCC), 2008 WL 859467, at *7 (E.D. Va. Apr. 1, 2008) ("Despite this attempt to abolish the substantive-procedural distinction, however, the balance of the case law in the Federal Circuit and the Supreme Court indicates that the distinction exists, and that it is pertinent to this dispute."); *see In re* Van Ornum, 686 F.2d 937 (C.C.P.A. 1982).

[98] *Merck*, 80 F.3d 1543, 1549–50.

[99] *See In re* Van Ornum, 686 F.2d at 937.

[100] *Id.*

[101] *Id.* at 945.

[102] *Id.*

[103] *Id.* at 946 (holding the regulation to be valid); *see also* Tafas v. Dudas, Nos. 1:07cv846 (JCC), 1:07cv1008 (JCC), 2008 WL 859467, at *7 (E.D. Va. Apr. 1, 2008) ("*In re Van Ornum* stands for the proposition that procedural rules with collateral substantive consequences are permissible under Section 2(b)(2).").

merely procedural rules having substantive consequences, because the Final Rules change existing law and affect applicants' rights and obligations.[104] The Final Rules change existing law because they effectively deprive applicants of the ability to file an unlimited number of continuing applications and requests for continued examination.[105]

35 U.S.C. § 120 provides that continuation and CIP applications "shall" have the benefit of the priority date of the initial application.[106] The CCPA has interpreted section 120 to mean that "there is no statutory basis for fixing an arbitrary limit to the number of [continuing] applications that may be filed."[107] Although the Final Rules do not technically prohibit an applicant from filing more than two continuations or CIPs (applicants may file a third continuation or CIP if they satisfy the petition and showing requirement), it is generally understood that the petition and showing requirement will be nearly impossible to satisfy.[108] Thus, the Final Rules' effectively place a hard limit on the number of continuations and CIPs that can be filed, thereby changing existing law and depriving applicants of their rights under section 120.[109]

An analysis of the Final Rules regarding RCEs results in the same conclusion. 35 U.S.C. § 132 provides that "[t]he Director shall prescribe regulations to provide for the continued examination of applications for patent at the request of the applicant."[110] The use of the words "shall" and "at the request of the applicant" demonstrates Congress's intention to provide for RCEs at the discretion of the

---

[104] *Tafas*, 2008 WL 859467, at *7 (finding that "the Final Rules are neither procedural rules nor rules relating to application processing that have substantive collateral consequences, but substantive rules that change existing law and alter the rights of applicants"); *see also* Posting of Peter Zura to Peter Zura's 271 Patent Blog, Tafas v. Dudas*:* *Continuation Rules Oral Argument Recap*, http://271patent.blogspot.com/2008/02/tafas-v-dudas-continuation-rules-oral.html (Feb. 10, 2008) [hereinafter Zura]. The plaintiffs argued that USPTO inherently lacked the authority to implement the Final Rules because the rules were substantive in nature. *Id.* The USPTO countered that the rules were "'procedural' restrictions that would aid the [US]PTO in curbing the avalanche of [continuation] applications at the PTO." *Id.*; Andrew Noyes, *Amid Patent Legislation Debate, Court Hears Rules Challenge*, CONGRESS DAILY, Feb. 6, 2008, *available at* 2008 WLNR 2202256 (noting that Attorney Mark Fox Evens, who represents clients contesting the rule changes, believes that the USPTO has exceeded its authority by issuing rules which "have to be viewed as substantive").

[105] *Tafas*, 2008 WL 859467, at *7 (finding that the Final Rules "constitute a drastic departure from the terms of the Patent Act as they are presently understood . . . [and] [b]y so departing, the Final Rules effect changes in GSK's and Tafas's existing rights and obligations"); *see also* 35 U.S.C. §§ 120, 132 (2006); *Ex parte* Hull, 191 U.S.P.Q. 157, 159 (Bd. Pat. App. & Int. 1975) ("[T]he Office cannot deny an applicant the benefit of the filing date of his earliest filed case no matter how many intervening continuing applications when no other pertinent facts are involved.").

[106] 35 U.S.C. § 120; *see also* Plaintiff's Memorandum, *supra* note 93, at 7.

[107] *Tafas*, 2008 WL 859467, at *7 (quoting *In re* Henriksen, 399 F.2d 253, 254 (C.C.P.A. 1968)).

[108] *Id.* at *7 ("[B]ecause the USPTO intends to deny additional applications in almost all circumstances, the 'could not have been submitted' standard of the petition and showing requirement effectively imposes a hard limit on additional applications."); *see also supra* text accompanying note 88.

[109] *Tafas*, 2008 WL 859467, at *7 ("Final Rule 78 and the hard limit it imposes changes existing law and deprives applicants of their valuable rights under 35 U.S.C. § 120 to an unlimited number of continuation and continuation-in-part applications as a matter of right."); *see also* Plaintiff's Memorandum, *supra* note 93, at 17–20.

[110] 35 U.S.C. § 132.

applicant, not the USPTO.[111] Because the Final Rules' petition and showing requirement effectively places a hard limit on the number of RCEs that an applicant can file, the Final Rules significantly change existing law and alter applicants' rights under 35 U.S.C. § 132 to file an unlimited number of RCEs per application at their discretion.[112] In sum, the *Tafas* court was correct in finding the Final Rules substantive and outside of the USPTO's rulemaking authority because they change existing law that affects individual rights and obligations.

C. The USPTO Lacks the Power to Promulgate the New Rules Because of Their Retroactive Effect

Another reason that the Final Rules should be void, which was not considered by the court in *Tafas*, is that the Final Rules, if implemented, would have a retroactive effect, and the USPTO lacks the authority to promulgate rules that have such an effect.[113] The Supreme Court has stated, "a statutory grant of legislative rulemaking authority will not, as a general matter, be understood to encompass the power to promulgate retroactive rules unless that power is conveyed by Congress in express terms."[114] In the instant case, Congress did not expressly grant the USPTO any retroactive rulemaking power under 35 U.S.C. § 2(b)(2).[115]

A regulation is said to have a retroactive effect when "the new provision attaches new legal consequences to events completed before its enactment."[116] The new rules governing continuing applications and RCEs have a retroactive effect because they will apply to applications pending on November 1, 2007 (the date the rules were supposed to go in to effect).[117] By applying the new rules to applications that were pending before enactment of the rules, the USPTO would be substantially altering the bargain that many applicants relied on at the time they filed.[118] For example, by filing for a patent application, an inventor effectively loses the opportunity to protect that invention as a trade secret.[119] Because of the new rules limitations on

---

[111] *Tafas*, 2008 WL 859467, at *8; *see also* Plaintiff's Memorandum, *supra* note 93, at 8.

