



## ANGEL CAPITAL ASSOCIATION

January 30, 2023

Linda Horner, Administrative Patent Judge  
June Cohan, Senior Legal Advisor  
Office of Patent Legal Administration  
Office of the Deputy Commissioner for Patents  
USPTO

Dear Ms. Horner and Ms. Cohan,

**RE: USPTO request for comment on “Initiatives to Ensure the Robustness and Reliability of Patent Rights” docket number PTO-P-2022-0025 and submitted through the Federal eRulemaking Portal at [www.regulations.gov](http://www.regulations.gov).**

The Angel Capital Association is the world-wide association of over 250 angel investor groups. Collectively, our Association represents over 16,000 active angel investors who invest \$950 million annually into thousands of startup companies across the country each year.

Our angel investors are often very ‘hands on’ investors, helping young entrepreneurs navigate the business landscape and actively mentoring and assisting startup companies.

We are pleased to have an opportunity to the request for comments launched by the USPTO under docket number PTO-P-2022-0025.

Our investors rely on the patent system to protect our portfolio company’s innovations. Often, a startup company merely has an ‘idea’ and we, as angel investors, help fund and guide the company through the transformation from an ‘idea’ to a revenue-generating business. As such, we require two main things from the patent system:

1. **Reliability.** We need patents to be well-examined so that our startup’s patents are respected and honored. Patents need to be as strong as possible so that we, as investors, can give our portfolio companies the best chance of success.
2. **Flexibility.** We need as many options as possible to navigate the patent system. Often, our companies might struggle to find the elusive product-market-fit. As such, our entrepreneurs start their journey focusing on one aspect of their innovation, but often find that another element of their innovation is better suited to the market.

Additionally, the cost of the patent system is also a very big concern for our companies. Our entrepreneurs often must trade off capital to invest in patents versus capital to invest in research and development, marketing, inventory, sales, and a host of other expenses. From our viewpoint, complexity and unneeded requirements of the patent examination process merely makes IP protection that much more expensive – and raises the risk of our investments.

While Congress and the USPTO have generously reduced fees for small and micro entities, a much, much larger percentage of patent costs for our startups is in attorney’s fees. Every burden

added to the examination process and every additional step adds to the total cost much more than changes in USPTO fees.

1. Identify any specific sources of prior art not currently available through the Patents End-to-End Search system that you believe examiners should be searching. How should the USPTO facilitate an Applicant's submission of prior art that is not accessible in the Patents End-to-End Search system (e.g., "on sale" or prior public use)?

Regarding Question 2, parts a-f:

**We are strongly against each and every suggestion in Question 2, parts a-f that attempt to transfer responsibility to the Applicant. It is fundamentally the examiner's job to make sure the issued patent complies with all laws, not the Applicant's.**

If support is not found in the specification, the Examiner is always able to issue a rejection under 35 USC 112 (enablement or written description).

In our opinion, requiring the examiner to search the specification for support (or lack thereof) has a very important benefit: the examiner spends more time reading the specification and understanding the invention.

The suggested changes in Question 2 essentially transfer the requirement to 'read the specification' to the Applicant, not the examiner. We believe that these changes will result in poorer patent quality because the examiner will no longer need to understand the 'invention as a whole' as required in 35 USC 103 and elsewhere.

**By transferring the requirement to 'read the specification' to the Applicant, the examiner will spend even less time reading and understanding the 'invention as a whole' and Applicants will spend more money arguing with examiners and appealing poor quality examinations.**

In general, we believe that any additional burdens placed on Applicants disproportionately burdens independent inventors and small businesses, as their patent costs are often a much higher percentage of their research and development budget. Large Entities have the budgets for these types of burdens, but Small and Micro entities do not. The suggested changes go against the Office's commitment to assist Small and Micro entities.

