

To: Patent Public Advisory Committee

From: Peter G. Thurlow, Esq.

Re: Patent Public Advisory Committee Fee Setting Hearing

Mr. Chairman, members of the Patent Public Advisory Committee ("PPAC") and U.S. Patent and Trademark Office ("USPTO") representatives including Mr. Kappos, Under Secretary of Commerce, and Ms. Rea, Deputy Undersecretary of Commerce, thank you for giving me the opportunity to provide some of my views on the fees proposed by the USPTO under Section 10 of the America Invents Act ("AIA").

I am the current co-chair of the New York Intellectual Property Law Association's ("NYIPLA") Patent Law Committee and Partner at Jones Day law firm. Jones Day has a significant patent prosecution practice with more than 50,000 active client matters worldwide. NYIPLA members, Jones Day clients and the IP community in general are concerned with the proposed fee schedule.

In preparation for today's testimony, I have reviewed the helpful information on the USPTO website relating to the fee proposal, namely the USPTO Transmittal Letter to PPAC for Patent Fee Proposal; the Executive Summary: Patent Fee Proposal; Detailed Appendices: Patent Fee Proposal; Table of Patent Fee Changes; Aggregate Revenue Calculations; and USPTO Fee Setting Opinion letter provided by Mr. Knight on February 12, 2012. In addition, I have reviewed the proposed fee schedule with my colleagues and clients to obtain feedback regarding same. Initially, I commend the USPTO for providing the wealth of information on the proposed fee schedule as transparency is an important aspect in making these proposed fee changes and implementing other provisions of the AIA.

I hope the views provided today advance the discussion between PPAC, the USPTO, and the user community on a fee schedule that will allow the USPTO to operate within a more sustainable funding model, and to reduce the backlog of unexamined patent applications and patent application pendency. My views have been broken down into the ten comments provided below. I will elaborate on each point during my testimony.

Comment 1: Overall costs of prosecuting an application. See slide 12 of Executive Summary. Current fees for prosecuting an application \$3,290 vs. \$2,800 based on the proposed fee schedule. This is a positive development and needs to be emphasized.

Comment 2: Shifting of fees from later to earlier in prosecution, excess claims and application size fee, and extension of time fee increases, seem reasonable. Reducing combined publication/issue fee from \$2k to \$1k, and prioritized exam fee from \$4,800 to \$4,000 are positive developments.

Comment 3: Using fees to encourage/discourage users from using a particular service. Consider different processing options rather than simply raising the fees. Examples include filing an IDS after receiving a notice of allowance and having it considered without filing an RCE (see page 16 of the Executive Summary). Other examples include changing after final practice to have more after final amendments considered and entered.

Comment 4: Filing an appeal, extra \$2,500 fee; recommend keeping pre-appeal brief fee low to encourage use. Consider others way to delay the advance to a “final” action.

Comment 5: Maintenance fee; increase in 11.5 year fee from \$4,370 to \$7,600 (\$2,870 increase) may be too much, discourage users from paying the fees and leaving a revenue shortage at the USPTO.

Comment 6: Two options, one preferred, one alternative. The alternative approach does not appear to be a viable option as it does not allow the USPTO to operate within a more sustainable funding model, and does not reduce the backlog of unexamined patent applications and patent application pendency. Is the USPTO considering other options? For example, foreign patent offices including the EPO use annuities on pending applications as part of their funding model. Does Section 10 of the AIA provide the authority for such a funding model?

Comment 7: Fairness/Equity: Does Section 10 of the AIA give the USPTO authority to require maintenance fees for design and plant patents?

Comment 8: Refunds: It would be helpful to understand how applicants can receive refunds where appropriate. For example, if a third party pays \$50-100k when requesting an IPR/PGR, a settlement is reached one month after filing, the parties settle the lawsuit and terminate the IPR/PGR, can the third party request a refund?

Comment 9: Establishing a sufficient operating reserve. There are obvious concerns that any operating reserves will be “diverted” for other government programs.

Comment 10: Challenging task implementing fee schedule for new services as the USPTO has no historical data to determine demand. The potential use of such programs as supplemental examination may be much lower than anticipated.

Peter G. Thurlow

February 15, 2012