[112] *Tafas*, 2008 WL 859467, at *8.

[113] *See* Bowen v. Georgetown Univ. Hosp., 488 U.S. 204, 208 (1988); Brimstone R.R. & Canal Co. v. United States, 276 U.S. 104, 122 (1928) ("The power to require readjustments for the past is drastic . . . [and] ought not be extended so as to permit unreasonably harsh action without very plain words.").

[114] *Bowen*, 488 U.S. at 208; *see also* Landgraf v. USI Film Prods., 511 U.S. 244, 272–73 (1994).

[115] *See* 35 U.S.C. § 2(b)(2).

[116] *Landgraf*, 511 U.S. at 270.

[117] Changes, *supra* note 2, at 46,716; *see also* Zura, *supra* note 104 (stating that, in *Tafas*, "the PTO appeared to concede that substantive rules could not be applied retroactively, adding that changes to the FRCP have been routinely applied to pending litigation without any trouble").

[118] *See* Plaintiff's Memorandum, *supra* note 93, at 25 (noting that changes to the patent rules, while applications are pending, are inherently retroactive).

[119] *See* Brief for Amicus Curiae American Intellectual Property Law Ass'n in Support of the "GSK" Plaintiffs' Motion for a Temporary Restraining Order and Preliminary Injunction at 3–4, Tafas v. Dudas, No. 1:07cv846, 2008 WL 859467 (E.D. Va. Oct. 25, 2007) [hereinafter AIPLA Brief] (noting that the new rules "restrict the ability of patent application owners to file continuation applications to seek adequate protection for the inventions they elected to protect through the patent system, rather than relying on trade secrecy"); *see also* SCHNEIDER & GARRETT, *supra* note

continuing applications and RCEs, many inventors might have preferred to seek adequate protection for their invention through trade secrecy.[120] They were given no such choice, and as such, their property rights were impermissibly altered.[121]

III. The Final Rules Ignore Fundamental Differences Across Technical Fields and Would Increase the Burden on Patent Practitioners

Although the Final Rules were intended to apply equally to patents as a class, they would have affected various technological sectors differently.[122] Opposing viewpoints from the different sectors evidence the likely disparate effects. For instance, biotechnological, chemical, and pharmaceutical industries generally opposed the Final Rules.[123] Conversely, electronics and software industries generally supported the Final Rules.[124] In addition, the Rules would have affected parties who perform patent prosecution differently.[125] The Rules were obviously supported by the USPTO,[126] but were harshly criticized by many patent practitioners.[127]

The following section addresses the reasons why certain industries opposed the new rules while other industries favored them. This section begins by addressing the USPTO's concerns regarding the prior use of continuing applications that prompted the issuance of the Final Rules. Then, it examines the effect that the Final Rules would have on different technological fields. Finally, this section addresses the effect that the Final Rules would have on patent practitioners.

82, at 1 (noting that one argument the Plaintiff's in *Tafas* relied on is that the Final Rules "retroactively extinguished applicants' trade secrets rights").

[120] AIPLA Brief, *supra* note 119, at 3–4.

[121] *See* Plaintiff's Memorandum, *supra* note 93, at 25 (noting that patent applications are property).

[122] *See* Elliott & Brinckerhoff, *supra* note 16 (stating that "the PTO speaks of patents as a class, ignoring fundamental differences across technical fields").

[123] *See id.* (noting that the use of continuations, including CIP and RCEs, have been more popular in biotech, pharmaceutical, and chemical fields than in other technologies); Lemley & Moore, *supra* note 3, at 69 (noting that the use of multiple continuations is especially important in the pharmaceutical and biotechnology areas).

[124] *See* Elliott & Brinckerhoff, *supra* note 16. The use of multiple continuations is less important in electronics and software industries because patented technologies in those fields are generally commercially viable at the beginning of a patent term. *Id.* In contrast, life-science technologies often do not become commercially viable until later in their patent terms. *Id.*

[125] *See* Charles Emerick, *Patent Attorneys in U.S. Decry Changes to the Rules*, KC DAILY REC., Oct. 17, 2007, *available at* 2007 WLNR 20543507. The USPTO supported the rule changes because they believed the changes would have increased patent prosecution efficiency while decreasing the backlog. *Id.* Patent attorneys criticized the rules, alleging that they would have eroded the rights of patent holders while not significantly decreasing the backlog. *Id.*

[126] *See* Changes, *supra* note 2, at 46,717 (noting that there is a "need for a better focused and effective examination process to reduce the large and growing backlog of unexamined applications while maintaining or improving the quality of issued patents").

[127] *See* Kirk Letter, *supra* note 9.

A. The Improper Use of Continuing Applications and RCEs Prompted the Final Rules

Despite much of the negative publicity surrounding the Final Rules, it seems evident that the USPTO had several reasons to introduce patent reform.[128] Rather than merely addressing the USPTO's goals of promoting efficiency and reducing backlog, the Final Rules likely would have obviated many of the longstanding abuses that arose from the excessive filing of continuing applications and RCEs.[129]

For instance, the right to file an unlimited number of continuing applications and RCEs has led to the practice of "submarine patenting."[130] Submarine patenting takes place when an applicant intentionally delays the issuance of his or her patent through continuing applications or RCEs.[131] The applicant would then seek to get his or her patent issued at a time when competitors would not be expecting it, so as to take those competitors by surprise.[132] By introducing a submarine patent when a market is mature, the patentee can obtain a more valuable patent than the one which would have issued without the use of continuing applications or RCEs.[133] Competitors then waste their resources because they could not possibly know that the submarine patent might anticipate one of their products.[134]

The problem of submarine patents has largely been addressed by modifications to the patent laws.[135] In 1995, Congress changed the patent term from seventeen years from issue to twenty years from the filing of the first application.[136] Thus, "every year a patentee delays prosecution of its application is a year of protection

---

[128] *See generally* Lemley & Moore, supra note 3, at 65. The "[c]ontinuation practice has a number of pernicious consequences . . . ." *Id.* This article treats the filing of RCEs as a form of "continuation practice." *Id.* at 68 n.14.

