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Sent: Wednesday, February 29, 2012 10:11 PM
To: fee.setting
Subject: Submission of written comments on the USPTO fee proposals under Section 10 AIA for the PPAC
Attachments: RpostDigitalSeal.htm

Dear members of the Patent Public Advisory Committee:

My name is Robert Lelkes. I am a registered US patent attorney and former US patent examiner with more than 25 years' experience in the patent field. My career spans two continents and includes experience in both private practice and as in-house patent counsel for a Fortune 50 company. The comments which follow are based on my experience representing major international corporations, mid-sized companies, universities and individuals.

General policy considerations

In a study conducted by Allison *et al*. entitled, *Empirical Evidence on the Validity of Patents*, 26 AIPLA Quarterly Journal 185 (1998), nearly half of litigated patents were held invalid. A more recent study conducted by Allison *et al.* entitled, "*Patent Quality and Settlement Among Repeat Litigants*", 99 Geo. L. J. 677 (2011) found that nearly 70% of merit-based losses in cases in which the same patent had been litigated eight or more times were due to findings of invalidity of those patents.

Patent infringement lawsuits based on such patents require substantial resources and interfere with the introduction of new products and services into the US market. Thousands of lawsuits based on bad patents lodged with our judicial system each year create an unnecessary drain on the US economy, robbing it of its inherent vitality. Clearly, something needs to be done about patent quality, so that there are fewer lawsuits based on meritless patents. As the chairman of the AIPLA board of directors, Q. Todd Dickenson, said at the public hearing on February 15, patent quality should be our first priority.

The USPTO has presented its fee increase proposal as a means for decreasing patent pendency as shown by the patent pendency charts presented by the USPTO at the hearings. Reduced pendency (1) reduces the time period during which there is uncertainty for patent applicants and third parties regarding whether or not a patent will be granted and, if so, what the scope of protection will be and (2) allows third parties to challenge patents under the new post grant opposition procedures somewhat earlier. While beneficial, these benefits should be analyzed in a global patenting context.

The current pendency before the USPTO is comparable with average pendency times before other governmental and treaty patent granting authorities, so that global players often delay market entry due to continued uncertainty regarding third party patent rights in other jurisdictions even if pendency time in the US is reduced.

Third parties also may not necessarily immediately challenge US patents after grant due to the availability of inter partes review throughout the life of the patent and a potential for privately obtaining a cheap license from the patent owner based on evidence that would otherwise have been used to challenge the patent.

In addition, there are many situations in which neither patent applicants nor third parties have an interest in shorter patent pendency. An example is the patent applicant who must wait far beyond the current average pendency period to obtain authorization to enter the US market from a regulatory agency such as the FDA or EPA.

In view of the foregoing, consideration should be given to achieving reduced pendency times within a longer

time frame based on hiring and training of patent examiners, streamlining procedures and improving its IT systems.

By raising fees too drastically, the USPTO may experience a decline in the new patent application filing rate as industries move toward the collaborative open source model, increased use of defensive publishing to secure freedom to operate, and increased reliance on trade secret protection for technology not readily discoverable. Such a decline may seriously undermine USPTO projections regarding the rate of new patent application filings and thereby affect USPTO revenue projections.

At the same time, small innovative companies, which are the main source of new jobs in the US and which often need patents to compete against big competitors or to obtain funding, may be kept from participating in the patent system due to the increase in fees.

A drastic fee increase, such as that currently proposed, may also alienate the USPTO's user community, which may hamper efforts to obtain user support for its initiatives.

Comments regarding specific proposed fee increases

The proposed increase to the RCE, extension of time and appeal fees:

The USPTO proposes to increase the fee for a request for continued examination (RCE) (37 CFR 1.17(e)), increase the cost for requesting an extension of time (37 CFR §1.17(a)(1-5)) for responding to USPTO communications and increase the cost of appealing a rejection of the claims. The combined effect of these proposals is to try to discourage the applicant from delaying a final determination.