**The suggested changes introduce the specter of inequitable conduct and patent invalidation assertions.**

Further, the suggested changes expose patent attorneys to inequitable conduct charges, as an improper claim for support (especially if the examiner does not check the Applicant) could be grounds to overturn the patent application.

Not only will the Applicant's attorney be scrutinized, but the patent may be declared invalid merely from improper identification of support – which is the examiner's job anyway. In sum, we believe that the best person to check the specification for support is the examiner.

2. How, if at all, should the USPTO change claim support and/or continuation practice to achieve the aims of fostering innovation, competition, and access to information through robust and reliable patents? Specifically, should the USPTO:

- a. require Applicants to explain or identify the corresponding support in the written description for each claim, or claim limitation, upon the original presentation of the claim(s), and/or upon any subsequent amendment to the claim(s) (including requiring a showing of express or inherent support in the written description for negative claim limitations)?
- b. require Applicants to explain or identify the corresponding support for each claim, or claim limitation, in the written description of every prior-filed application for which the benefit of an earlier filing date is sought, under, e.g., 35 U.S.C. 119, 120, 121, or 365?
- c. require Applicants to explain or identify the corresponding support for each claim, or claim limitation, in the written description of every prior-filed application for which the benefit of an earlier filing date is sought, under, e.g., 35 U.S.C. 119, 120, 121, or 365 (including requiring such support whenever a benefit or priority claim is presented, including upon the filing of a petition for a delayed benefit or priority claim and upon the filing of a request for a certificate of correction to add a benefit or priority claim)?
- d. make clear that claims must find clear support and antecedent basis in the written description by replacing the “or” in 37 CFR 1.75(d)(1) with an “and” as follows: “The claim or claims must conform to the invention as set forth in the remainder of the specification, and the terms and phrases used in the claims must find clear support or antecedent basis in the description so that the meaning of the terms in the claims may be ascertainable by reference to the description?”
- e. require Applicants to provide detailed analysis showing support for genus or Markush claims, and require Applicants to identify each claim limitation that is a genus, and explain or identify the corresponding support in the written description for each species encompassed in the claimed genus?
- f. require Applicants to describe what subject matter is new in continuing applications (e.g., continuation, continuation-in-part, and divisional applications) to explain or identify subject matter that has been added, deleted, or changed in the disclosure of the application, as compared to the parent application(s)?

3. How, if at all, should the USPTO change RCE practice to achieve the aims of fostering innovation, competition, and access to information through robust and reliable patents? Specifically, should the USPTO implement internal process changes once the number of RCEs filed in an application reaches a certain threshold, such as transferring the application to a new examiner or increasing the scrutiny given in the examination of the application?

**It is our opinion that RCE practice should not be changed as suggested, although improvements can be made to current USPTO practices.**

**RCE practice might be abused by the examining corps, but the proposed changes only make matters worse.**

While we believe current RCE practice and the examiner’s ‘count’ system contributes to countless very poor-quality examinations (witness the huge volume of Office actions/allowances in September to meet end-of-fiscal-year examiner bonuses), we believe the suggested changes are far more likely to create even worse problems.

**The MPEP already has provisions that address the problem implied by Question 3.**

Under MPEP 707.02, Supervisory Patent Examiners are encouraged to review the third or subsequent Office action with a view towards concluding prosecution. Further, if the application has been pending for five years, the application should be made ‘special.’

We encourage the USPTO to emphasize the importance of supervisory review under MPEP 707.02, especially of Primary Examiners or long-term Junior Examiners. Longer term examiners can be especially skilled at prolonging prosecution, and the system of RCEs encourages these problem examiners to waste Applicants’ money and time by ‘playing the game’ of examination in order to make their ‘counts.’

The examiner count system was updated several years ago to limit the counts for second and subsequent RCEs, which has also helped mitigate the presumed RCE problem. At the same time, the cost for second and subsequent RCEs was raised – making the burden on our startup companies even higher.