[129] *Id.* Abuses of the continuation practice have created a number of problems. *Id.* Continuing applications can introduce substantial delay and uncertainty into the lives of a patentee's competitors. *Id.* They may be used to wear down examiners. *Id.* They can be used to gain a competitive advantage over competitors by waiting to see what product the competitor will make, and then modifying patent claims to cover that product. *Id.* Some patentees have also used continuing applications to delay the issuance of their patent in an effort to surprise a mature industry, known as "submarine patenting." *Id.*

[130] *Id.* at 79.

[131] *Id.*

[132] *Id.*

[133] *Id.*; *see also* Patricia Montalvo, Comment, *How Will the New Twenty-Year Patent Term Affect You? A Look at the TRIPS Agreement and the Adoption of a Twenty-Year Patent Term*, 12 SANTA CLARA COMPUTER & HIGH TECH. L.J. 139, 157 (1996). One of the most frequently cited examples of submarine patenting concerns the inventor Jerome H. Lemelson. *Id.* Lemelson would file very broad patent applications and then use delay mechanisms to keep those applications pending until industry develops the idea. *Id.* Lemelson would then modify the application to cover products relating to the technology disclosed in his initial patent application. *Id.* When the industry relating to the subject matter disclosed in Lemelson's applications was mature, Lemelson would let the patent issue and force companies using the patented technology to pay him royalties. *Id.*

[134] Lemley & Moore, *supra* note 3, at 79.

[135] *See* Montalvo, *supra* note 133, at 157 (noting "[t]he first advantage to a twenty-year term is to prevent the emergence of submarine patents").

[136] 35 U.S.C. § 154(a)(2)–(3) (2006) (establishing the basic term for patents issuing on applications, including continuing applications, filed after June 7, 1995, as "beginning on the date on which the patent issues and ending 20 years from the date on which the application for the patent was filed in the United States").

lost."[137] In 1999, Congress implemented the requirement that many patent applications be published eighteen months after being filed.[138] This makes it difficult to maintain the secrecy of a submarine patent.[139]

Continuing applications and RCEs may also be employed to "wear down" examiners at the USPTO until they grant an allowance.[140] Because an applicant is permitted to file an unlimited number of continuing applications and RCEs, an examiner is forced to issue the application as a patent in order to dispose of the case.[141] Issuing patents for the sake of convenience rather than merit leads to bad patents.[142]

Finally, permitting applicants to file an unlimited number of continuing applications and RCEs poses detrimental effects to an applicant's competitors.[143] For example, an applicant could keep an application pending in the PTO for years while monitoring developments in the marketplace.[144] The applicant could then modify claims to cover competitors' products, or more severely, add claims that they never thought of themselves, but rather garnered from the commercial market.[145] While this practice may seem unjust, the Federal Circuit has established that it is permissible.[146]

B. The Final Rules Would Have a Disparate Negative Impact on the Unpredictable Arts

In the biotechnology, chemical, and pharmaceutical fields, one skilled in the art often cannot predict all of the properties of the claimed subject matter at the time the application is filed.[147] These technical areas are commonly referred to as the "unpredictable arts," and the USPTO and federal courts have imposed a heightened

---

[137] Lemley & Moore, *supra* note 3, at 80.

[138] 35 U.S.C. § 122(b)(1)(A) (requiring that "each application for a patent shall be published, in accordance with procedures determined by the Director, promptly after the expiration of a period of 18 months from the earliest filing date for which a benefit is sought under this title").

[139] Lemley & Moore, *supra* note 3, at 80.

[140] *Id.* at 75.

[141] *Id.*

[142] *Id.*

[143] *Id.* at 76.

[144] *Id.*

[145] *Id.*

[146] *See* Kingsdown Med. Consultants, Ltd. v. Hollister, Inc., 863 F.2d 867, 874 (Fed. Cir. 1988). There is nothing improper about amending or inserting claims into a pending application to cover a competitor's product which the applicant's attorney learned of during prosecution of the patent application. *Id.*

[147] *See* Ted Agres, *New Patent Rules Hurt Biotech?*, Aug. 21, 2007, SCIENTIST, *available at* http://www.the-scientist.com/news/home/53497/. The strategy of filing multiple continuations is frequently employed by companies in the life sciences field because "the full scope of their discoveries cannot be established" at the time when a patent is filed. *Id.*; *see also* Regents of Univ. of Cal. v. Eli Lilly & Co., 119 F.3d 1559, 1568 (Fed. Cir. 1997) (discussing that in the unpredictable arts, "[o]ne skilled in the art . . . cannot . . . visualize or recognize the identity of the members of the genus").

standard for the enablement requirement[148] and written description requirement[149] of claims directed to compositions in these areas.[150] Inventors in these technical areas overwhelmingly use continuing applications and RCEs as a means of adequately protecting their patent rights as they continue to understand the scope of their invention.[151] For example, as experimentation reveals new information about a composition, researchers often seek to extend patent coverage from a small number of molecules to an entire class of compounds.[152] Inventors working in the unpredictable arts would typically file multiple continuations and RCEs, without justification, to obtain adequate coverage on their product as experimentation revealed new utility.[153]

There is a great deal of speculation that the Final Rules would have increased the cost and time necessary to secure patent rights in discoveries made in the unpredictable arts because of the petition and showing requirement.[154] The perceived difficulty in satisfying the petition and showing requirement would likely cause applicants to file costly appeals to the Board of Patent Appeals and Interferences ("BPAI") if their claims were rejected.[155] Applicants who have to appeal their rejections to the BPAI would incur a greater expense than they would have had

---

[148] *See* 35 U.S.C. § 112 (2006). The enablement requirement found in the first paragraph of section 112 requires that the patent specification describes how to make and use the invention. *Id. See also* MPEP, *supra* note 19, § 2164 ("The purpose of the requirement that the specification describe the invention in such terms that one skilled in the art can make and use the claimed invention is to ensure that the invention is communicated to the interested public in a meaningful way.").

