

# **Possible Effects on University of California Patent Licensing Due to Proposed U.S. Patent and Trademark Office Rules Changes**

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# Affects of New U.S. PTO Rules on Claims and Continuations Practice

- **In many cases for life sciences, need more than two continuations for proper examination**
  - In one family first issuance in 9<sup>th</sup> filing and later litigation involves 9<sup>th</sup> and 16<sup>th</sup> filing (broader claims)
    - Need examination (interaction with examiner), not appeal
    - Basis for test to determine proper cancer treatment - under new rules test may not have become commercially available
  - In medical device to treat aneurysms needed more than two continuations – prior art 1/3 die; now 5%
- **UC has had a number of “internal interferences” between different UC technology transfer offices’ managed cases**
  - There is no detailed system for determining “patentably indistinct” claims between offices
    - New rules a hardship for large decentralized entity with little potential for added staff - \$ go to education & research
    - Research into similar phenomenon can go on at different campuses/national labs, hence resulting similar inventions
  - Have had cases licensed to different entities, so private rights at risk other than assignee’s
    - Internal interference is fair process, forced abandonment does not appear to be “fair” and can lead to liability claims
    - If examination goes on, can result in allowable claims that are patentably distinct

# Affects of New U.S. PTO Rules on Claims and Continuations Practice – cont.

- 1.78(h) discourages use of the CREATE Act since search of patentably indistinct claims expanded to all research agreement parties' patent portfolios – may be too invasive with different licensees
- 1.265(f) small entity exception for Examination Support Document listing of limitations in each claim that are disclosed in a reference - thank you
- Net result
  - More expense for budgets that are not likely to go up in a nonprofit, so fewer cases filed at risk (no licensee) – ESD may add upwards of \$5,000
  - The fewer cases filed, the fewer technologies transferred to industry (could be cumulative with first to file)
  - The more an Examination Support Document is forced to be used, the greater the likelihood of weakness being perceived in the involved patent filing undermining use of patent filing to encourage investment in new technology
- Suggestions
  - Can a process be established for prosecution to allowable claims if 3<sup>rd</sup> party rights at risk – may not be an overlap
  - Can extensions of time be established if the applicant is in an internal interference or similar proceeding
  - Further exceptions for Small Entities
    - Small businesses need to conserve funds – high risk development/support investment
    - Increasing share of US research at Nonprofits – bad policy to discourage patenting

# Summary of Proposed New Rules

- Rules about structuring families
  - “Two-CON rule, 37 CFR 1.78(d)(1)(i)
    - “One More” exception, 72 FR 46717 (col. 1/par.2), 4673 (3/4)
    - CIP identification, 37 CFR 1.78(d)(3)
  - RCE rule, 37 CFR 1.114(f,g)
  - DIV rule, 37 CFR 1.78(d)(1)(ii-iii)
- Rules about structuring applications
  - 5/25 claims, 37 CFR 1.75(b)
  - Patentably indistinct presumption , 37 CFR 1.78(f)
  - Self-reporting obligation, 37 CFR 1.78(f)

# Example of No More Filings

/#2 con-----  
#1 ---|#3 cip-----  
 \#4 rec-  
 \-----\#5 con---  
                  8/21                  11/1

# CON/CIP RULE #1

- On/after Nov. 1, can file a new appl with CON/CIP claims only if:
  - New appl has 2 or fewer ancestors, and each ancestor has 2 or fewer descendants including the proposed new appl ; or
  - All of new appl's ancestors were filed before Aug 21; and none of new appl's ancestors has a descendant filed on/after Aug 21 other than the new appl (one more exception); or
  - Successfully petition
- CON = Continuation/CIP = Continuation in part

## CON/CIP RULE #2

- For special case of single family: On/after Nov 1, can file a new appl with CON/CIP claims only if:
  - The family would have 3 or fewer family members; or
  - If the family has 3 or more members by Aug 21, can still file “one more” con/cip if no other were filed on/after Aug 21; or
  - Successfully petition

# CON/CIP RULE #3

- Rules take effect Nov 1. Before Nov 1, can file as many CON/CIP as you like, but then may lose right to file more
- If you violate the rule, the case will proceed but without the prohibited claims
- DIV & provisional priority claims do not count as ancestors or descendants
- On/after Nov 1 a “petition” is to “obtain consideration of an amendment, argument, or evidence that could not have been submitted during prosecution of” the parent (emphasis added)
- After Nov 1, CIPs require identify claims entitled to priority of parent or claim only has CIP filing date

