

STRATEGIC CONTINUATION PRACTICE: AN UNDER-USED LITIGATION TOOL

Andy Harry of Xsensus uses real-world data – including a deep dive into Canon’s strategy – to determine whether claims developed from continuations can better withstand competitor challenges

Any patent owner who has gone through infringement litigation knows that opposing counsel will carefully examine each detail of their patent’s claims, specification and prosecution history before the USPTO. The accused infringer’s lawyer will scrutinise any infelicity in wording – however minor or innocent – to undermine the case for infringement and validity. However, a patent owner can address and even deflect many of these problems with a creative continuation-application practice.

A continuation application can be filed before the patent office issues the patent and then the patent owner can carefully pursue the continuation during litigation. By keeping prosecution open the patent owner may adjust the scope of their claims in an effort to thwart the competitor’s attempts to adjust its products so as to avoid infringement.

Actively maintaining a continuation application provides flexibility for an applicant to:

- narrow its claims to distinguish prior art that the competitor relied upon in litigation;
- remove inequitable conduct problems by disclosing prior art that the applicant should have disclosed in the original prosecution;
- add claims that avoid the complexities of divided or induced infringement that the litigation has revealed;
- add remarks to the prosecution history to affect the intrinsic evidence that determines the court’s construction of the claims; and
- narrow claims to tightly embrace competitors’ products.

A model continuation practice

In November 2013, Canon filed US Application 14/088,760, based on a Patent Cooperation Treaty (PCT) application and claiming developer supply containers for use in photocopiers. The specification was a massive disclosure, including 98 pages of drawings and 329 pages of written text. Canon maintained the application before the USPTO for nearly eight years, using it as a base application from which to launch 11 continuation applications, 10 of which the patent office has now issued as patents.

Substantive prosecution of the application began with an office action in March 2015, in which the examiner rejected all the claims under a series of prior art references. By June 2016, however, the examiner acknowledged that Canon had overcome certain rejections and that many of the pending claims were in condition for allowance.

However, Canon did not cancel the rejected claims and proceeded to the issuance of the allowable claims, as many applicants might have done. Moreover, it continued prosecution, filing seven requests for continued examination, repeating essentially the same arguments against the examiner's rejections for five more years. The requests for continued examination were accompanied by claim amendments that either tinkered with a handful of claims or added a single, short dependent claim. In total, 30 information disclosure statements were filed, citing 152 references. As prosecution continued, the give and take between the applicant and the examiner grew less contentious and more *pro forma*, both in the original application and the continuation applications.

In December 2017, Canon filed the first of five sets of continuation applications and then another five in January 2019, each relying upon the application disclosure for priority. The prosecution of these continuations was comparatively brief; the first set issued as patents within two years and the second set within one year. Canon has successfully sued competitors for infringement of each of these 10 patents in numerous district courts, often in combination with patents from other Canon patent families.

Having done yeoman's service for Canon, the patent finally issued in October 2021 with 80 claims. Before the issue date, an 11th continuation was filed and remains pending. Canon filed a preliminary amendment, cancelling all but one of the pending claims, suggesting that it intends to use this most recent application as a new base for future continuation applications.

Canon has made a significant investment in the prosecution of these patents. It has done more than secure a patent or a series of patents, it has secured a portfolio that presents a daunting challenge to its competitors. The number of patents and the total number of claims – the wording of which often varies from one to another only slightly – is a challenge to competitors that hope to avoid infringement. The number of references cited enhances the statutory presumption of validity that those patent claims enjoy.

Canon's continuation practice has given it great flexibility in adapting to changes in the market and developments in its infringement litigation against competitors. Most particularly, it has given Canon flexibility in writing new claims that tightly but clearly capture competitors' products while avoiding the prior art.

Canon's success with this family of patent applications is by no means unique. Practitioners interested in exploring Canon's continuation strategy might review its US Patent No 8,437,669 and its progeny, which claim electrographic image forming devices and which have been employed in a series of infringement actions to defend Canon's US market. Even more impressive is Canon's US Patent No 8,280,278 that is the basis for 12 continuation and divisional applications, which claim process cartridges. These patents formed the basis for Canon's ITC complaint in Certain Toner Cartridges, 337-TA-1106.

Distinguish prior art

Some patent litigators rate a challenger's likelihood of invalidating a patent claim at 10% if the claim asserts that the examiner considered a prior-art reference during the original prosecution. However, invalidation risk balloons to 50% where the examiner did not consider the reference.

When submitting a continuation to the USPTO, a patent owner should consider including the prior art that the accused infringer has asserted as invalidating. Further, it should distinguish such references on the basis of a limitation that appears in both the claims of the pending continuation and the claims of the issued patent in litigation. Patent examiners are, of course, specialists in the relevant technology and therefore more likely than the most diligent judge or juror to appreciate the differences between the claimed invention and disclosure of the reference.

In addition to submitting references which the accused infringer has identified, a patent owner should also consider performing an independent validity search as part of a comprehensive pre-litigation strategy. Although examiners are well-intentioned, the office's count system limits the time they can spend searching for the best prior art. This means that they may not always find the best prior art to cite against a pending application. On the other hand, an accused infringer will leave no stone unturned to find the best prior art to invalidate the patent at the PTAB or in a district court. A pending continuation allows the patent owner to ensure that the examiner considers these references, while providing flexibility in modifying the claims to address this prior art and maintain a clear read on the accused infringer's products.