[149] *See* 35 U.S.C. § 112. Section 112 also requires that a patent includes a written description of the invention that adequately describes the invention. *Id.*

[150] *See* TINA QUINTON, BIOTECH PATENT PROSECUTION UNDER THE NEW CONTINUATION RULES 2 (2007), http://www.cojk.com/pdf/articles/BioTechNewRules.pdf. The heightened enablement and written description standards often lead to numerous rejections for biotech companies. *Id.* As experimentation uncovers new ways to make, use, or describe the invention, continuations and RCEs are often filed to obtain a patent directed to the full scope of the invention. *Id.*

[151] *See* Elliott & Brinckerhoff, *supra* note 16 (stating that continuing applications and RCEs have been more popular in biotech, pharmaceutical, and chemical fields than in other technologies; *see also* Changes, *supra* note 2, at 46,775 ("The Office recognizes that, in certain unpredictable arts (including, for example, biotechnology and certain pharmaceuticals), there may be a need for research or testing to obtain additional evidence or data to obviate a rejection for lack of utility under 35 U.S.C. [§] 101 (and consequently for lack of enablement under 35 U.S.C. [§] 112, ¶ 1).").

[152] *See* Agres, *supra* note 147.

[153] *See* QUINTON, *supra* note 150 (stating that biotechnology companies rely on filing multiple continuations because of "the complex nature of the subject matter, the time and expense required to carry out experimental testing, and the length of the time period for product development . . . .").

[154] *See* Agres, *supra* note 147 (stating that the change will make it more costly and time consuming to secure rights in life science discoveries); *accord* Heather Chambers, *Biotech Firms Wary of Changes to Patent Application Regulations*, SAN DIEGO BUS. J., Sept. 3, 2007, *available at* http://www.sdbj.com/ ("New rules effective Nov. 1 will make it costlier and more time consuming for biotechnology companies to comply with patent application requirements . . . .").

[155] *See* Agres, *supra* note 147 (quoting Ronald Eisenstein, a partner in the biotech and intellectual property group at the law firm Nixon Peabody in Boston, as saying: "If all that the patent examiner has to say is no, it's going to get much harder to negotiate, and will lead to applicants having to file costly appeals"); QUINTON, *supra* note 150 (recognizing that under the Final Rules, prosecution time for an application would likely increase because applicants would be induced into "filing an appeal to the BPAI for all issues involving the merits of an Examiner's rejection").

they been able to merely file one or more continuing applications or RCEs to get their claims allowed.[156]

There has been a sizeable amount of criticism from parties working in the unpredictable arts concerning the Final Rules' requirement that a petition and showing would be necessary to obtain additional continuing applications and RCEs.[157] This is a very reasonable concern considering one study concluded that from 1995 through 1999, continuing applications accounted for seventy to eighty percent of patents in the top biotech firms, i.e., Amgen, Chion, Genentech, and Immunex.[158] Continuing applications also comprise a significantly greater proportion of the patents issued in the fields of organic chemistry and chemical engineering than patents issued to electronics or software companies.[159] The Final Rules would have had the effect of forcing parties in the unpredictable arts to make a difficult decision: Should they only use their two "free" continuing applications and one "free" RCE in the prosecution of a patent and risk losing adequate coverage on the discovery,[160] or should they file an appeal to the BPAI during the prosecution of their application which can be costly and time consuming?[161]

---

[156] *See* MICHAEL LASKY, CHARLES L. WARNER, THOMAS H. JACKSON, & JASON A. BERNSTEIN, NEW US PATENT OFFICE RULES SUBSTANTIALLY INCREASE BURDENS AND RISKS TO PATENT APPLICANTS 2, Sept. 6, 2007, http://www.pogolaw.com/attachments/850.pdf (noting that because of the difficulty in satisfying the petition and showing requirement, applicants might be inclined to "incur[] the greater expense of filing an appeal for rejected claims early on instead of the less expensive former route of simply filing one or more continuation applications and/or RCEs"); *see also* Robert D. Gunderman & John M. Hammond, *How the U.S. Patent Office's New Patent Rules Affect You*, IEEE SPECTRUM ONLINE, Oct. 2007, http://www.spectrum.ieee.org/oct07/5664 ("The new rule adds complexity and cost to the prosecution of a patent application.").

[157] *See* Elliott & Brinckerhoff, *supra* note 16 (stating that industries involved in the unpredictable arts are "justifiably concerned about the impact the new rules will have on the ability to obtain patents that cover all aspects of an invention . . . ."); *see also supra* text accompanying note 11 (expressing the Biotechnology Industry Organization's opposition to the rule changes).

[158] *See* Elliott & Brinckerhoff, *supra* note 16 (citing Stuart J. H. Graham & David C. Mowrey, *Submarines in Software? Continuations in U.S. Software Patenting in the 1980s and 1990s*, 13 ECON. INNOVATION & NEW TECH. 443 (2004)).

[159] *See* Lemley & Moore, *supra* note 3, at 86–87. Table two in their article notes the percentage of applications that were continuing applications for various technical fields. *Id.* Forty-three percent of biotechnology and organic chemistry applications were continuing applications. *Id.* Thirty percent of chemical and materials engineering applications were continuing applications. *Id.* Only eighteen percent of semiconductor, electrical, and optical components applications were continuing applications. *Id.* Twenty-five percent of computer architecture, software and information security applications were continuing applications. *Id.*

[160] *See* Avital Louria Hahn, *Innovators' Dilemma*, CFO MAG., Nov. 1, 2007, *available at* http://www.cfo.com/article.cfm/10023790/c_10051145?f=magazine_alsoinside (quoting Howard Brick, Chief Operating Officer, Panel Intelligence, as stating: "Do they file early and risk being limited in how fully they can flesh out their applications, or file later and risk no longer having a unique invention?"); *see also* Agres, *supra* note 147 (noting that continuations are used to extend patent coverage as the scope of the discovery becomes apparent).

