

# Patent Alert: New Rules for U.S. Patent Applications

August 21, 2007

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Earlier today, the United States Patent and Trademark Office (USPTO) published new rules for patent prosecution. The rules take effect on November 1, 2007, with some having retroactive effect. The new rules cover three general areas: 1) continuation practice, which allows an applicant to obtain additional patent protection for an invention by filing additional daughter applications within a patent family; 2) divisional practice, which allows an applicant to request patent protection for multiple different ideas disclosed in the same application; and 3) the examination of claims by the USPTO. The new rules represent a major shift in procedure, and different strategies will have to be adopted for developing patent portfolios.

Because some of these rules apply retroactively to patent applications that are already pending, it may be advisable to take certain actions before they go into effect on November 1<sup>st</sup>.

## **Continuing Applications: Patent families are limited to two continuing applications and one RCE.**

The number of continuing applications, which include continuation applications and continuation-in-part (CIP) applications, is effectively capped for each patent family. Continuing applications have traditionally been filed when patent coverage is desired beyond what the current patent family affords. Under the new rules, however, an applicant can in most cases file only two continuation or CIP applications and only a single request for continued examination (RCE) during the entire prosecution period of the entire family, absent a showing of certain circumstances. In addition, the USPTO can now merge related applications having similar claims, to prevent applicants from filing the same application multiple times to circumvent the continuation limit. Lastly, while a transitional rule will allow one additional continuation for those families already beyond the two-continuation maximum as of today's date (Aug. 21), the new rules

apply to varying degree to all families, regardless of the parent application's filing date, and will therefore have a retroactive effect on all currently pending applications.

Since the new rules limit your ability to file additional applications when the currently obtained patent coverage is not sufficient, it is more important than ever to focus claims on precisely what is most important to protect and to make good progress with every interaction with the USPTO. Failure to do so may result in inadequate patent coverage if the size of the patent family reaches its limit before adequate patent coverage is secured.

## **Divisional Applications: Divisionals claiming different ideas contained in a single application can be filed only when required by the USPTO.**

Divisional applications are now permitted only in response to a USPTO restriction requirement. Divisional applications have traditionally been filed when an original application contains multiple different ideas, with a different divisional application filed to cover each different idea and without any limit on the number of divisional applications that can be filed. Under the new rules, follow-on applications protecting different ideas can be filed only when the examiner requires it, or if the applicant decides to voluntarily use some of his two-continuation maximum for this purpose. Applicants will be able to propose a restriction requirement, but the decision is entirely that of the examiner.

Since the new rules covering divisional applications severely limit an applicant's ability to file additional applications to protect previously-unclaimed subject matter, it is more important than ever to include full claim sets covering all valuable patentable ideas in original applications, rather than filing applications with the intention of adding additional claims later to pursue additional subject matter. Failure to do so may result in an inability to later request patent coverage for originally unidentified concepts.

## **Examination of Patent Claims: Applications are limited to five independent claims and twenty-five claims total.**

The new rules also affect the way that claims are examined by the USPTO by effectively setting a maximum of 25 claims in each application, of which at most five may be independent claims. This maximum may be exceeded only by filing an “examination support document” that requires the applicant to provide a fairly detailed search and examination. However, this option will usually be undesirable because of the cost involved, and because it requires making admissions about the scope of the patent claims. Like the limits on continued examination, these rules have a retroactive effect, as 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. All such pending applications will have to be reviewed in order to either reduce the number of claims to 25 or to file an examination support document. Attempts to avoid the impact of this rule by filing multiple applications having similar disclosure but multiple claims are not likely to succeed, as the USPTO will, absent a credible explanation by the applicant, count all the claims as if they had been filed in a single application.

Coupled with the new rules that limit the number of examinations the USPTO will perform within any patent family, it is more important than ever to identify the most important concepts and sub-concepts for patent protection. Failure to do so may result in the USPTO focusing its limited number of examinations on the wrong concepts.

### **Conclusion**

In view of these new rules, we recommend reviewing your patent portfolio with us to identify any actions that should be performed prior to November 1<sup>st</sup>. There is no single strategy or universal answer that is appropriate for all patent applicants. Accordingly, please contact us to discuss how we can adjust your patent strategy and goals to derive the most benefit in light of these new rules.

## **Top 5 Questions & Answers**

**Question:** Is there anything different I need to do?

**Answer:** Most Likely. The new rules impose some new obligations on patent applicants, and they also prevent many actions that used to be common in the prosecution of applications. Whether you need to take any action right now depends on your particular patent strategy, the status of your applications, and other factors unique to you. After reviewing this memorandum and the questions below, you should contact your attorney to discuss your portfolio.

**Question:** How do the new rules affect patent applications that are currently undergoing examination?

**Answer:** The new rules have a retroactive effect, so any of your pending patent applications can be affected. In particular, the rules will limit your ability to pursue patent claims using a request for continued examination (RCE) or by filing a new continuation, continuation-in-part, or divisional application based on any currently pending application. Significantly, this may limit your ability to pursue additional claims for inventions that you have not already identified and claimed in your pending applications. There are many other possible effects on your current portfolio, and you should consult your attorney for more specific advice or to answer any questions you have about your patent applications.

**Question:** What proactive steps I should take with respect to filed patent applications that have not yet been examined?

**Answer:** The rules will limit your ability to pursue patent protection for any subject matter that you have described but not claimed in your patent applications. You should consider whether you wish to review your current portfolio to identify any valuable unclaimed subject matter, so that it can be added to a currently pending application, thus receiving an examination or restriction. In addition, for any application that has not yet received a first Office Action, you will need to either reduce the number of claims to meet the 25/5 limit or file an examination support document. Your attorney will work with you to help identify which, if any, claims should be canceled, amended, or kept intact.

**Question:** What should I do differently with respect to drafting and filing patent applications in the future?

**Answer:** The new rules significantly affect what we consider best practices in many areas of patent prosecution, including prior art searching, drafting patent claims, arguing to overcome rejections, and deciding how to protect a group of related inventions. The new rules reward intelligent, thoughtful prosecution of patent applications and penalize prosecution that defers patent strategy for a later time. It is more important than ever to identify a clear patent strategy up front and to pursue the patent claims more vigorously during prosecution. To avoid coming away from the USPTO with less protection than you deserve, some changes to consider include presenting more alternative arguments in responses to rejections, appealing final rejections more often, and considering more in-person examiner interviews.

**Question:** Will this impact my budget?

**Answer:** Yes, the patent office is shifting some of its work to the patent applicant. Accordingly the new rules will likely result in an increase in patent preparation and prosecution costs, but the actual impact will depend on a number of factors. Some changes that will particularly affect those with large patent portfolios include the requirements to analyze all pending applications to (i) bring them into compliance with the claim limitation rules and (ii) identify, for each pending application, all patents and patent applications that satisfy specific criteria, for which the patent office will presume that these identified patents/applications are all part of the same patent family. To overcome this presumption the applicant must file a document explaining how each of the claims in each of the identified patents/applications is patentably distinct. The new rules have changed what we consider best practices, as explained above; therefore, we anticipate that the costs for a particular round of examination will likely rise.

However, the new rules should also bring prosecution to an ultimate conclusion sooner, so the average number of rounds of examination for each application will likely go down, offsetting some of the other increases in cost.

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