LIMITATIONS ON CONTINUATION AND RCE FILINGS WHERE DO WE GO FROM HERE?

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These past two years have been very eventful for patent practitioners. On January 3, 2006, the USPTO proposed changes that would limit the number of continuing applications, requests for continued examinations and claims an applicant could make as of right[1]. Many comments were submitted during a four month period in 2006. The final rules were published on August 21, 2007[2]. The USPTO indicated that the Final Rules would be implemented on November 1, 2007.

On August 22, 2007, the inventor, Triantafyllos Tafas filed a complaint against the USPTO in the Eastern District of Virginia (E.D. Va.) seeking to enjoin the implementation of these rules. On October 9, 2007, Glaxo Smith Kline filed a complaint against the USPTO seeking a preliminary injunction staying the implementation of the Final Rules until the resolution of the lawsuit, a declaratory judgment that the Final Rules are contrary to law and a request that the final rules be vacated. On October 15, 2007, GSK moved for a temporary restraining order and preliminary injunction against the USPTO enjoining the implementation of the Final Rules. After an oral hearing, the TRO and preliminary injunction were granted on October 31, 2007 by Judge Cacheris of the E.D. Va. ("the E.D. Va Decision")[3].

As a result, there has been much uncertainty as to ultimate outcomes with respect to the court decision, further USPTO regulation and steps the practitioner should take to secure his/her client's patent rights. In order to provide some clarity, this article will discuss:

(1) The Final Rules with respect to continuations, continuation-in-part applications and requests for continued examination.
(2) The court decision with respect to limitation on CONS/CIPs and RCEs
(3) Possible outcomes with respect to the court decision, USPTO actions and legislation
(4) Practice Tips

THE FINAL RULES

The Final Rules issued by the USPTO stated that as of November 1, 2007 under amended 37 C.F.R. §1.78 an Applicant would be able to file two continuation applications (CONS) or 2 continuation-in-part applications (CIPs) and under 37 C.F.R. §1.114, the Applicant would be able to submit one RCE per original application filed as of right[4]. Further, the Applicant would have the right to file two CONs and one RCE per divisional application filed as a matter of right. Under 37 CFR 1.78(d), the divisional application could only contain claims to the restricted invention[5].

THE E.D. VA. DECISION

Judge Cacheris held that the following two arguments had a likelihood of success going forward[6]:

(1) Limitations on the number of continuations/CIPs are substantively contrary to 35 U.S.C. 120 and established precedent and

(2) Retroactive nature of applying the new rules exceeds the USPTO's authority

He did not have an opinion on the likelihood of success with respect to limitations on RCEs.

POSSIBLE OUTCOMES

There are a number of possible outcomes that do need to be taken into consideration: (1) Court Decision; (2) USPTO action and (3) Legislation

Court Decision

It appears that the E.D. Va. is very likely to hold that the Final Rules with respect to limitations on the number of CONs and CIPs are contrary to 35 U.S.C. §120 and therefore should not go into effect.

The Court with respect to limitations on the number of RCEs could rule either way. However, it appears likely that limitations on RCEs if upheld would apply to future not pending applications given the statements made in the Memorandum Opinion regarding the retroactive nature of these Final Rules.

It appears that there will not be a final decision by E.D. Va until the winter of 2008 at the earliest. In the event that any decision is appealed to the CAFC, this case may not be settled until late 2008 or possibly 2009.

Possible USPTO Actions

Actions taken by the USPTO will most likely depend on the final outcome of litigation. At the present time, it does not appear that the USPTO has appealed the Preliminary Injunction and TRO.

In the event that the final outcome of litigation is in the Plaintiffs' favor, the USPTO could completely withdraw the rules package. However, it is always possible even under these circumstances, that the USPTO could issue a new rules package where filing above certain number of CONS/CIPs and/or RCEs is a less attractive option (stepped up fees depending the number of CONS/CIPs and/or RCEs filed).

There is a possibility that the Court holds for the plaintiffs with respect to barring limitations on the number of CIPs as a matter of right, but rules in favor of the USPTO with respect to limitations on the number of RCEs as a matter of right. In such an event, as above, the USPTO could issue a new rules package where filing above a certain number of CONS/CIPs and/or RCEs is a less attractive option (stepped up fees depending

the number of CONS/CIPs and/or RCEs filed), or in this instance keep the limitation on the number of RCEs allowed as of right.

Legislation

Patent Reform legislation is currently pending before Congress. HR 1908 has passed the House of Representatives, but S1145 is still pending in the Senate. Both of these bills have provisions "clarifying" the regulatory authority of the USPTO.

Section 14 of HR 1908[7] gives the USPTO the

> authority to promulgate regulations to insure the quality and timeliness of applications and their examination, including circumstances under which an application for patent may claim the benefit under Sections 35 USC 120, 121, and 365(c) of the filing date of prior filed application for patent.

Under HR 1908, Congress has 60 days to disapprove any proposed legislation by passing a resolution of disapproval. The resolution would be referred to the House and Senate Judiciary committees for further study and there would be a final vote within 15 days. This bill would take effect on passage

S 1145[8], which is still pending contains a somewhat different provision. It simply amends 35 U.S.C. 3(a) to state that the USPTO director has the authority to

> promulgate such rules, regulations, and orders that the Director determines appropriate to carry out the provisions of this title or any other law applicable to the United States Patent and Trademark Office or that the Director determines necessary to govern the operation and organization of the Office.'

S1145 would not take effect until 1 year after its signing.