[161] *See supra* text accompanying note 155.

C. The Final Rules Would Not Significantly Burden the Predictable Arts

The use of continuing applications is not nearly as prevalent in the "predictable arts," which comprise the mechanical, electronics, and software fields.[162] Inventors in these areas typically have a greater understanding of the scope of their inventions at the time they file for a patent, compared to their counterparts in the unpredictable arts.[163] Further, inventions in the predictable arts often lose their commercial viability relatively quickly as they are displaced by next generation technology.[164] Accordingly, the Final Rules would have had a relatively unsubstantial effect on parties in the predictable arts.[165]

Some parties in the predictable arts strongly favored the Final Rules.[166] These parties felt that the Final Rules would have produced several beneficial effects.[167] First, proponents of the Rules believed that placing a limit on the ability to file continuing applications and RCEs would help curtail a patent holder's ability to monitor developments in the market and subsequently modify their claims to cover other companies' products.[168] Second, proponents of the Final Rules believed that they would have helped reduce the potential for future litigation and the associated costs.[169] This is because evidence demonstrates that patents based on continuing applications are far more likely to be litigated than other sorts of patents.[170]

---

[162] *See* Elliott & Brinckerhoff, *supra* note 16. The predictable arts generally comprise rapidly moving technology which is unimpeded by regulatory barriers, e.g., the FDA (compared to the unpredictable arts). *Id.* As such, inventions in these areas may be rapidly commercialized. *Id.* Consequently, patents in the predictable arts are more valuable at the beginning of their patent terms because they are likely to be replaced by next-generation technology rather quickly. *Id.*

[163] *Id.*

[164] *Id.*

[165] *Id.*

[166] *See supra* text accompanying notes 13–14 (stating that the Business Software Alliance and Intel Corp. support the new rules). *But see* Honda Letter, *supra* note 10, at 1 (stating that "it is essential that we be able to achieve the appropriate amount of patent coverage to which we are entitled . . . even if additional prosecution is required," through the use of continuing applications and RCEs).

[167] *See supra* text accompanying notes 13–14.

[168] *See* Holleyman Letter, *supra* note 13. Some companies use continuing applications and RCEs to keep their applications pending for a considerable amount of time while they monitor developments in the market. *Id.* at 2. These companies may then modify their claims to cover other companies' products, often after those companies invest significant funds developing their products. *Id.*

[169] *See* Business Software Alliance, Public Policy on Patents, http://www.bsa.org/country/Public%20Policy/Patents.aspx (last visited May 20, 2008). Patent reform is necessary because the potential exposure arising from an assertion of even a single patent in complex software or computer systems puts technology company innovators in a difficult position. *Id.* They can either "bet the company" on the case or settle to avoid possible ruinous damages. *Id.*

[170] *See* Lemley & Moore, *supra* note 3, at 75–76.

D. The Final Rules Would Introduce Added Work and Uncertainty for Patent Practitioners

Patent practitioners generally were quite opposed to the Final Rules.[171] Practitioners labeled the Rules as "arbitrary rule changes that will have crazy, unintended consequences,"[172] and stated that "this is going to be one of the most complex changes to deal with . . . in a long while."[173] One reason is that the Final Rules would have created a substantial amount of added work for many patent attorneys and patent agents.[174] This is largely because of the Final Rules' petition and showing requirement for filing continuing applications or RCEs.[175] In addressing the disclosure documents that an applicant would have to produce to satisfy the petition and showing requirement, one patent attorney stated: "Nobody in their right mind would file those."[176]

Many practitioners believed that the uncertainty surrounding what would constitute a sufficient "showing" would further exacerbate the problem.[177] While the USPTO had not developed a uniform standard to apply in determining what would constitute a sufficient showing, it did provide some direction to applicants.[178] When considering the merits of a petition, the USPTO stated that it would examine the prosecution record of the patent family to determine the "earnestness of the applicant's efforts to overcome outstanding rejections,"[179] and whether amendments, arguments or evidence in the petition are being submitted with reasonable diligence.[180]

---

[171] *See* Donald Zuhn, *NAPP Opposes New Continuation and Claims Rules*, Sept. 7, 2007, *available at* http://www.patentdocs.net/patent_docs/2007/09/napp-opposes-ne.html (stating that the Directors and Officers of the National Association of Patent Practitioners (NAPP) "unanimously agreed that implementation of the new rules will be detrimental to all of our practices . . . .").

[172] *See* Emerick, *supra* note 125.

[173] *Id.*

[174] *Id.* ("Patent attorneys say they are already finding themselves with extra work as a result."); *see also* Allen E. Hoover, *Let's Run the PTO as a Business*, 14 INTELL. PROP. TODAY 12, 27 (Dec. 2007).

[175] Changes, *supra* note 2, at 46,716.

[176] *See* Emerick, *supra* note 125 (quoting Jill Singer, of counsel attorney at Hovey Williams LLP).

[177] *See* QUESTIONS, *supra* note 28, at 20–21. The Office will determine on a case-by-case basis whether the showing was sufficient. *Id.* at 20. The Office will also consider whether the data submitted with the petition to meet the showing was presented in a reasonably diligent manner. *Id.* at 21; *see also* Posting of Kevin E. Noonan to Patent Docs: Biotech & Pharma Patent Law & News Blog, *The "Word" on the New Continuation Rules (from the USPTO Webcast)—Part I*, http://www.patentdocs.us/patent_docs/2007/08/the-word-on-the.html (Aug. 23, 2007, 15:04). In describing what would constitute a sufficient showing under the new rules, the USPTO has merely stated that "reasonable diligence" is required; however, they have failed to explain in detail what that might be. *Id.* The USPTO has created further uncertainty by stating that each petition and showing will be decided on a "case-by-case" basis, suggesting that the decisions will be subjective and will not lead to the development of a uniform standard. *Id.*

[178] *See* QUINTON, *supra* note 150, at 3.