### **USPTO current rules make changing examiners worse for the Applicant, not better.**

We believe that changing examiners mid-course will often cause the new examiner to start from the beginning. USPTO rules do not restrict a new examiner from issuing the same rejections on the same or different basis as a previous examiner.

Unless USPTO develops rules that restrict a new examiner from raising issues that were previously dealt with in previous Office actions, we believe that this ‘solution’ will cause even more delay on the most difficult (often the most ground-breaking) inventions.

### **Applicant always retains the option for appeal to the Board, so RCE practice does not need changing.**

When examination gets to the stage where the Applicant can no longer make progress, Applicant always can file an appeal. In the appeal process, the Applicant gets to make their case to the (presumably) unbiased tribunal.

4. How, if at all, should the USPTO limit or change restriction, divisional, rejoinder, and/or non-statutory double patenting practice to achieve the aims of fostering innovation, competition, and access to information through robust and reliable patents? Specifically, should the USPTO:

- a. allow for the examination of two or more distinct inventions in the same proceeding in a manner similar to the practice authorized by 37 CFR 1.129(b), and, if so, consider an offset to patent term adjustment in such cases?
- b. revise the burden requirement before the examiner to impose a restriction, and if so, how?
- c. adjust the method by which an examiner appropriately establishes burden for imposing a restriction requirement?
- d. authorize Applicants, in the case of a Markush group, to suggest how the scope of the claim searched should be expanded if the elected species is not found in an effort to present closely related inventions for consideration together?
- e. adopt a unity of invention requirement in place of the restriction requirement?

f. revise the current practice of authorizing the filing of divisional applications in a series to require all divisional applications to be filed within a set period of time after the restriction requirement is made final and after any petition for review has been resolved?

g. make changes to the rejoinder practice after a final rejection has been made, such as giving Applicants a certain time period after final rejection to provide appropriate claims for rejoinder?

h. limit or change non-statutory double patenting practice, including requiring Applicants seeking patents on obvious variations to prior claims to stipulate that the claims are not patentably distinct from the previously considered claims as a condition of filing a terminal disclaimer to obviate the rejection; rejecting such claims as not differing substantially from each other or as unduly multiplied under 37 CFR 1.75; and/or requiring a common Applicant or assignee to include all patentably indistinct claims in a single application or to explain a good and sufficient reason for retaining patentably indistinct claims in two or more applications? See 37 CFR 1.78(f).

**We strongly disagree with any changes that limit an Applicant's ability to file a divisional application at any time during pendency of a patent family.**

We do agree that the examining corps routinely issue dubious restriction requirements to Applicants as a way of minimizing the amount of work the examiner needs to do during examination.

Rather than change the restriction practice by limiting Applicant's right to a patent, we request that the USPTO require supervisory review of all restriction requirements. Preferably, we would require that each restriction requirement be reviewed and signed by the examiner's supervisor and a patent quality specialist, especially for primary examiners.

Our proposed change will, indeed, stop many needless restriction requirements and address the core of the USPTO's implied problem of restriction practice.

5. Please provide any other input on any of the proposals listed under initiatives 2(a)-2(i) of the USPTO Letter, or any other suggestions to achieve the aims of fostering innovation, competition, and access to information through robust and reliable patents.

The USPTO also invites public input on the following questions, which are presented verbatim (except for minor changes to internal citation format) as they appeared in the June 8 letter from Members of Congress. Any comments relating to fee setting will be taken into consideration when the USPTO takes up fee setting more broadly.

6. Terminal disclaimers, allowed under 37 CFR 1.321(d), allow Applicants to receive patents that are obvious variations of each other as long as the expiration dates match. How would eliminating terminal disclaimers, thus prohibiting patents that are obvious variations of each other, affect patent prosecution strategies and patent quality overall?

