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**Sent:** Wednesday, February 29, 2012 3:15 PM  
**To:** aia\_implementation  
**Cc:** Wilsa Martin-Gayle  
**Subject:** Fee Setting (Before Proposed Rules)  
**Attachments:** 45140940\_1.pdf

Please see attached letter.

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**VIA EMAIL ONLY**

Mail Stop Comments - Patents  
 P.O. Box 1450  
 Alexandria, VA 22313-1450

Re: Comments on Proposed Patent Fee Schedule under the Leahy-Smith America Invents Act Group I Rulemaking

The following comments are submitted in response to the USPTO's request for public comments on the proposed patent fee schedule under the Leahy-Smith America Invents Act.

The fee setting proposal takes into account the relevant factors (cost recovery, policy goals, pendency goals) but is flawed by an underlying assumption that examination is correct and efficient at the various fee stages. Both the current fee structure and the proposed fee structure reasonably reward good applicant prosecution behavior and punish (or assign the costs to) bad applicant prosecution behavior. For example, filing applications with many claims, filing extensions of time, filing RCEs in order to submit IDSs, to submit evidence, or to amend claims where the applicant could have done so earlier in prosecution. What neither the current fee structure nor the proposed fee structure take account of is the unfairness of charging fees for actions required due to poor examination. This has the perverse effect of encouraging poor examination since it can result in increased revenue and unfairly penalizing applicants victimized by poor examination.

Consider the following two prosecution scenarios, both of which regularly occur.

Stage/Action	Qualitative Description of Action Taken	
	Good Examination Scenario	Poor Examination Scenario
<b>First office action on the merits</b>	Rejections made that are based on a correct understanding of the invention, cite the most relevant prior art, and deal with all limitations in dependent claims	Rejections made, but they are based on a misunderstanding of the invention, do not cite the most relevant prior art, and do not deal with some of the limitations in dependent claims
<b>Applicant's Response</b>	Amend some claims based on rejections and cite and argue evidence relevant to disputed conclusions in the rejections	Explain the errors in the examiner's understanding of the invention, note irrelevance of the cited prior art to the invention, and point out that dependent claims are not properly rejected because limitation were not addressed

Stage/Action	Qualitative Description of Action Taken	
	Good Examination Scenario	Poor Examination Scenario
<b>Final Office Action</b>	Some claims are indicated as allowable and the rejections of claims in the disputed area are maintained	All rejections maintained as is, supported by continued misinterpretation of the invention; No substantive response to applicant's arguments
<b>Applicant-Examiner Interview</b>	Discuss area of dispute but do not reach agreement; Examiner suggests that some new evidence could be convincing	Discuss misinterpretation of invention and request examiner's view on applicant's arguments; Examiner agrees to consider and respond to applicant's arguments
<b>Applicant's After-final Response</b>	New evidence is presented	Summarize interview and re-emphasize facts and arguments not addressed in the final office action
<b>Advisory Action</b>	Examiner refuses to enter or consider new evidence because it was not timely presented	Examiner states that the arguments were considered but were not found convincing for reasons of record (pointing to the final office action)
<b>RCE</b>	Evidence and arguments are re-presented with an RCE	Facts and arguments re-argued and lack of substantive response to arguments by examiner emphasized
<b>Post-RCE Action</b>	Non-final office action indicates more allowable claims but maintains rejections of some on the basis that the evidence does not have a nexus with those claims	Non-final office action with prior rejections withdrawn and all new rejections made that are based on a correct understanding of the invention, cite the more relevant prior art, but do not deal with all limitations in dependent claims
<b>Applicant's Response</b>	Cancels rejected claims	Amend some claims based on rejections, cite and argue evidence relevant to disputed conclusions in the rejections, and point out that dependent claims are not properly rejected because limitation were not addressed
<b>Examiner Action</b>	Notice of Allowance	Final office action with all rejections maintained, evidence considered but deemed not convincing, and no comment on limitations in dependent claims