[179] *See* QUESTIONS, *supra* note 28, at 20–21.

[180] *Id.*; *see also* QUINTON, *supra* note 150, at 3.

Many practitioners also questioned the adequacy of the Final Rules in promoting the USPTO's goals of increasing efficiency and reducing the backlog.[181] In addressing efficiency, one attorney noted: "I don't think this will speed up the process. With all of the appeals and backlog in biotech, I just can't fathom that it will speed it up."[182]

Other practitioners believe that the ability to file unlimited continuing applications and RCEs is not the main factor contributing to backlog.[183] Rather, many believe that a shortage of examiners at the USPTO is the main reason for the backlog.[184]

IV. ACHIEVING THE USPTO'S GOALS POST *TAFAS*

The Eastern District of Virginia's decision in *Tafas* makes the future of the Final Rules uncertain.[185] For instance, the USPTO could appeal the decision to the Court of Appeals for the Federal Circuit.[186] Alternatively, the USPTO could attempt to implement the Final Rules by lobbying Congress to incorporate a provision into the Patent Reform Act granting them substantive rulemaking authority.[187] While recognizing that the Final Rules are not yet "dead," this proposal concludes that limiting the number of continuing applications and RCEs which an applicant is permitted to file is not the best course of action for achieving the USPTO's goals. It is suggested that the USPTO pursue alternate means of achieving its goals by (1)

---

[181] *See* Emerick, *supra* note 125; *see also* Letter from Lawrence Ebert, to the U.S. Pat. & Trademark Office 2 (Apr. 30, 2006), *available at* http://www.uspto.gov/web/offices/pac/dapp/opla/comments/fpp_continuation/ebert2.pdf [hereinafter Ebert Letter] (quoting the just-n-examiner blog, http://just-n examiner.livejournal.com/9399.html, as saying: "I would think limiting continuations would hurt examiner productivity, as applicants will be unlikely to ever cancel claims to expedite issuance, thereby further increasing the number of appeals").

[182] Emerick, *supra* note 125 (quoting Kevin Buckley, founder of the Biotactica law firm in St. Louis).

[183] *See* Hoover, *supra* note 174, at 27 (noting that the backlog problem should be addressed by hiring more examiners, not by implementing rules which deter applicants from filing for patents).

[184] *Id.* (stating that there are an "insufficient number of PTO examiners to handle the PTO's caseload" and that a long term solution for reducing the backlog would be to simply hire more examiners).

[185] *See* Andrew Noyes, *Court Puts Brakes On PTO Rules; Might Affect Patent Debate*, CONGRESS DAILY, Apr. 2, 2008 (quoting Harold Wegner, an intellectual property attorney at Foley & Lardner, as saying the new rules "are 'now finally dead' unless language to codify the changes is added to a pending Senate measure that would overhaul the U.S. patent system."); *see also* Posting of Stephen Albainy-Jenei to Patent Baristas Patent Blog, *No Joke, Court Smacks Down New Patent Rules*, http://www.patentbaristas.com/archives/2008/04/01/no-joke-court-smacks-down-new-patent-rules/ (Apr. 1, 2008) (stating that "[l]ike the villain in a bad, B-movie horror flick, the Patent Office will keep coming back with more proposed rules to reduce their workload").

[186] 28 U.S.C. § 1295(a) (2006); *see* Amy Coombs, *Patent Office May Appeal Ruling that Favors Biotechs*, SAN FRANCISCO BUS. TIMES, Apr. 10, 2008, *available at* http://sanfrancisco.bizjournals.com/sanfrancisco/stories/2008/04/07/daily31.html ("The federal office that regulates patents is considering whether to appeal a court decision earlier this month that threw out proposed rules that would limit how many times companies can resubmit patent applications.").

[187] *See* Harold Wegner, *Death to the Continuation Rules*, IPFRONTLINE.COM, Apr. 2, 2008, http://www.ipfrontline.com/depts/article.asp?id=18286&deptid=7#; *see also* The Patent Reform Act of 2007, S. 1145, 110th Cong. (2007).

modifying the Final Rules to eliminate the disparate impact on different technical fields, (2) hiring more examiners and increasing the investment in the training of new and existing examiners, or (3) charging higher filing fees for continuing applications and RCEs.

A. USPTO Should Go Through Congress, Not Appeal

It is highly unlikely that the USPTO will stop fighting for the implementation of the Final Rules following the Eastern District of Virginia's ruling in *Tafas*.[188] Thus, the question becomes: what forum should the USPTO select to try and have the Rules implemented?[189] This proposal suggests that the USPTO should seek to have the Final Rules implemented pursuant to Congressional authority via the Patent Reform Act, rather than appealing the decision in *Tafas* to the Federal Circuit.

The *Tafas* court issued a permanent injunction, voiding the Final Rules, on April 1, 2008, and the USPTO now has sixty days to file a notice of appeal in the Federal Circuit.[190] However, appealing the decision to the Federal Circuit would not be the timeliest means of having the Final Rules implemented.[191] A normal appeal to the Federal Circuit takes at least one year.[192] Further, if the USPTO appeals, it will likely undergo an administration change during the appellate process, and some speculate that the new administration would withdraw the appeal before the Federal Circuit renders a decision.[193]

As an alternative to filing an appeal, the USPTO could attempt to implement the Final Rules by lobbying Congress to grant it substantive rulemaking authority through the Patent Reform Act.[194] If the Patent Reform Act were to be enacted in

---

[188] *See supra* text accompanying note 185; *see also* Coombs, *supra* note 186 (quoting the USPTO as saying: "[We] believe that these rules are consistent with existing statutes and will strengthen the U.S. patent system for all stakeholders"); Tafas v. Dudas*: Appeal and Legislation*, Patently-O Patent Law Blog, Apr. 2, 2008, [hereinafter Appeal and Legislation] http://www.patentlyo.com/patent/2008/04/tafas-v-dudas-a.html ("PTO General Counsel James Toupin has reportedly indicated that the PTO will appeal the ruling to the Court of Appeals for the Federal Circuit.").