# RCE Rule

- On/after Nov 1, can file an RCE only if:
  - No other RCE has been filed for parent, parent's ancestors or any of parents descendants or its ancestor's descendants; or
  - Successfully petition
- Before Nov 1 can file as many RCEs as like, that gives up filing any after Nov 1
- Violation means REC is non-responsive and period for reply still runs in parent
- Same petition grounds as in CON/CIP
- RCE = request for continued examination

# DIV Rule

- Exception to CON/CIP limits - does not count
- On/after Nov 1, can file a DIV appl based on an appl A (can be indirect priority claim) if:
  - A was subject to a restriction; and
  - The DIV contains only claims not elected in A and not examined in any other appl
- A DIV is entitled to 2 CON/CIPs & 1 RCE
- If violate rule, the case proceeds as a CON & without prohibited priority claims
- DIV = divisional

## 5/25 Rule

- Appl is limited to 5 independent claims & 25 total claims unless ESD filed before FOAM
  - Appl filed before Nov 1 are exempt
- Claims withdrawn or cancelled before FOAM do not count (only if do not reinstate)
  - Can suggest a restriction before FOAM or PTO restriction
- Claims in other appls (but not those in allowed appl or issued patents) with patentably indistinct claims do count
- Continued violation is non-responsive
- ESD = examination support document/ FOAM = first office action on the merits

## 5/25 Rule # 2

- PTO will send a notice of 5/25 violation, possibly combined with restriction
- Response can be
  - Reduce to 5/25 or
  - File ESD
  - Possibly file a suggested restriction with response
- For appl filed before Nov 1, a suggested restriction will be responsive, if 5/25 notice did not include PTO restriction

# Patentably Indistinct Claims

- On/after Nov 1, all claims in commonly- owned appl will be counted towards appl 5/25 limit if
  - Another appl is pending (excluding allowed claims, abandoned & appealed cases), and
  - Both apps contain at least one patentably indistinct claim
- The apps are not required to have inventor overlap, priority relationship, or related filing dates

# Rebuttable Presumption Rule

- On/after Nov 1, commonly-owned appl/patent X is presumed to contain at least 1 patentably indistinct claim with appl y if:
  - Y has an inventor in common with X; and
  - Any of Y's filing dates or priority dates is the same as X's filing dates or priority dates (including provisionals); and
  - At least 1 claim in Y could be supported by X (“substantial overlapping subject matter”)

# Rebuttable Presumption Rule #2

- If rebuttable presumption is triggered, for pending appl Y (excluding allowed, abandoned and appealed claims), must:
  - Rebut the presumption (based on the obviousness-type double patenting standard); or
  - File a terminal disclaimer with an explanation of why 2 apps are needed
- Presumption must be rebutted by the latest of:
  - 4 months after X's filing date;
  - 2 months after receipt of Y's filing receipt (practically this will be the deadline going forward); or
  - Feb 1, 2008 (practically this will be the deadline for previously filed apps)

## Rebuttable Presumption Rule #3

- If rebuttable presumption not rebutted, then:
  - Y's claims will be counted towards X's 5/25 limit (even if Y is exempt from the 5/25 rule)
  - PTO may request that patentably indistinct claims be combined in 1 appl
  - It is not clear if breach will lead to other problems such as rule 56 breach or abandonment of appl

# Self-reporting Rule

- For an appl X pending (but not allowed) on/after Nov 1, must identify all other commonly owned apps and patents Y that have:
  - An inventor in common with X; and
  - Any filing date or priority date within 2 months of any filing date or priority date of X.
- Self-reporting must be done by the latest of:
  - 4 months after X's filing date; or
  - 2 months after receipt of Y's filing receipt (practically this will be the deadline going forward); or
  - Feb. 1, 2008 (practically this will be the deadline for previously filed apps)
- Consequences of not reporting not clear: rule 56 breach or abandonment or other

# Summary: Structuring Families

- Families are limited to 3 total family members (+ one more if others before Aug 21<sup>st</sup>)
- Families are limited to 1 RCE
- If the PTO restricts, can file a DIV
  - Starts new family for these rules
- Must identify which CIP claims have priority to parent

# Summary: Structuring Applications

- Appls are limited to 5/25 claims (after restriction)
- Appls with patentably indistinct claims are lumped together for the 5/25 calculation
- Appls with a common inventor & matching dates are presumed to contain patentably indistinct claims
  - The presumption must be rebutted
- Must report all appls and patents with a common inventor and dates within 2 months of each other