



**ZAG/S&W LLP INTELLECTUAL PROPERTY ADVISORY**

## New Patent Rules Significantly Alter U.S. Patent Prosecution Practice

In an effort to reduce the large and growing backlog of unexamined patent applications, the U.S. Patent and Trademark Office (USPTO) recently approved sweeping new rules that will significantly alter U.S. patent application preparation and prosecution practice. (Patent prosecution refers to the process of obtaining a patent.) The new rules limit the number of continuation patent applications that can be filed and the number of claims in patent applications. The rules go into effect on November 1, 2007, but many of the rules are retroactive. We recommend a careful evaluation of your patent portfolio to determine what impact the new rules will have on your portfolio and whether any action should be taken before November 1, 2007.

**Limits on Continuation Applications.** The new rules reduce the number of patent applications that can be filed for a patent application family. Under current rules, an applicant can file an unlimited number of continuation and continuation-in-part (CIP) applications and requests for continued examination (RCEs). (A continuation application has the same specification as an original application on which it is based, but different claims. CIP applications typically contain the subject matter of the original application with added material. RCEs are requests filed to extend prosecution of applications typically under final rejection.) Under the new rules, after November 1, 2007, applicants can file no more than two continuation or CIP applications and a single RCE in an application family. However, if an applicant can provide a showing of why the new claims, amendments, and arguments could not have been submitted during the prosecution of the prior application, the applicant can petition to file additional continuation and CIP applications and RCEs.

An applicant can, however, file as many divisional applications as needed to prosecute claims subjected to a restriction requirement in an original application. (A divisional application contains claims directed to a distinct invention and is filed in response to a determination by the examiner that the initial application has claims covering more than one invention.) Once a divisional application is filed, the applicant then can file two additional continuation or CIP applications and one RCE for the divisional application without a petition and showing.

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The rules also permit applicants to file "one more" continuation application without a petition and showing for applications filed before August 21, 2007 that already have had two or more continuations filed.

**Limits on Claims.** The new rules restrict the number of claims in an application to five independent claims and a total of 25 claims (5/25 claims). The claim limits apply to applications filed on or after November 1, 2007 and in earlier applications in which a first office action on the merits has not been issued by the USPTO before November 1, 2007. Applicants can file more than 5/25 claims by submitting a voluntary request for restriction (if the claims cover more than one invention) or a so-called examination support document (ESD) for the application. An ESD requires the applicant to perform a prior art search, identify references deemed most closely related to the subject matter of each claim, identify claim limitations disclosed by each reference, provide a detailed explanation of patentability, and show where each limitation of the claims is supported in the specification. In addition to being costly and time consuming, ESDs have a number of potential drawbacks that will provide a strong incentive to avoid exceeding the 5/25 claim limitations.

Additionally, the new rules create a rebuttable presumption that an application and another commonly owned application or patent contains at least one patentably indistinct claim if the applications have substantially overlapping disclosure and the same claimed filing date or priority date. This presumption can be rebutted by showing that the claims are patentably distinct or by filing a terminal disclaimer with an explanation of why there are multiple applications with patentably indistinct claims. If the rebuttal or a terminal disclaimer with explanation are not accepted, then the patentably indistinct claims from one pending application are counted in the 5/25 claims of the other pending application.

For each given application, the rules also require applicants to disclose other commonly owned applications that have a common inventor and that claim a filing or priority date within two months of the claimed filing or priority date of the given

application. In addition, in CIP applications, applicants must identify all claims directed to subject matter having an earlier priority date.

In summary, the new rules compress and restrict patent prosecution practice, and will require new strategies to maximize patent protection. Please contact us to discuss how the new rules affect your patent portfolio and whether we should take any action before November 1, 2007.