[189] *See* SCHNEIDER & GARRETT, *supra* note 82 (stating that the USPTO has 60 days to file a Notice of Appeal to the Federal Circuit from April 1, 2007, and that "the [current] Senate version of the Patent Reform Bill does not include a provision granting the USPTO substantive rulemaking-authority").

[190] FED R. APP. P. 4(a)(1)(B) ("When the United States or its officer or agency is a party, the notice of appeal may be filed by any party within 60 days after the judgment or order appealed from is entered.").

[191] *See* Coombs, *supra* note 186 (quoting Shantanu Basu, a patent attorney at the San Francisco-based law firm Morrison & Foerster, as saying the appeals process would be "lengthy").

[192] *See* Wegner, *supra* note 187; *see also* Appeal and Legislation, *supra* note 188.

[193] Wegner, *supra* note 187 (noting that the USPTO would likely undergo an administration change while the case was in the process of being decided and that the "new administration . . . might conceivably withdraw [the] appeal before a decision."); Coombs, *supra* note 186 (noting that the USPTO might be deterred from starting the costly and time consuming appeals process because "when the new administration takes office in 2009 it's possible it will have an entirely different agenda.").

[194] *See* Wegner, *supra* note 187 ("The PTO is expected to make a final push for inclusion of substantive rulemaking authority as part of the Leahy patent reform bill."); *see generally* The Patent Reform Act of 2007, S. 1145, 110th Cong. (2007).

this manner, it would legislatively overrule *Tafas v. Dudas*.[195] Moreover, a Congressional grant of substantive rulemaking authority would likely quash any future challenges concerning the USPTO's ability to promulgate rules that are similar in scope to the Final Rules.[196]

B. The Final Rules Should be Modified to Eliminate the Disparate Impact on Different Technical Fields

When it comes to rules placing a limit on the number of continuing application and RCEs that may be filed off an application, one size does *not* fit all.[197] Patent applicants in the unpredictable arts need to file continuing applications and RCEs to obtain adequate coverage on the subject matter of their applications.[198] Conversely, patent applicants in the predictable arts do not regularly need to file continuing applications and RCEs to obtain adequate coverage.[199] Should the USPTO seek to implement a revised version of the Final Rules, it is suggested that the revised rules provide more "free" (not requiring a petition and showing) continuing applications and RCEs for applications directed to technology in the unpredictable arts, than for applications directed to the predictable arts.

When an applicant files for a patent at the USPTO, the application is classified based on its subject matter.[200] The USPTO itself has recognized a distinction between subject matter that is directed to the unpredictable arts and subject matter that is directed to the predictable arts.[201] This proposal suggests that the USPTO should initially classify all incoming patent applications as either being directed to the unpredictable arts or the predictable arts. The applications could then be further

---

[195] Wegner, *supra* note 187.

[196] *See* Dugie Standeford, *US Election, Patent Reform Could Decide Fate of Voided USPTO Rules*, INTELL. PROP. WATCH, Apr. 3, 2008, http://www.ip-watch.org/weblog/index.php?p=992&print=1 (quoting Tafas' attorney, William Golden, as saying: "The solution to the USPTO's problems properly lies with Congress, not the courts").

[197] See John R. Allison & Mark A. Lemley, *Who's Patenting What? An Empirical Exploration of Patent Prosecution*, 53 VAND. L. REV. 2099, 2125 (2000). "There is a strong relationship between area of technology and the total number of applications filed before a patent issued." *Id.* For the years 1996–1998, the mean number of applications filed across all areas of technology was 1.50 per patent issued. *Id.* "Patents in the chemistry, pharmaceutical, and biotechnology fields were based on many more filings than were the norm." *Id.* "Indeed, pharmaceutical and biotechnology patents had on average well over two applications, that is, at least one refiling, before issuance." *Id.* "By contrast, patents in the electronics, mechanics, acoustics, automotive, and communications industries were significantly less likely than average to engage in refilings." *Id.*

[198] *See* discussion *supra* Part III.B.

[199] *See* discussion *supra* Part III.C.

[200] *See* U.S. PAT. & TRADEMARK OFFICE , OVERVIEW OF THE U.S. PATENT CLASSIFICATION SYSTEM (USPC) I-3, Dec. 2007, *available at* http://www.uspto.gov/web/offices/opc/documents/overview.pdf [hereinafter USPC] ("U.S. patents receive a mandatory classification for all claimed disclosure.").

[201] *See* MPEP, *supra* note 19, at § 2163 ("[F]or inventions in emerging and unpredictable technologies, or for inventions characterized by factors not reasonably predictable which are known to one of ordinary skill in the art, more evidence is required to show possession.").

classified based on their specific subject matter in accordance with current practice.[202]

The revised rules should then allocate a different number of "free" continuing applications and RCEs that may be filed off that application, based on whether the application is directed to an unpredictable art or a predictable art. For instance, applicants having a patent application directed to an unpredictable art should be able to file three continuing applications and two RCEs based on the initial application, without the need to provide a petition and showing.[203] However, applicants having a patent application directed to a predictable art should be limited to two "free" continuing applications and one RCE before they would be required to provide a petition and showing.

The suggestion to provide applications directed to the unpredictable arts with one additional continuing application and one additional RCE (relative to applications directed to the predictable arts) is supported by a study concluding that the average unpredictable arts patent issued from roughly one more application than the average patent generally.[204] By revising the Final Rules in this manner, the USPTO could reduce the disparate negative impact that the current version of the Final Rules places on applications directed to the unpredictable arts.

