Whether to file a child application

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One common way that law firms disserve their patent prosecution clients who don't know any better is to advise, unconditionally, in response to an allowance, paying the issue fee and filing a child application. In most cases, doing so would be a waste of the client's money.

The US patent office calls such a child application a continuation. In other countries, it is a divisional. A child application is one that can mature into another patent with different claims than its parent. However, the child application must be filed before issuance of the allowed parent. Doing so creates a family of patents, and, while at least one is pending, the family is open. The decision of whether to keep a family open should be taken in view of the budget and in view of the planned use of the portfolio.

Keeping a family open might provide for drafting future claims that target a specific infringing product or might provide for creating a stronger patent in case of future law changes that disadvantage the patent owner. As a result, keeping the family open maintains uncertainty for prospective licensees, which might give the patent owner a negotiating advantage.

However, realizing the potential benefits of keeping a family open requires a commitment to a recurring expense until the time of the licensing deal that it supports. The cost for keeping a US family open are about $5000 to $10,000 and 2 to 5 person-days of effort per year.

Keeping a family open is economically rational if and only if the risk adjusted, future marginal licensing deal value derived from the uncertainty of the family being open is greater than the cumulative recurring costs to keep the family open until the time of the negotiation.

In practice, when a patent office issues a notice of allowance for all pending claims, there are three possible courses of action.

1. Pay the issue fee to get the allowed patent and close the family. If the patent application was prosecuted well, this should be the most common response to an allowed patent.

In this author's opinion, original applications should claim all valuable subject matter. This follows from drafting claims first, then drafting a specification to support the claims without extraneous disclosure.

2. Reopen examination with a request for continued examination. This is wise if there is valuable, allowable, unclaimed subject matter in the specification but no impending monetization opportunity. In such a case, the prosecutor should have done better. This is also true if there is a clear defect that the examiner missed in the allowed claims. Reopening examination rather than paying for issuance and filing a child application avoids maintenance fee stack-up.

3. File a child application. This is wise in two cases.

Multiple inventions – If the patent office determined that the original application claims multiple different inventions that deserve separate examinations, the owner will need to file one or more

child applications if wanting to claim all inventive subject matter. This kind of child may be filed at any time, as budget allows. Waiting for allowance of an application for one invention before filing a child for the next invention stretches the budget.

Impending monetization – If it is likely that somebody is earning significant sales income attributable to the allowed claims, an opportunity for enforcement, licensing, or sale exists. Paying for the allowed claims to issue starts the damages (fee collection) clock. If valuable claims were improperly rejected by the examiner, filing a child application allows for pursuing the yet unclaimed subject matter while starting to monetize the allowed claims.

Filing many children is a way to build a larger portfolio without the effort of harvesting new inventions, but it creates a portfolio with a higher stack of maintenance fee costs and less actual value than a portfolio with original applications on more different inventions or patents in more different countries. This author's informal survey found that innovative large companies with sophisticated patent strategies typically keep 10% to 30% of their patent families open.

Many attorneys live in fear of accusations of malpractice. Advising keeping families open is safest, even if it is a waste of their client's money. Always recommending continuations has become dogma at large law firms. Patent owners would do well to consider how they plan to monetize their portfolio, the benefit to that plan of keeping each family open, and the opportunity cost of spending money to do so.

About the author

Jonah Probell develops a high-value patent portfolio for a small company. He also leads a free monthly meetup in Silicon Valley for entrepreneurs to learn about patenting.