**Terminal disclaimers, when properly applied, allow a patent owner to improve their claims as they desire. It is not for the USPTO to judge their strategies.**

Many patent strategies involve getting a patent, even a narrow patent, very quickly. Startup companies raising angel investor money, for example, often want an issued patent to help with fundraising. Independent inventors who license to large companies need an issued patent to close a licensing deal.

However, the quickly-issued patent may not have the best claims that the Applicant desires. Therefore, the Applicant files a continuation application to pursue ‘better’ claims. Note that it is not the USPTO’s job to determine whether this strategy is ‘good’ or ‘bad.’ It is the Applicant – and only the Applicant – that should decide what claims to pursue for their invention.

For example, many sophisticated patent filers use the Patent Prosecution Highway for expediting their examination. Applicants under PPH must file the previously-examined claims verbatim and without further modification.

In many cases, Applicants will notice that they wish to improve the claims, but are restricted from doing so under PPH rules. The only recourse is to file a continuation application, which may result in a terminal disclaimer.

It is not for the USPTO to render judgement on any patent strategy. Every Applicant has their own patent strategy that may or may not work for them, and whether a particular strategy, such as “excessive” continuations/terminal disclaimers are appropriate, that is only for the Applicant to decide.

Under no circumstances should be USPTO prohibit Applicants from pursuing any strategy that they might desire, whether or not the USPTO thinks it is a good strategy or not. Because Applicants pay the various fees (including additional maintenance fees) for all their continuation applications, the USPTO should encourage more continuation applications, not discourage them.

7. Currently, patents tied together with a terminal disclaimer after an obviousness-type double patent rejection must be separately challenged on validity grounds. However, if these patents are obvious variations of each other, should the filing of a terminal disclaimer be an admission of obviousness? And if so, would these patents, when their validity is challenged after issuance, stand and fall together?

**We believe that terminal disclaimers should indicate that the patents tied together were separately and independently examined. This designation should improve patent quality and make the patents more robust.**

Applicants pay a full fee for examining a second patent application, and they expect and deserve a complete and thorough examination. If the result of that examination is a finding of obviousness-type double patenting, then so be it.

Having a similar set of claims examined twice should improve overall patent quality. Especially if the same examiner sees both applications, the examiner is given extra time to do an even more thorough search. Presumably, the examiner’s evaluation on the second examination will make the claims even that much stronger.

However, the suggestion to cause these patents to stand or fall together appears to be an admission that the USPTO did not examine the two cases appropriately.

The suggestion of Question 7 appears to imply that the second examination is inferior to the first. In practice, we do understand that if an examiner is able to issue a double-patenting rejection, they are often treated to two ‘counts’ without a lot of examination work. As patent owners and investors in intellectual property, we prefer that the examiners perform a full and through examination.

**A better solution: change the ‘counts’ given for terminal disclaimers.**

We believe that if the USPTO were to reduce (or remove) the ‘counts’ given to examiners for double patenting rejections, the problem of obviousness-type double patenting rejections would disappear overnight. Additionally, the USPTO could refund filing/examination/search fees to the Applicant if a terminal disclaimer were found.

**The current burden to challenge terminally-disclaimed patents on validity grounds is adequate.**

Currently, patents tied together must be separately challenged on validity grounds. This is not a huge burden to litigants, since both patents share a common specification. Further, it is USPTO practice to have the same examiner on related patents from the same Applicant, so arguments made in prosecuting one patent by both the examiner and the Applicant tend to apply to the other patent.

8. Should the USPTO require a second look, by a team of patent quality specialists, before issuing a continuation patent on a first office action, with special emphasis on whether the claims satisfy the written description, enablement, and definiteness requirements of 35 U.S.C. 112, and whether the claims do not cover the same invention as a related application?

Regarding questions 8, 9, and 10:

**We believe that continuation practice under United States law gives our inventors and small businesses a competitive advantage in the US that is often not available in other jurisdictions.**

When our inventors come across a ground-breaking invention, it may take several years for the invention to become commercially viable, and there are many competitors who may attempt to steal the invention – especially after the invention becomes commercialized.

