From:
Sent: Tuesday, June 01, 2010 5:03 PM
To: extended_missing_parts
Cc: Todd Dickinson; Vincent Garlock; James Crowne
Subject: AIPLA comments re 75 Fed Reg 16750

Attached please find AIPLA's comments on the Proposed Change to Missing Parts Practice, 75 Fed Reg 16750.

Kindly confirm receipt of this email.

Many thanks,

Al Tramposch

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June 1, 2010

The Honorable David J. Kappos
Under Secretary of Commerce for Intellectual Property and
Director of the United States Patent and Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450

Response to Request for Comments on Proposed Change to Missing Parts Practice
75 Federal Register 16750 (April 2, 2010)

Dear Under Secretary Kappos:

The American Intellectual Property Law Association (AIPLA) appreciates the opportunity to offer comments on the Notice Requesting Comments on a Proposed Change to Missing Parts Practice ("Notice").

AIPLA is a national bar association whose more than 16,000 members are primarily lawyers and other patent practitioners in private and corporate practice, in government service, and in the academic community. AIPLA represents a wide and diverse spectrum of individuals, companies, and institutions involved directly or indirectly in the practice of patent, trademark, copyright, and unfair competition law, as well as other fields of law affecting intellectual property. Our members represent both owners and users of intellectual property.

The Patent and Trademark Office ("PTO") has proposed to change its missing parts practice to offer an opportunity for an applicant to reduce the government fees and possible practitioner expenses that under current practice ordinarily would be incurred one year after filing a provisional application. Currently, when a filed nonprovisional patent application is found to be incomplete (e.g., when the required fees have not been paid, an oath or declaration has not been

filed, or the application is not in condition for publication), the PTO mails a Notice of Missing Parts setting a period of two months for the applicant to complete the application and pay a surcharge. This two-month period can be extended for an additional 5-month period through the payment of extension fees.

The proposed change would provide some additional time to pay all necessary fees if other conditions are met. Specifically, this option would be open only to those applicants who first filed a provisional application, then filed a nonprovisional application claiming the benefit of the provisional application, and who also paid the basic filing fee, filed an oath or declaration and presented the nonprovisional application in condition for publication. An eligible applicant would not be able to file a non-publication request, and would be given 12 months to decide whether to complete the application by paying the required surcharge and the search, examination and any excess claims fees.

The PTO expects that more applications will be published under the proposed procedures, that applicants will enjoy greater flexibility in postponing some costs to a later point in time after filing and possibly reduce unnecessary workload from the PTO, and that applicants will be able to target resources for commercialization more effectively.

AIPLA fully supports the PTO's efforts to seek out creative approaches to reduce expenses for patent applicants and to reduce the backlog of unexamined applications. However, we question the clarity and practical utility of the proposal, as well as the wisdom of adding what appears to be a complex alternative to the existing missing parts practice. The proposal's alternative could be easily misunderstood and confused with existing practice, would encourage practices that diminish the quality of a nonprovisional application, and could pose risks and potential liabilities for those who have no interest in the proposed practice.

The Proposal is Not Clear

The Notice does not make clear how the proposed change to missing parts practice will operate. Specifically, it is not clear how the 12-month period would be set or how to determine the date from which it will operate.

The Notice states that this proposed change would "effectively provide a 12-month extension to the 12-month provisional application period (creating a net 24-month period)." This suggests that, unlike the current missing parts practice, the 12-month period would be based on the filing date of the nonprovisional application rather than on the mailing date of the missing parts notice under current practice. Today, the period for responding to the missing parts notice can be extended for up to 5 months by the payment of a fee under 37 C.F.R. § 1.136(a) . It is not clear whether the proposed 12-month period could be extended for a fee.

It is also noted that certain "missing parts" (i.e., basic filing fee, oath or declaration, and application in condition for publication) must be filed before an applicant would be eligible for the 12-month new missing parts practice. Although not clear from the Notice, this must mean that the old and new missing parts practices will coexist. If this is true, the integration of multiple missing part practices will be an unfortunate source of confusion for PTO staff (charged with mailing the correct form), applicants, practitioners and their staffs, potentially creating costly consequences.

If the 12 month period is to be measured from the mailing of a new notice, which would not occur until other missing parts (e.g., oath/declaration) are filed, this could significantly increase the amount of time it would take to put the application into the examination queue. Until this portion of the proposal is clarified, we reserve judgement on whether it defers examination to a point that raises concerns for AIPLA.

Proposal is Misleading and Encourages Practices that Diminish Quality

The Notice suggests that the proposal "effectively provides a 12 month extension to the 12-month provisional application period (creating a net 24-month period)." While such a statement may be accurate in a very limited way, it nonetheless creates a mistaken impression in the minds of many that this is effectively a 24-month provisional application option. That is an inaccurate impression that is potentially dangerous to those who rely on it. As the PTO makes clear in the Notice, for those who read and understand the entire Notice, the extended missing parts period would not affect the 12-month priority period provided by the Paris Convention. Thus, any foreign filings would still need to be made within 12 months of the filing date of the provisional application. Unfortunately, the proposed change creates the very real likelihood that many inventors and even potentially busy registered practitioners will misunderstand that fundamental principle.