“Keeping a patent family alive provides more flexibility to strengthen a patent portfolio against an invalidity attack, while at the same time allowing for the patent claims to be perfected to maximise their business value against competitors”

Remove inequitable conduct defences

A continuation is the cleanest way to repair a patent that could become the target of an inequitable conduct claim. As part of the pre-litigation due diligence, the patent owner may discover that it missed relevant prior art that it should have disclosed during the original prosecution. If a continuation is pending, the patent owner can file this prior art in an information disclosure statement so the examiner can consider it and the patent owner can amend the claims, if necessary, to deal with the newly filed prior art. The patent owner also maintains control of this process, since the same examiner who allowed the patent will also examine the continuation.

There are other options to rehabilitate a patent after issuance. However, each of these come with limitations that make them less appealing than a pending continuation application. One such option is supplemental examination. If the USPTO determines that a new and substantial question of patentability exists based on the prior art

which the patent owner cites in a supplemental examination request, then the patent proceeds to *ex parte* re-examination. A panel of three examiners at the Central Reexamination Unit (CRU) handles *ex parte* re-examinations. They are very experienced and are not bound by the same time restraints as other examiners. This means that the patent could encounter significantly stronger headwinds as compared to a continuation application that is returned to the same examiner who originally allowed the patent. Reissue is another rehabilitation option, but reissue applications are also handled by the CRU and face many of the same challenges as *ex parte* re-examinations.

Avoid divided and induced infringement problems

Patent prosecutors aim to write claims so that one single entity makes or uses each component of the claimed product – or in the case of a method claim, a single entity performs each claimed step. Serious difficulties in proving infringement arise where separate entities perform the infringing acts, or when one entity performs some of the claimed method steps and a second performs the other steps.

For obvious reasons, a patent owner would rather sue their competitors than end users who are their potential or actual customers. Some patent claims, however, are directly infringed by customers. In such instances, the patent owner’s only recourse is to sue its competitors for inducing the direct infringement by end users. But induced infringement involves complicated issues of proof, such as evidence that the competitor intended to infringe the patent.

With the benefit of hindsight, the patent owner may rewrite its claims in a continuation to include the inventive features that are key to patentability, but in which a single competitor makes or uses all the components or performs all the method steps.

Affect claim construction

The prosecution history of one patent is intrinsic evidence and relevant to an understanding of the meaning of a common claim term in a second patent stemming from the same parent application, even where the patent of the claims to be construed issued first, as held in the 2004 US Court of Appeals for the Federal Circuit ruling in *Microsoft Corp v Multi-Tech Systems Inc.* Accordingly, if a patent owner is concerned about how a court might construe a claim term in an issued patent, they may attempt to influence that construction by including suitable remarks in a pending continuation application.

This includes removing or rescinding a disclaimer made during prosecution. Typically, “an applicant cannot recapture claim scope that was surrendered or disclaimed” even if the applicant files a continuation. However, the applicant can rescind a disclaimer made during prosecution, permitting recapture of the disclaimed scope so long as the prosecution history is sufficiently clear to inform the examiner that the previous disclaimer, and the prior art that it was made to avoid, may need to be revisited, according to the Federal Circuit’s 2007 ruling in *Hakim v Cannon Avent*.

Catch attempts to avoid infringement

Finally, and most importantly, a patent owner may use the competitor’s product as a model for a new claim in a pending continuation application. By doing so, it may fashion a claim that is both broad enough to cover the product, yet narrow enough to be patentably distinguishable over the most relevant prior art. Although this can be a challenging ask, it is much easier when the patent owner knows of products currently on the market whose features the patent owner found impossible to anticipate at the time that it prosecuted the original patent.

Balancing the budget

All companies have budget constraints when it comes to building a patent portfolio. While it is not possible to keep a continuation application pending in all patent families, we recommend revisiting the balance of new applications that the IP owner commissions against the budget it allocates to strategically filing a higher percentage of continuation applications. New applications drafted from scratch require a larger initial up-front investment because of the resources needed to draft the application. Continuation applications, on the other hand, are typically less expensive since they only require a redrafting of the claim set prior to filing. However, even though the cost of filing a continuation is cheaper than preparing and filing an application from scratch, the government and prosecution fees still add up, which means it is not reasonable to justify filing continuation applications in all patent families. We recommend that companies review the ratio of applications drafted from scratch versus those patents that are considered to be high value assets for the company. If the budget limits the number of continuation applications that the company can file, then they should rebalance the budget to focus more heavily on filing continuation applications.

Markets are never static: consumer preferences change, new products enter the market creating fresh business opportunities, and new technologies emerge rendering old technologies obsolete. Any of these changes may make a particular patent application family critical or out-of-date, requiring constant reevaluation.

The size of a company is often an important guide in making such reevaluations. For many smaller companies, success in the market depends entirely upon the strength of their patent portfolio. For them, it is desirable, perhaps even essential, to maintain a continuation for each application family.

For larger companies, only a small percentage of their portfolio will be identified as candidates for enforcement. Patent owners should have a process in place to proactively identify these important assets prior to issuance, and to pursue an aggressive continuation strategy to ensure that the best avenues are available to keep these assets as moving targets before, during and after an enforcement campaign. The details of this process will vary from company to company, but must include constant exchange of relevant information between the product development, marketing and patent departments, with frequent reassessment of priorities. This information should be continually collected during patent’s lifecycle since the timeline for deciding to file a continuation application is only three-to-four months after receiving a notice of allowance in the underlying applications.

Conclusion

There is substantial value in maintaining a strong and thriving practice of filing continuation applications that are specifically targeted to maximise the business value of a company’s patent portfolio. Keeping a patent family alive provides more flexibility to strengthen a patent portfolio against an invalidity attack, while at the same time allowing for the patent claims to be perfected to maximise their business value against competitors.

Companies should have a well-developed strategy for their continuation practices that protects their business while at the same time balancing budget realities. Each company is unique, however, regardless of technology, a thriving continuation practice is a common strength amongst companies with respected patent portfolios across all industries. **SIAM**