

# Building a Patent Portfolio in View of the New Patent Rules

ROBERT HULSE

Fenwick  
FENWICK & WEST LLP

The latest change in the rapidly evolving field of patent practice emerged in August 2007, when the U.S. Patent and Trademark Office (PTO) published its new rules for practice. Covering examination of patent claims and continued examination filings, these rules may be the most fundamental change to patent practice in decades. In particular, they will significantly limit applicants' ability to present patent claims in a single application, and they will in many cases prevent applicants from pursuing additional claims in continued application filings. These rules will generally make the patent process significantly more time-consuming, more complicated, and, as a result, more expensive.

The rules become effective November 1, 2007, and can be broken into three main areas: (1) limits on presenting continued examination filings, (2) limits on examining patent claims in an application, and (3) additional requirements for presenting multiple related applications. The first two categories limit the mechanisms by which an applicant can pursue patent protection for a particular invention. The third category — intended to prevent applicants from circumventing the first two categories — introduces additional burdens when an applicant presents multiple applications that may be related.

According to the PTO, the first category of rules limiting continued examination filings are meant to avoid indefinite prosecution of patent applications and to bring the application process to an ultimate conclusion. Continuing applications, including continuations and continuations-in-part (CIPs), have traditionally been filed to obtain additional patent coverage once the PTO allows some claims in a previously filed patent application. When the PTO issues a final rejection of an application, an applicant

may file a request for continued examination (RCE), which allows the applicant to reopen prosecution to continue pursuing a patent. The PTO believes that unlimited use of these techniques unnecessarily has prolonged prosecution of patent applications.

The new limits on continued examination filings, however, cap both of these techniques. Under the new rules, an applicant can file at most two continuing applications as a matter of right, and only a single RCE for the entire patent "family." This effectively limits the patent family to the original patent application and two continuing applications, and only one RCE among them. For this reason, the rule is often referred to as the "2+1 rule."

Furthermore, although the "2+1 rule" does not apply to applications filed before November 1, 2007, it will nevertheless have a retroactive effect. This is because the continuing applications and RCEs filed before the effective date of the rules will count towards the limits for later-filed continued examination filings. For example, if an RCE was filed in a patent application before November 1, the rules would prevent any more RCEs from being filed after November 1 in that application or in any application in its family.

One exception to the "2+1 rule" involves divisional applications and restriction practice. Multiple distinct inventions are often disclosed in a single specification. When this happens, the PTO may issue a restriction requirement, forcing the applicant to elect an invention from a group of distinct inventions. The nonelected inventions can then be pursued in divisional applications. Under the new rules, divisional applications are permitted only in response to a restriction requirement. But the "2+1 rule" limits on continued examination filings are reset for each new divisional application filed. In

this way, applicants may file another two continuing applications and one more RCE for each new distinct invention.

The second category of new rules limits the claims that may be presented in a single application, setting a maximum of 5 independent claims and 25 total claims. This is often referred to as the “5/25 rule,” which may only be exceeded if the applicant files an “examination support document” (ESD). The ESD, however, requires the applicant to conduct a patentability search and provide a detailed statement about the patentability of the claims presented. Because of the significant costs and the possible admissions about the scope of the patent claims, few applicants will take this option. Therefore, the “5/25 rule” will in most cases be a rigid limit to the claims that can be in a single application.

Like the limits on continued examination, these rules have a retroactive effect. They apply to any applications in which a first substantive Office Action has not been mailed as of November 1, 2007, regardless of when the application was originally filed. For these retroactively affected applications, the PTO will give applicants an opportunity to comply with the rules before examination begins.

Finally, the third category of rules regarding related applications largely prevents techniques that applicants might otherwise use to circumvent these limitations. For example, an applicant might present multiple applications to pursue a single invention in an attempt to present more than 25 claims and file more than two continuing applications. This technique is inhibited by the rules because the PTO can require the applicant to cancel all but one of the applications to comply with the “2+1 rule.” The rules also apply the “5/25 rule” limit across the multiple applications. Therefore, the only opportunity to reset the “2+1” and “5/25” limits is to present patentably distinct inventions in different applications.