However, applicants often have legitimate reasons for delay. Comparative testing to show that the invention provides an unexpected improvement over the state of the art is an accepted way to overcome a rejection of patent claims based on obviousness. A certain amount of time is often necessary to obtain scientifically verifiable results.

To illustrate, let's assume that the applicant invented a paint that has better weathering resistance due to component X. The patent examiner rejects the claims in the application based on a reference to a paint with component Y that has some similarities to component X and sets a three-month period for response. Weathering tests require eight months to provide a measurable difference between the respective coatings. The applicant requests an extension of time and submits an RCE to buy enough time to conduct the tests.

Another example is when there is a need for comparative tests showing that compound X provides a better crop protecting effect than compound Y. Again, an eight-month growing season may be required to show the unexpected effect of the claimed compound X.

The above situations are quite common during the prosecution of patent applications in the chemical and bioactive fields. Protection of inventions in those fields is often crucial due to substantial investments required to bring such technology to market. It does not seem reasonable to raise the fees for extending the term for reply under those circumstances merely to satisfy an arbitrary goal to reduce the average pendency time for all pending patent applications.

Moreover, the applicant should not be discouraged from appealing a rejection of its patent application via the currently proposed appeal fees. The appeal process provides a feedback mechanism to ensure that the USPTO is not acting in an arbitrary and capricious manner or violating the applicant's right to be heard. The decisions

help develop a body of case law, which will hopefully provide guidance to future applicants, thereby increasing the efficiency of the overall system under the AIA. The applicant should not be discouraged from filing an appeal due to high USPTO fees. Instead, the appeal process should be subsidized by other fees.

Fees for entry of an international PCT application into the US national phase:

The USPTO proposes that the national stage search and examination fees for a PCT application entering the US national phase should be the same as the fee charged for filing directly in the US without using the PCT route unless the USPTO was involved in the international stage.

This discrimination against the work product of other Patent Offices, such as the EPO, seems unwarranted when one considers that the USPTO generally benefits from the international search report and written opinion when a PCT application enters the US national phase regardless of whether or not the international search and any preliminary examination was conducted by the USPTO. Limiting recognition of the search and preliminary examination results to only those carried out by the USPTO ignores the purpose of the PCT to which the US is a signatory and the effort made by Congress to harmonize US patent law with patent law outside the US. At a minimum, a significant discount should be offered for search results provided by non-US receiving offices handling the international phase.

Fees for multiple dependent claims:

The USPTO also proposes to raise the fee for multiple dependent claims from $450 to $860 in addition to raising the excess claim fees. Contrary to international practice, the total number of claims used to calculate the excess claim fees is based on counting the number of dependencies in multiple dependent claims, which generally leads to extraordinarily high excess claim fees.

Such fees practically prohibit the use of multiple dependent claims in the US -- a result which is contrary to practice in the rest of the world where multiple dependent claims are the norm. Substantial efforts are wasted converting claims between the US and the rest of the world. This seems to be contrary to the Paperwork Reduction Act.

Since the dependent claims will generally be found to comply with novelty, nonobviousness and enablement if the independent claims from which they depend are found compliant, examination of multiple dependent claims should not require significant additional examiner time.

In view of the foregoing, multiple defendant claims should be treated like any other dependent claim for the purpose of calculating claim fees.

Late filing of the inventor oath or declaration:

The USPTO proposes to charge $3,000 for postponing filing the inventor oath or declaration until the notice of allowance. This fee appears to be rather arbitrary, since the USPTO can require identification of the inventors prior to receiving the oath or declaration when their identity is necessary for search and examination purposes.

Postponing the inventor declaration may actually increase efficiency for the Office, since inventorship can be more readily determined by the applicant when examination has been concluded and the subject matter of the claims has become fixed, so that the applicant need not replace or supplement an earlier declaration, cutting

declaration processing in half in those instances.

The undersigned requests consideration of these comments by the PPAC when preparing its recommendations to the USPTO.

Respectfully submitted,
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