Stage/Action	Qualitative Description of Action Taken	
	Good Examination Scenario	Poor Examination Scenario
<b>Notice of Appeal and Appeal Brief</b>		Points out the deficiencies in the rejection, the failure to properly consider evidence, and the failure to address limitations in dependent claims
<b>Examiner's Answer</b>		Maintains rejections and comments for the first time on basis for dependent claim limitations in cited prior art
<b>Board Decision</b>		Rejections are reversed and remanded, with commentary suggesting more relevant rejections to the examiner
<b>Post-appeal Office Action</b>		Non-final office action with all new rejections made that are based on the Board's suggestion
<b>Applicant's Response</b>		Amend some claims based on rejections and cite and argue evidence relevant to disputed conclusions in the rejections
<b>Final Office Action</b>		Some claims are indicated as allowable and the rejections of claims in the disputed area are maintained
<b>Applicant's After-final Response</b>		New evidence is presented
<b>Advisory Action</b>		Examiner refuses to enter or consider new evidence because it was not timely presented
<b>RCE</b>		Evidence and arguments are re-presented with an RCE
<b>Post-RCE Action</b>		Non-final office action indicates more allowable claims but maintains rejections of some on the basis that the evidence does not have a nexus with those claims
<b>Applicant's Response</b>		Cancels rejected claims
<b>Examiner Action</b>		Notice of Allowance

The proposed increased RCE and Appeal fees hurt the applicant victimized by poor examination. First, the entire first round of examination was unproductive. Not until the first post-RCE office action did the examiner even address the true invention. The appeal should not have been necessary, as evidenced especially by the reversal at the Board. Although the applicant paid for and received the “services” of an appeal to the Board and a second RCE, these services and fees should not have been necessary.

Having described the problem, I now propose changes to the proposed fee structure that take account of applicants victimized by poor examination.

First, applicants victimized by poor examination should not have to pay for, or should at least get a discount on, services they receive that were caused by poor examination (rather than the applicant’s choice or applicant-caused inefficient prosecution). I recognize, however, that it could be administratively burdensome to determine when a service was caused by poor examination, applicant-caused inefficient prosecution, or a combination. I also recognize that this determination is most efficiently determined after the fact. Therefore I propose that certain fees be refunded after it can reasonably be determined that they were caused by poor examination.

A. The clearest cases where poor examination is the cause are when an examiner’s rejection is reversed at the Board and when the examiner reopens prosecution after an appeal is filed. Therefore, I recommend that the entire appeal fee (notice of appeal and filing of an appeal brief) be refunded to the applicant when an examiner’s rejection is reversed at the Board. A full refund is appropriate because the considerable cost of preparing the appeal would remain uncompensated and the prior prosecution and delay are an uncompensated hardship for the applicant. For similar reasons, I also recommend that the entire appeal fee (notice of appeal and, if paid, filing of an appeal brief) be refunded to the applicant when an examiner reopens prosecution. Although reopening prosecution prevents the extra delay of awaiting a decision on appeal, the appeal fees and the unnecessary delay in prosecution to that point have already been incurred.

B. As the prosecution scenarios above make clear, poor initial examination can easily lead to unnecessary “services” and undeserved fees. Most notably, poor initial examination forces applicants to either appeal or file an RCE. Therefore, I recommend that the RCE fee be refunded when filing of the RCE was caused by poor examination. I recognize that it could be administratively difficult to determine when an RCE was caused by poor examination versus being the applicant’s choice. For this reason, I recommend that the RCE fee be refunded when the next office action includes a new ground of rejection that was not necessitated by the applicant’s amendment, unless the new ground of rejection applies new prior art that was cited by the applicant to the Office after the final office action preceding the RCE. Although these conditions do not capture all cases where an RCE was caused by poor examination, they are a reasonable indicator the prior examination was deficient. I also note that these conditions for a refund are not overinclusive. That is, these conditions would not be met unless prior examination was deficient. Finally I note that these conditions should not be administratively

burdensome because very similar conditions currently are used to judge whether a final office action containing a new ground of rejection is appropriate.

I recognize that the goal of recovering costs overall is important. Thus, other fees, or the base fee for the service at issue, should be raised to partially compensate for the expected refunds. I recommend only partial compensation in order to encourage the Office to encourage and adopt more efficient examination.

The views expressed in the comment reflect the views of the undersigned as an individual and as a concerned member of the patent bar. They do not necessarily represent, and should not be attributed to, anyone else, including especially clients that the undersigned represents.

Very truly yours,

PABST PATENT GROUP LLP

A handwritten signature in black ink, appearing to read 'R. Hodges', written in a cursive style.

Robert A. Hodges, Ph.D., J.D.

RAH/