To assist the PTO in identifying applications having patentably indistinct claims, the rules also impose new reporting requirements on the applicant. For

example, applicants now have the duty to identify applications having common ownership, a common inventor, and a filing date within two months of each other. In addition, there is now a rebuttable presumption that two applications contain claims that are not patentably distinct if the applications have common ownership, a common inventor, a common filing or priority date, and a substantially overlapping disclosure. This latter scenario is not uncommon, for example, as the conditions are generally met where multiple utility applications are filed from the same provisional application.

While trivial for some smaller patent portfolios, these reporting requirements can be extremely burdensome for applicants with a large number of pending applications. The reporting requirements are further complicated for companies that use multiple patent firms. For instance, two firms might be responsible for two completely different patent applications that happen to have a common inventor and were filed within two months of each other. In such a case, the company has a duty to report the two applications to the PTO. But since neither firm is necessarily aware of the other’s application, there is no easy mechanism to identify the related applications.

It quickly becomes apparent that the new rules present a number of pitfalls for the unwary applicant. To avoid these, patent practitioners and applicants are now trying to understand what these new rules require, how they will affect existing and future patent portfolios, and how best to prosecute patent applications under this new establishment. In many cases, the rules create a number of action items that applicants can take to avoid or minimize prejudice to their pending applications. In other cases, the rules simply change the best practices for drafting and prosecuting patent applications before the PTO.

The action items presented by these rules include actual requirements as well as actions that applicants should take to avoid detrimental effects to their portfolios. For example, the new rule mandating that applicants identify related applications is

covered by the Rule 56 duty, so this is not an optional task. Another action item is to identify and rebut the presumption of patentably indistinct claims for applications where the presumption applies. Applicants may also elect to restructure their existing patent families in view of the new rules. This restructuring may include breaking unnecessary CIP priority claims, adding unclaimed subject matter to existing applications, and filing RCEs where the rules would prevent them in the future.

The new best practices will affect how practitioners pursue patent claims going forward. In the past, when there were no limits on RCEs, final rejections were not as harmful as they are now. Applicants could continue examination after final rejections in an attempt to find common ground with the patent examiner, even when the applicants were convinced the examiner was wrong. But with the new limits, RCEs and continuations are precious. Applicants should now aggressively avoid final rejections and fight against improper ones. This strategy includes prosecuting patent claims more aggressively during examination, such as by arguing more dependent claims and conducting more interviews with the examiner. The strategy may also include petitioning improper holdings of finality and appealing bad rejections wherever possible.

Moreover, since the rules severely limit an applicant's ability to file additional applications to protect previously unclaimed subject matter, it is more important than ever to present claims that cover all possibly valuable patentable ideas in original applications. This will allow an applicant to provoke restriction requirements, which will enable the applicant to pursue protection for each of the multiple inventions with the most opportunity for continued examination. Conversely, the rules will penalize procrastination. Filing applications with the intention of adding additional claims later to pursue additional subject matter may result in an inability to obtain adequate patent coverage for the additional unclaimed concepts.

While some general guidelines and best practices can be articulated based on the rules, there is no single strategy or universal answer that applies to all patent applicants. Accordingly, applicants should discuss these issues with a patent attorney to understand how their particular patent strategy can be adjusted in light of these new rules to achieve their own goals.

Whether the PTO can achieve its goals of increasing the quality and decreasing the latency of patent examination remains to be seen. What is clear, however, is that these new rules will increase the complexity and the costs associated with obtaining a patent. And with proposed new rules on the horizon that will impose many new costs and burdens for Information Disclosure Statements and Appeal Briefs, these rules are just the beginning.

Robert Hulse specializes in strategic patent counseling and procurement, practicing as a patent attorney with Fenwick & West LLP in San Francisco, California. He also teaches patent drafting and prosecution as an Adjunct Professor of Law at the University of California, Hastings College of the Law. He can be reached at (415) 875-2444 and at [rhulse@fenwick.com](mailto:rhulse@fenwick.com).

---

TO BE PUBLISHED IN THE OCTOBER 2007 ISSUE OF THE  
INTELLECTUAL PROPERTY STRATEGIST

© 2007 Fenwick & West LLP. All Rights Reserved.