



STRATEGIC USE OF CONTINUING APPLICATIONS

Previously, we presented the concept of claim space as a tool for defining a claim strategy that reflects the client’s business needs and goals. We now turn to the strategic use of continuing applications to pursue the client’s business goals in the face of rejection of claims, market changes, licensing opportunities or the sale of company assets.

First, a brief review of the four regions of claim space in which claims fall is provided. (See Sachs and McNelis, *Claim Space: A Tool for Defining Claim Strategy*, E-Commerce Law, pp. 22-24, April, 2001).

	Broad	FUNCTIONALITY	Narrow
<i>Generic</i>	2	Most general Hardest to get Continuation claims	3
			Broad, yet defensible Licensable across industries
<i>Specific</i>	1	Client’s business space Most licensable within industry	4
			Client’s implemetation Narrow protection Hard to enforce Take early, or if nothing else

Region 1 claims are focused on the particular industry specific application or technology that the client is pursuing, yet broad in functional scope. Region 2 represents claims that are broad in both their functional scope and their applications so that the applications are generic “industry independent” applications. Region 3 represents claims that are generic in application, but relatively narrow in functional scope (e.g. may be technology specific). Claims here tend to be solutions to particular technological problems that are not currently being adequately addressed. Finally, region 4 represents claims that are specific to the client’s application and technology space, and narrow in functional scope. Within each of these regions, the claims may vary in scope with respect to function or application or both.

Assume an application is filed with four claim sets, each falling within one of the regions above. The Examiner allows all but the region 2 claims that are broad in both their functional scope and their

applications. There are several courses of action that can be taken here, and the selection of the appropriate action depends on the client’s business goals.

One course of action is to cancel the rejected broad claims, placing the application in a condition for allowance, and then file a continuation with the rejected claims. This approach gets a patent issued as quickly as possible. This is obviously desirable if the client needs to immediately enforce the region 1 claims against a competitor or a recent market entrant. However, this is typically the exception not the rule. More commonly, speedy issuance can be beneficial for business development purposes, for example where the client is attempting to secure a development or sales contract. Here, the patented status of the technology can be an instrumental factor in convincing the customer to close the deal. The patented status of the invention can also be significant where the client is being acquired, to further support or increase the valuation of the company. Another benefit to this approach is the additional time taken to obtain the broader claims in the continuation allows the client the opportunity to observe how the technology develops and to adapt the broader claims in an attempt to dominate the field as it matures. Careful monitoring of competitors’ products and upcoming or recently accepted industry standards will identify opportunities for both prosecuting both broader (region 2) and targeted (region 1) claims. The downside here is that the continuation application is not likely to be reviewed for at least six months or more, and it results in two sets of issue and maintenance fees.

Another course of action is to continue prosecution of the original application in an attempt to get the broad region 2 claims allowed. If you are successful in making arguments or amendments that do not narrow the scope of the claims, then one patent issues with one filing fee, issue fee and set of maintenance fees that has claims that fall within all four regions. If necessary, narrowing amendments may need to be made as long as the amended claims still provide a broader scope than the already allowed claims. However, any claim element limited by argument or amendment will not cover products or services that perform substantially the same function

(but not the identical function) in substantially the same way as the claimed invention. This limitation will attach to the claim element whether it appears in unamended claims or the amended ones. This approach generally imposes only a modest delay, perhaps 5-8 months, in the time taken to get the patent issued. If that amount of time is not detrimental to the business goals, then this course of action is preferred. If the application is not allowed after this stage, a fall back to the previous strategy is appropriate.

In a variant of the case discussed above, an Examiner may decide to allow certain dependent claims of rejected independent claims, typically on a final rejection. There are two possible strategies here. First, a request for continued examination (RCE) can be filed, in an attempt to obtain allowance of the independent claims. The advantage here is if the broader claims are granted, then there is only a limited basis for narrowing the scope of the claims based on amendments. Another advantage is that there is a single patent issued, with a single issue fee and set of maintenance fees. Finally, RCE's do get relatively quick review by the Examiner. Nevertheless, this may ultimately delay issuance of a patent. One implementation of this approach is to introduce new independent claims that contain the allowed limitations. That way in the RCE application, these new independent claims can be directly allowed if the original independent claims continued to be rejected.