The Notice also suggests that the proposal would permit applicants to conserve resources that might be expended on nonprovisional applications (which could be filed with a single claim) where the additional year of commercialization reveals that such applications are unnecessary. While it may be true that payment of some government fees could be deferred for a short period, most practitioners would counsel that it is short-sighted to diminish the effort normally expended in the preparation of a nonprovisional application. Many practitioners typically prepare a complete set of claims to act as a guide to the preparation of a specification that fulfills all the statutory requirements. Moreover, if the applicant were to proceed with prosecution after the 12-month delay, additional practitioner activity would be required to pay the deferred government fees, and inefficiencies would follow when the applicant drafts the new set of claims. These factors are likely to raise costs beyond any possible savings that might be realized from the applicant's abandonment of the application.

We have heard concerns from practitioners who service independent inventors and other small entities that the proposed practice will tend to diminish the effort made and thus the quality of the nonprovisional application that is filed. Such a reduction in quality would seem to be contrary to the ongoing quality initiatives of the Office. Moreover, this is especially problematic where that application may become the template for applications filed in foreign countries within the Paris Convention year. While the proposed reduction of near term costs for filing may appear attractive in the short run, it could have a much larger cost in terms of the value of any patent granted on that application.

It is our understanding that an applicant who files a complete nonprovisional application with all fees, but who decides to abandon the application before substantive examination begins, may obtain a refund of the search fee and excess claims fees paid under 37 CFR § 1.138(d). While that regulation does not return the examination fee, it is not limited by the proposed 12-month period (whatever that is), and places an applicant on essentially the same footing (in terms of government fees) as the proposed missing parts practice without the likely complications, risks, and confusion under that proposal.

Proposal May Create Risks and Potential Liabilities for Nonparticipants

Despite the marginal benefits that some applicants may derive from delaying payment of the search, examination and excess claims fees, AIPLA is concerned that those benefits may be far outweighed by the potential loss of patent term adjustment under 35 USC § 154 (PTA), which could include even those not participating in the new missing parts practice. In addition, some applicants may not appreciate the potential costs and benefits of participating in the extended period to pay some fees. Either way, responding to a notice to file missing parts more than three

months after the notice is mailed, regardless of the period set for response, will result in a reduction of any patent term adjustment. 35 USC § 154(b)(2)(C)(ii).

In addition to the loss of potentially valuable PTA when an applicant voluntarily decides to participate in the new missing parts program, there is an increased risk that PTO staff may use the wrong form, setting a 12-month period instead of a three month period, or that applicants, practitioners or their staffs will commit a docketing error that will result not only in a loss of PTA but also in potential liability for the error. The risk of an error is magnified when confusingly similar missing parts practices are implemented simultaneously.

Optional Search Service

The PTO has also requested comments with regard to an optional search service having an international style search report prepared during the 12-month extended missing parts period. The fee for this service would be set to recover the estimated average cost of providing the service, which is presently estimated to be the current cost of an outsourced international search. Even if this search service fee was paid, an applicant would still be required to pay the search fee (35 USC § 41(d)(1)) with the reply to the new missing parts notice, and the examiner would still conduct the search that is currently done as part of the examination of nonprovisional applications.

While AIPLA does not have any concerns about offering such a search service if a new missing parts practice is adopted, the service would seem to create only a marginal benefit together with a substantial cost associated with the opportunity. Why would an applicant who has not yet decided to have an application examined pay for a search (after the Paris Convention year has expired) that will be conducted again once the search fee and other fees are paid? An applicant wishing to delay or reduce costs does not want to do so under a penalty of paying twice for a

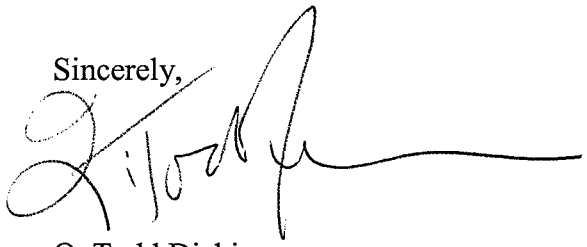
similar search service. We did not receive a single comment that expressed an interest in such a search service under the conditions described in the Notice.

Conclusion

AIPLA could support a modest increase in the amount of time provided to a patent applicant to pay some fees. However, as proposed, the new missing parts practice may be attractive to only a very few applicants, yet could create confusion and risks for all applicants and diminish the quality of the applications filed under the practice. Overall, the proposal is much more likely to be an administrative and procedural burden on the patent system and on patent practitioners, rather than a benefit to either group.

We appreciate the opportunity to provide these comments on the Notice and would be pleased to answer any questions our comments may raise. We look forward to participation in the continuing development of rules applicable to PTO patent practice.

Sincerely,



Q. Todd Dickinson
Executive Director
AIPLA