Continuation practice allows us, as inventors, entrepreneurs, and angel investors, to craft the claims more precisely over time. We can do this under the requirements of 35 USC 112 of written description and enablement, and it gives our stakeholders a very powerful economic weapon.

**Put simply: we need the ability to develop the claim language over time to correlate with the economic success of the invention. We get this through US continuation practice.**

The best patent strategy for startup companies is often to get a patent issued quickly. This helps during fund raising, as angel and venture capital investors often want issued IP. These early patents issue with relatively narrow claims, all the while knowing that the more meaningful claims will come in a continuation application.

Continuation applications allow small patent owners, be they independent inventors or startup companies, to craft and refine their patent claims over successive patents, thereby allowing them to enforce their IP effectively.

Further, continuation-in-part applications give us the ability to add to our inventions as we learn more about the technology.

We understand that Big Tech wants to limit our ability to create valuable IP, and their suggestion on restrictions on continuation applications is missing the point.

**Continuation and continuation-in-part applications come with a severe restriction: all the patents in the family must expire 20 years from the earliest filing date.**

Long gone are the days of ‘submarine’ patents of Lemelson in the 1990’s, the fear of which are still driving Big Tech’s relentless pursuit of making patents more expensive and more difficult to enforce.

The 20 year limit has caused plenty of problems for those who rely too much on continuation practice. Many startup companies have squandered 5, 10, even 15 years attempting to achieve their product-market-fit, only to find out that their patent families all claim priority to a very early application. These companies often find themselves finally getting meaningful IP, but only with 5 years left on their newly-issued patent.

**The 20 year patent term limit restriction is a natural gatekeeper for continuation practice.**

This example is merely to illustrate that there is no problem with continuation practice. It has an inherent limit that the more a company uses continuation, the more patent term they are forfeiting.

It should be noted that patent transactions always place patents with open continuations as having at least 50% more value than patent families for which there are no open continuations.

**We believe that the patent owner is the sole judge about whether they want specific patent claims, and it is not in the USPTO’s mandate to determine whether those claims are “good” or “bad.”**

There may be plenty of scenarios where a patent owner may wish to make small changes to the claims, such as in response to an infringer who is copying their work. With an open continuation, a patent owner may make the small change, have the continuation examined (typically quickly) and be granted a stronger patent.

A patent in this scenario makes enforcement much stronger and much more successful. Being able to enforce your patent is a key element of our nation’s patent system. Without continuation practice as it is today, small inventors face an even more difficult uphill battle to enforce their IP against larger competitors.

**For our startup companies, continuation practice is a cost saving measure.**

Because we can obtain the precise claims we need to go after Big Tech when they infringe, our cost to enforce is much lower.

We see continuation practice as a competitive advantage for startup companies and strongly oppose the suggested changes.

Regarding question 8:

**We believe that the USPTO should require a second look by a team of patent quality specialists before *every* Notice of Allowance, whether or not the application is a continuation.**

The requirements of 35 USC 112 are applicable to every patent application, whether or not the application is a continuation.

By suggesting that a ‘team of patent quality specialists’ is available only for continuation applications is to publicly admit that the first examination appears to be less-than-high-quality – and it implies that continuations will have much higher value than the first patent to issue.



Sophisticated patent owners understand that high quality examination is essential to surviving litigation and successful enforcement/licensing of their IP. As patent owners and investors, we would be assigning higher value and importance to any patents that were granted after ‘a team of patent quality specialists’ reviewed the prosecution.

In our view, this makes any first-granted patent from a patent family defective and more likely to have problems.

The suggested changes under question 8 do not therefore meet our group’s goals of valuable, well-examined patents.

9. Should there be heightened examination requirements for continuation patents, to ensure that minor modifications do not receive second or subsequent patents?