C. Hire More Examiners and Increase the Continuing Application/RCE Fees

This proposal concludes that the USPTO does not have to promulgate the Final Rules governing continuing applications and RCEs to achieve its goals.[205] Firstly, the USPTO could hire more examiners and increase its investment in the training of new and existing examiners.[206] Secondly, the USPTO could charge higher fees for multiple continuing applications and RCEs.[207]

---

[202] *See* USPC, *supra* note 200, at I-3. "A USPC classification uniquely identifies one of the more than 150,000 subclasses in the USPC." *Id.* "Because subclass identifiers may be repeated among the more than 450 classes, a USPC classification must include both a class and a subclass." *Id.* "Every U.S. patent document has at least one mandatory classification, and may optionally include one or more discretionary classifications." *Id.*

[203] *See* Allison & Lemley, *supra* note 197, at 2154 tbl.9. While the average patent in 1996–1998 issued from 1.50 applications, the average pharmaceutical patent issued from 2.27 applications and the average biotechnology patent from 2.38 applications. *Id.*

[204] *Id.*

[205] *See supra* text accompanying note 17.

[206] *See* Brief of Amici Curiae in Support of Plaintiff's Motion for a Temporary Restraining Order and Preliminary Injunction at 3 n.1, Tafas v. Dudas, No. 1:07cv846, 2008 WL 859467 (E.D. Va. Oct. 26, 2007) [hereinafter Brief Supporting Plaintiff] (suggesting that the backlog problem could be more effectively addressed by "hiring more examiners and/or increas[ing the] investment in training and retention of new and existing examiners"); Letter from Derek Minihane, on behalf of the Innovation Alliance, to Susan E. Dudley, Administrator, Office of Information and Regulatory Affairs, Office of Management and Budget 9 (June 14, 2007), *available at* http://www.patentlyo.com/patent/InnovationAllianceMemo.pdf. [hereinafter Minihane] (stating that most patent practitioners believe that hiring more examiners should be a central part of addressing the backlog problem).

[207] *See* Minihane, *supra* note 206, at 9 (noting that the USPTO should confer with Congress and consider charging higher fees for multiple continuations in order to address potential abuses of the continuation rules).

Increasing the number of examiners at the USPTO would obviously increase prosecution efficiency and reduce the backlog because more examiners equates to fewer applications in examiners' queues and more applications examined simultaneously.[208] Also, increasing the USPTO's investment in examiner training would have the effect of improving the quality of patents that issue. Naturally, a well-trained examiner will be better able to evaluate patent validity and reduce the number of "bad patents" that issue.[209] Further, the USPTO could attract more, and potentially better qualified, examiners by opening satellite offices.[210] By opening offices in the Midwest and on the West Coast, for instance, the USPTO could attract candidates who might otherwise not apply because they do not want to move to the Washington, D.C. area.[211]

Charging higher fees for filing multiple continuing applications and RCEs would also be an effective means of curtailing abuses in the continuation process.[212] This approach would make applications designed purely for delay more difficult to justify.[213] More importantly, such an approach would enable applicants who believe their inventions have economic values that are worth the increased fees to use continuing applications and RCEs as means of obtaining adequate patent coverage.[214]

CONCLUSION

It is evident that there is a real need to increase patent prosecution efficiency, improve the quality of patents that issue, and decrease the current backlog.[215] Further, permitting applicants to file an unlimited number of continuing applications and RCEs has led to occasional abuses of the patent system.[216] While these considerations are certainly legitimate, the Final Rules are overly broad in their

---

[208] *See* Brief Supporting Plaintiff, *supra* note 206 at 3 n.1. The USPTO is one of the few government agencies that realizes a profit (based primarily on patent application filing fees) and therefore has the financial resources to hire more examiners and/or increase the investment in training and retention of new and existing examiners. *Id.*

[209] *See* Charles Emerick, *Law Prof Takes Aim at "Silly" Patents at University of Missouri-Kansas City School of Law Seminar*, Nov. 6, 2007, DOLAN MEDIA NEWSWIRE, *available at* http://www.dolanmedia.com/view.cfm?recID=285937 (noting that patents issued for inventions such as: "using a laser pointer as a way to exercise a cat," a time machine, and a "method of swinging a swing sideways [that] issued to an eight-year old").

[210] *See* Hoover, *supra* note 174, at 27.

[211] *Id.*

[212] *See* Letter from The National Association of Patent Practitioners to the U.S. Pat. & Trademark Office 35 (May 3, 2006), *available at* http://www.uspto.gov/web/offices/pac/dapp/opla/comments/fpp_continuation/napp.pdf ("[A] charge would likely discourage, and reduce the number of, such later continuations. An appropriately set fee would seem to provide as much, or nearly as much, benefit in terms of backlog-reduction as a complete ban, without the difficulties to invention protection.").

[213] *See* Minihane, *supra* note 206, at 9.

[214] *Id.*

[215] *See* Changes, *supra* note 2, at 46,716.

[216] *See* Lemley & Moore, *supra* note 3, at 65.

scope and impose unnecessarily harsh restrictions on applicants who file continuing applications and RCEs in good faith.[217]

Two main reasons exist why the Final Rules should not have gone into effect. Firstly, the USPTO does not have the authority to promulgate the Final Rules because of their substantive nature[218] and retroactive effect.[219] Secondly, the Final Rules have a disparate effect on different technology sectors.[220] Specifically, the Final Rules would limit the ability of inventors in the unpredictable arts to obtain patent coverage on the full scope of their inventions.[221]

This proposal suggests that the Federal Circuit, if it gets the opportunity, should affirm the district court's decision to void the Final Rules. In doing so, the Court would protect a process that serves as a vital means of obtaining adequate patent protection and compel the USPTO to seek less intrusive means of achieving its goals. Such more narrowly tailored means of achieving the USPTO's goals include: (1) modifying the Final Rules to enable applicants to file more continuing applications or RCEs without a petition and showing for patent applications directed to the unpredictable arts,[222] (2) increasing the hiring and training of examiners,[223] and (3) charging higher fees for filing multiple continuing applications or RCEs to deter abuse.[224]

---

[217] *See* Elliott & Brinckerhoff, *supra* note 16.
[218] *See* Merck & Co. v. Kessler, 80 F.3d 1543, 1549–50 (Fed. Cir. 1996).
[219] *See* Landgraf v. USI Film Prods., 511 U.S. 244, 272–73 (1994).
[220] *See* discussion *supra* Parts III.B–III.C.
[221] *Id.*
[222] *See* discussion *supra* Part IV.B.
[223] *See* discussion *supra* Part IV.C.
[224] *Id.*