In the event that S1145 is passed, the two bills would go to a House-Senate conference committee. It is possible that in the Conference Committee, Section 14. of HR 1908 is adopted. If that is the case, the USPTO could be free to issue regulations limiting CONS/CIPs and/or RCEs that could be filed as of right regardless of the outcome of the litigation. Alternatively, Section 11 of S 1145 could be adopted. In this situation, it is questionable as to whether the USPTO would be free to issue rules limiting the number of CONs/CIPs as of right.

PRACTICE TIPS

Clearly, the situation is rather fluid at the present time. It is important for the practitioner to consider all of the scenarios when plotting patent strategy. Specifically, the practitioner should bear in mind that at the very least, for applications filed or even possibly pending, after any court decision and/or legislation is passed, there is a real possibility that the USPTO may still issue rules limiting the number of RCEs, CONS

and/or CIPs that may be filed as of right and/or make the filing of more than a certain number of RCEs, CONS and/or CIPs a less attractive option. Thus, the practitioner may want to consider (1) expediting prosecution and/or (2) drafting claims in an application where the USPTO will deem the claims to be directed to two or more inventions thus causing the Examiner to issue a Restriction Requirement.

Expediting Prosecution

There is a very real possibility that the Final Rules limiting the number of RCEs as a matter of right may still be in place. Thus, it may be important to try and resolve issues of concern to the examiner as soon as possible. Interviews, either in person or telephonic interviews may be very useful devices. They should be conducted at least after the first Office Action. The USPTO is now even allowing interviews to be conducted before a first Office Action in continuing applications as a matter of right. For currently pending applications where one RCE has already been filed, try and expedite prosecution so that any further final Office Actions are issued as soon as possible.

Divisional Applications

Given the limitations that may be placed on the number of continuing applications, requests for continued examination and/or number of claims in a given application, the practitioner may want to draft claims so that a patent examiner will deem the pending claims to be directed to two or more inventions thus causing the Examiner to issue a Restriction Requirement and/or think very carefully before traversing any Restriction Requirement issued. Furthermore, the third sentence of 35 U.S.C. §121 prohibits a double patenting rejection of a pending divisional application over an issued patent where the divisional application was filed as a result of a Restriction Requirement. No such prohibition applies to continuation applications. According to MPEP §803.03 a Restriction Requirement may be required under the following circumstance:

> (a) The inventions, as claimed, must be independent or distinct **and**
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> (b) There would be serious burden on the examiner if restriction were not required.

Related products or processes could be subject to a Restriction Requirement. According to MPEP §806.05(j), examples of related products or processes that could be subject to a Restriction Requirement include subcombination/combination where the combination could be used in another combination, intermediate/final product where the intermediate could be used to make another final product, two subcombinations where they do not overlap in scope and distinct products or processes. Related processes and products have been deemed to be independent and distinct under the following circumstances:

> (a) The inventions as claimed are patentable over each other;
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> (b) The inventions as claimed are not obvious variants;
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> (c) Inventions as claimed do not overlap in scope, i.e. mutually exclusive; and

(d) Inventions as claimed are either not capable of use together or can have a materially different, design, mode of operation, function or effect.

However, even if the Final Rules are not adopted, care needs to be taken to make sure that a "proper" Restriction Requirement" is issued and the resulting "proper" divisional application is filed. The following criteria needs to be met[9]:

(a)Must be made by examiner-it cannot be a voluntary Restriction Requirement;

(b) Claims pending must be consonant with Restriction Requirement;

(c) No generic claim can be pending;

(d) Must be made in a US case-unity of invention in PCT application alone will not suffice, or

(e) Restriction made in parent must be made in subsequent children.

Failure to meet any of the criteria may result in a double patenting rejection being applied against a subsequent "divisional" application. Furthermore, this criteria closely corresponds to the definition set forth in 37 C.F.R. §1.78(d)(1)(ii) of the Final Rules[10]. Therefore, by meeting the above criteria, one is sure to meet the criteria for a divisional application set forth in the Final Rules if some or all of them are adopted.

Summary and Conclusions

For the time being, the status quo reigns. However, it is possible that there could be a E.D. Va. or CAFC decision favoring the USPTO in 2008. Alternatively, patent reform legislation may have some bearing as well. It is likely however, that even if the new rules are implemented, they would most likely apply to applications going forward.

In view of the uncertainty, the practitioner going forward should expedite prosecution of currently pending cases. Such measures including conducting interviews with the Examiner as soon as possible during prosecution and responding to Office Actions quickly so that any final rejections are issued quickly. This is especially important where one RCE has already been submitted.

Additionally, the practitioner may want to consider in certain situations whether it would be better to file one application claiming two or more inventions or one application/invention. In a related aspect, the practitioner may want to consider whether or not to traverse a particular Restriction Requirement issued.

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[1] "Changes to Practice for Continuing Applications, Requests for Continued Examination Practice , and Applications Containing Patentably Indistinct Claims," 71 FR 48 (Jan. 3, 2006).

[2] "Changes to Practice for Continued Examination Filings, Patent Applications Containing Patentably Indistinct Claims, and Examination of Claims in Patent Applications; Final Rule", 72 FR 46716 (Aug. 21, 2007).
[3]See Tafas v Dudas—F. Supp. 2d---, 2007 WL 3196683, E.D. Va., October 31, 2007 (NO:1:07 CV846 (JCC), 1:07 CV1008 (JCC)).
[4] 72 FR at 46837-46841.
[5] *Id* at 46838-46839.
[6] Tafas v. Dudas, Memorandum Opinion at pp. 21-24.
[7] H.R. 1908, 110th Cong. §14 (2007).
[8] S. 1145, 110th Cong §11 (2007).
[9] See MPEP §804.01.
[10] 72 FR at 46838.