The alternative strategy is to accept the Examiner's suggestions, again introduce new independent claims that contain the allowed limitations, and cancel the original independent claims. This puts the original application in condition to be granted as a patent. A continuation application with the original independent claims is then filed. Again, this approach gets a patent issued as quickly as possible, but the downside is that the continuation is not likely to be reviewed for at least six months or more, and it results in two sets of issue and maintenance fees.

Even if a notice of allowance is obtained, a review of the application for the preparation of additional claims in a continuation is in order. Preparing some additional claims and filing a continuation application may be advantageous in the licensing or sale of the company's assets context. It gives the licensor/seller leverage in negotiations with

a potential licensee of the patent portfolio or a patent subset because additional claims may still be drafted that are not necessarily narrower or broader but perhaps sufficiently different to cover other aspects of the invention that are of value. The continuation also affords the buyer more time to file continuation-in-part applications on developments for which invention disclosures may have been prepared by the buyer's inventors but not applications.

Claims that fall within region 3 present the opportunity to license patents outside the client's market space. Claims here typically arise out of inventions motivated as solutions to particular technological problems which current approaches no longer adequately address. The inventions are thus improvements over existing techniques, but are not limited to the particular application space of the client's business, though they may be technology specific. For example, rendering algorithms are useful in commercial computer animation, consumer or professional graphics applications, and gaming, yet a software company typically operates in only one of these industries. An exclusive license in its field of use provides an advantage to the licensee in its market space and permits the licensor to pursue its own use of the invention or other licensing opportunities. Claims here are more easily defended because of their narrow functional scope, and also licensable across industries that are complementary and non-competitive with the client, as in the above example. Such claims are a good example of claims that if allowed early on warrant canceling the other rejected claims in an application and filing them in a continuation in order to hasten the issuance of a patent with licensable claims.

Another example of claims that if allowed may warrant the canceling of rejected claims that are then filed in a continuation application are a claim set applicable to a specific aspect of the industry. For example, one claim set may be to a preferred embodiment, and another may be to an alternate embodiment that is cheaper to make but provides less than the optimal performance of the preferred embodiment. The alternate embodiment may appeal to a different set of manufacturers or users in an industry group focusing on lower cost/lower performance products. A patent license may be targeted to this different set of manufacturers not in

direct competition with the client's high performance product lines.

Filing the continuation application also has a beneficial side effect of further increasing opportunities to expand the patent portfolio. Given the typical amount of time from application to issuance, it is likely that there are follow on inventions based on earlier applications. A well-structured patent program should capture developments in the technology and in the client's market, and give the patent decision maker an opportunity to pursue continuation-in-part applications. A continuation-in-part (CIP) application is an application filed during the lifetime of an earlier application, repeating some substantial portion or all of the earlier application and adding matter not previously disclosed. The patent decision maker can leverage a CIP application as follow. First, she consults with marketing personnel to see if there are unmet needs in the market presently or in the next five or so years that a development of the technology may solve. She then consults with the engineers to see what developments have been made or conceived of to meet these needs. If the conception of such developments has been made, filing a CIP

while a continuation is still pending is advisable. This strategy creates a branching tree of applications that leverage the previous inventions both technologically and by the earlier filing date of their patent applications. As new standards and products emerge, a chain of continuations gives the decision maker ample opportunities to "branch" off a new continuation or CIP in an attempt to cover such developments. In evaluating opportunities, the patent decision maker must be mindful that claims covering any of the new matter in the CIP are accorded the filing date of the CIP application as their effective filing date. Accordingly, claims covering only matter disclosed in an earlier application from which priority is claimed have the priority date of the earlier filed application.

Thus, while a client pursues claims that are broad in function and application and those that fall within the client's market space in order to protect and grow its market share, continuing applications may be used to obtain patents with claims that are licensable to non-competitors as well as to the development of the client's market space.



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