**As patent owners and investors, we need the best, highest quality examination for each and every patent application no matter if it is a first application or the last of a string of continuations.**

There should never be ‘heightened examination’ of any application. Ever. They all should receive the same ‘heightened examination.’

If “heightened examination” were available, the best patent strategy would be to forego examination of the first application and put all effort into getting a granted patent under the “heightened examination.” Such “heightened examination” patents would be, presumably, much more valuable than the poorly examined first applications.

Every patent Applicant would want the “gold plated” patent that comes from “heightened examination.”

**Nevertheless, the second examination is almost always better than the first.**

Typical USPTO practice is to assign a continuation application to the examiner who examined the first application of a family. We see this as advantageous, as the examiner has familiarity with the inventive concepts, the specification, and the elements being patented.

Because the examiner is familiar with the invention, it is our experience that the examiner has more time to understand the nuance of the inventive concept. Our experience is that the examiner better understands the invention “as a whole,” leading to a better search, a better analysis, and a better examination.

As patent owners and investors, one of the best strategies for getting good examination is to allow for the examiner to have as much exposure as possible to the invention. Continuing applications are one of the best mechanisms for getting the best patents in our estimation.

10. The Patent Act requires the USPTO Director to set a “time during the pendency of the [original] application” in which continuation status may be filed. Currently there is no time limit relative to the original application. Can the USPTO implement a rule change that requires any continuation application to be filed within a set timeframe of the ultimate parent application? What is the appropriate timeframe after the Applicant files an application before the Applicant should know what types of inventions the patent will actually cover? Would a benchmark (e.g., within six months of the first office action on the earliest application in a family) be preferable to a specific deadline (e.g., one year after the earliest application in a family)?

We believe that the time “during the pendency of the original application” should be until the date of issuance of the patent. Any other benchmark, such as six months from the first office action, would unnecessarily encumber small companies and independent inventor’s ability to commercialize their IP.

11. The USPTO has fee-setting authority and has set [fees] for filing, search, and examination of applications below the actual costs of carrying out these activities, while maintenance fees for issued patents are above the actual cost. If the up-front fees reflected the actual cost of obtaining a patent, would this increase patent quality by discouraging filing of patents unlikely to succeed? Similarly, if fees for continuation applications were increased above the initial filing fees, would examination be more thorough and would Applicants be less likely to use continuations to cover, for example, inventions that are obvious variations of each other?

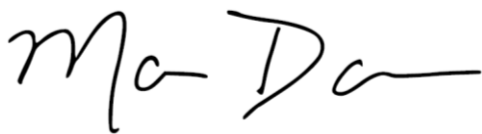
We believe that patent Applicants must have the freedom to choose whatever strategy they feel appropriate. For ground-breaking inventions, the USPTO examination process may be difficult and lengthy. However, the Applicant – and the Applicant only – is the only person who should determine whether or not a patent application is ‘likely to succeed.’

There is no situation where the USPTO should judge which patents are ‘likely to succeed’ or not. Every patent application should be examined on the same basis – novelty and non-obviousness. As stated above, continuation practice is one of the hallmarks of US patent practice and one of its greatest strengths for small inventors and startup companies.

We are strongly against any situation where the USPTO pre-judges whether an invention is ‘likely to succeed,’ and the USTPO should not use its fee-setting authority to pre-judge patent applications.

Our comments today are in support of both angel investors and the nation’s startup entrepreneurs, those who create nearly all net new jobs in the country and many of the innovations that improve the quality of life throughout the world. It is vital that promising startups continue to attract angel capital, for their own growth and for the American economy. We appreciate the opportunity to provide these comments and are available to clarify any of the points listed above. You may reach me at [pgouhin@angelcapitalassociation.org](mailto:pgouhin@angelcapitalassociation.org) or 913-894-4700 X 1.

Sincerely,



Marcia Dawood  
Chairman, ACA



Pat Gouhin  
Chief Executive Officer, ACA