

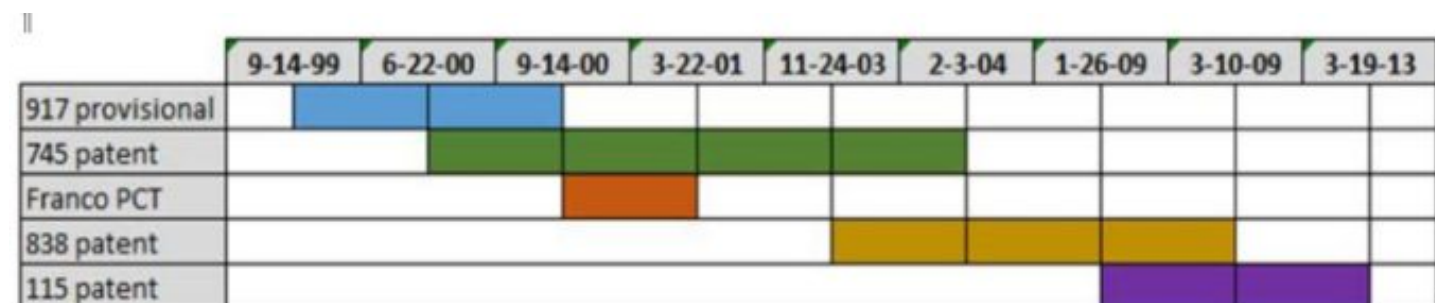
Incorporation by Reference Is Not a Substitute for a Specific Priority Claim

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Under [35 U.S.C. § 120](#), an application claiming benefit to the filing date of an earlier application must include a “specific reference” to the earlier filed application. In [Droplets, Inc. v. E*TRADE Bank](#), No. 2016-2504, 2016-2602 (April 19, 2018), the Federal Circuit considered the use of incorporation by reference when asserting priority claims. The Federal Circuit’s decision highlights the inapplicability of incorporation by reference as a means of asserting priority and the need to maintain vigilance in reviewing the USPTO’s records of priority.

Droplets was issued [U.S. Patent Number 8,402,115](#) on March 19, 2013, which claimed priority to U.S. Patent Number 7,502,838 and U.S. Provisional Application 60/153,917, and incorporated both by reference. However, the ‘917 provisional was already abandoned when the ‘115 patent was filed. In turn, the ‘838 patent claimed priority to U.S. Patent Number 6,687,745, and both the ‘838 patent and ‘745 patent claimed priority to the ‘917 provisional. In addition, Droplets filed a related PCT application (the “Franco PCT”) on September 14, 2000, which published on March 22, 2001. Thus, the ‘115 patent claimed priority to the ‘838 patent, incorporating its disclosure by reference, but omitted any “specific reference” to the ‘745 patent. Meanwhile, the ‘838 patent contained a “specific reference” to the ‘745 patent and ‘917 provisional. In its decision, the Federal Circuit included the timeline below to illustrate the prosecution dates of these applications.



After Droplets filed suit against E*TRADE alleging infringement of its ‘115 patent, E*TRADE filed an IPR petition to challenge the effective filing date of the ‘115 patent. Droplets argued that the ‘115 patent was entitled to the priority date of the ‘917 provisional because the ‘115 patent incorporated

the '838 patent by reference, which, in turn, claimed priority to the '745 patent and '917 provisional. However, after reviewing the matter, the PTAB found that the '115 patent was only entitled to the priority date of the '838 patent, and invalidated all of its claims under [35 U.S.C. § 103](#) as being obvious over the Franco PCT.

Droplets appealed, and the Federal Circuit affirmed the decision of the PTAB, noting that, under [37 C.F.R. § 1.78](#), an application must contain a “specific reference” to *each prior-filed application* to which the application seeks to claim priority. The incorporation of the '838 patent by reference does not qualify as a “specific reference” with respect to the '745 patent nor the '917 provisional, as required under 35 U.S.C. § 120, because *each* of these should have been specifically included. Although Droplets argued that its claims were unfairly invalidated by a “hypertechnical violation” of 37 C.F.R. § 1.78, the Federal Circuit explained that 35 U.S.C. § 120 “places the burden on the patent owner to provide a clear, unbroken chain of priority.” In addition, the Federal Circuit noted that the USPTO had mailed Droplets a corrected filing receipt showing priority only to the '838 patent, and that it is the responsibility of the applicant, not the USPTO, to ensure that priority to a previously filed application is properly claimed.

The Federal Circuit also noted that a priority claim under 35 U.S.C. § 120 may not be made using incorporation by reference under [37 C.F.R. § 1.57](#). Incorporation by reference is intended to satisfy the requirements of [35 U.S.C. § 112\(b\)](#), as well as to provide background information of the invention. Since priority claims are not part of the written description of the invention, incorporation by reference is not a proper mechanism for asserting a chain of priority.

In light of the Federal Circuit's application of 37 C.F.R. § 1.78, it remains critical to ensure that patent applications are drafted to correctly describe any *and all* priority claims. In addition, rather than relying on an abbreviated description of a priority chain, applicants can ensure that applications receive their appropriate priority dates by carefully following the guidance of [MPEP § 211](#) and filing an accurate Application Data Sheet.

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