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Subject: Comment on U.S. Patent and Trademark Office 21st Century Strategic Plan- Docket No. 2003-P-018

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A major lobbying effort by the inventing community was able to prevent the imposition of unbelievably [large increases in filing fees](#) by U.S. Patent and Trademark Office (USPTO) in an ill-advised attempt at "behavior modification" by the Bush Administration. Recently, however, proposed changes in the [USPTO 21st Century Strategic Plan](#) have made it clear that small entities (independent inventors, small businesses and universities) will still be disadvantaged compared to large corporations, if Congress allows the revised plan to be implemented by passing the proposed [USPTO Fee Modernization Act of 2003](#).

One way in which the plan will impact small entities to a significantly greater extent than large entities is in USPTO [fee increases](#). Under the plan, for basic applications (3 or fewer independent claims, 20 or fewer total claims and 100 or fewer sheets of paper), large entity fees for filing, search and examination will increase by about 33 percent (to \$1,000). For the same application, small entity fees will increase by about 100 percent (to \$750), because the search fee is not reduced for small entities (as other fees are) under the plan.

For applications concerning more complex inventions (which tend to be larger and contain more claims), the fee for each independent claim over three will be increased by 138 percent and the fee for total claims over 20 will increase by about 177 percent. Applicant filing applications exceeding 100 pages in length (specification, abstract and drawings) will be required to pay an additional \$250 for each 50 pages or fraction thereof.

Paradoxically, the plan still calls for hiring 2,400 fewer Examiners (Federal employees who examine patent applications) through fiscal year 2008 when compared to 2003 Business Plan projections, even as average pendencies in some high tech fields are currently exceeding 37 months. Theoretically, if everything works according to plan, applicants with deeper pockets will eventually be able to pay more for [accelerated examination](#) and priority processing, with a promised pendency time of no longer than 12 months.

Some of the more onerous aspects of the plan subtly shift power from small entities to large corporations. For example, the plan proposes to eliminate the right of applicants to [request non-publication](#) of their applications at 18 months after the priority date. This exception was hard fought for by small entities. Because the inventions of small entities are often less developed when the first patent application is filed, publication can expose small entity technologies to those with the capital to "patent around" the embryonic inventions. Publication also currently adds \$300 to patenting costs (paid at the time of patent issue), an amount that is likely to increase.

Another power-shifting aspect of the plan is the adoption of the European [post-issue opposition](#) not only within a year of issue (as is the case in Europe) but whenever anyone is "threatened" with a patent infringement suit (i.e., when the alleged infringer has "some substantial apprehension of being sued"). This change would allow infringers with lots of money to invest in lawyers to subject small entities to multiple hearings challenging one or more claims in their issued patents. The USPTO has not explained

how its procedure would differ from opposition procedures now followed in Europe which the USPTO admits "are perceived as expensive and allowing for vexatious litigation." (While patent infringement litigation is expensive for both sides, at least it is the patentee who decides to initiate it and benefits financially if he prevails in court. With post-issue opposition, the only benefit that accrues to the patentee is an expensive second USPTO opinion as to whether his patent is valid.) In fact, this aspect of the European patent system is thought by many to be one of the primary reasons so few European patent applications are filed by small entities. With such a blind desire to copy the ineffective processes of other patent offices in the name of "global harmonization," is the first-to-file system that has been fought off by small entities successfully for years again in our future?

A particularly worrying part of the plan is being proposed with a "carrot" and "stick" approach. The "carrot" is that plan proposes that the U.S. adopt the Patent Cooperation Treaty (PCT) "[unity of invention](#)" standard. This change would be welcomed by many as it would allow related inventions to be examined in a single application. The "stick" is that it appears that the USPTO would like this change to be coupled with a rule that would limit the number of independent claims in an application to one per category of invention (e.g., product, process, apparatus or use). This would be even more limiting than the actual [EPO rule](#) from which the concept is purportedly derived. In that the [value of a patent](#) has been shown to be a function of the number of independent claims, this change would adopt another failed approach from Europe. By the way, [comments](#) on this aspect of the plan must be submitted by July 21, 2003.

The USPTO claims that the proposed [21st Century Strategic Plan](#) is supported by "nearly 100 of the largest American companies and intellectual property groups." Given the benefits large corporations will receive, that support is understandable (even though it has been conditioned on the complete termination of the diversion of user fees into the general fund, something the plan does not call for). If you have an opinion on specific aspects of the plan or the act and regulations that will implement it, please express that opinion both to the [USPTO](#) and to Congress ([Senate](#) and [House](#)). Hopefully, the voices of small entity inventors can once again prevent weakening of a patent system that has served the U.S. well for over 200 years.

Aloha,

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