

November 25, 2015

Attention: Mr. Brendan Hourigan  
United States Patent and Trademark Office  
Mail Stop CFO  
Commissioner for Patents  
P.O. Box 1450  
Alexandria, VA 22313-1450

**BY EMAIL**

Re: Fee Setting

Dear Mr. Brendan:

Oliff PLC is a private intellectual property law firm that files and prosecutes thousands of patent applications each year on behalf of a wide range of U.S. and foreign Applicants. Its practice before the U.S. Patent and Trademark Office (USPTO) provides a perspective and depth of experience necessary to provide the following comments for (i) for the PPAC to consider while drafting their written report on the proposed fees, and (ii) for USPTO to consider before publishing a Notice of Proposed Rulemaking in the Federal Register.

Our concerns, the concerns of our clients, and our recommendations for addressing those concerns, are detailed below.

**A. The Patent Office Should Take This Opportunity to Reduce Expenses and Patent Application Pendency by Streamlining Consideration of Disclosed Information**

In the proposed fee adjustments, the USPTO appears to be proposing changes to the current certification and timing provisions for Information Disclosure Statements (IDS). The proposed changes should allow Applicants to file an IDS at any time during the application process (up to patent grant) without a certification. Additionally, Applicants will no longer need to use the QPIDS program or file an RCE to obtain consideration of an IDS after allowance and/or payment of the issue fee. While the proposed restructuring eliminates certification of IDS submissions, the proposed restructuring provides fees for all IDS submissions after the first action on the merits.

In this regard, the proposed fee schedule and materials provided by the USPTO suggest that the application process will be divided into 4 periods:

- Period 1: Filing date to the later of first action on the merits or 3 months from the filing date;
- Period 2: After period 1 but before notice of allowance;
- Period 3: After period 2 but before issue fee payment; and
- Period 4: After issue fee payment but before patent grant.

The proposed requirements (to file an IDS) for each period would appear to be as follows:

- Period 1: No fee;
- Period 2: \$300 (\$150 Small Entity/\$75 Micro Entity) fee;
- Period 3: \$600 (\$300 Small Entity /\$150 Micro Entity) fee; and
- Period 4: \$600 (\$300 Small Entity /\$150 Micro Entity) fee, plus a petition (and 37 CFR 1.17(h) fee) to withdraw from issue filed via EFS.

While these proposals are a solid first step in streamlining the complicated IDS process, the proposals also present the USPTO with the opportunity to further streamline the process.

We are concerned that certain USPTO practices and procedures have not kept pace with recent developments in case law from the Court of Appeals for the Federal Circuit or with developments in the evolving Global Dossier system. In this regard, we propose that the USPTO define a mechanism for sharing documents between offices, and among related U.S. patent applications, where the Examiner can and will automatically access identified family applications via the Global Dossier system and consider the prosecution and cited references in the identified applications.

The lack of a such mechanism for sharing identified family application documents results in an unnecessary, complex, and expensive burden being placed on Applicants to satisfy their duties of disclosure under Rule 56, as well as on the Examiners for having to consider an ever-growing volume of IDS submissions with often voluminous, cumulative or even irrelevant cited references. For example, current procedures require Applicants to submit copies of Office Actions and other communications and their cited references from corresponding foreign applications and from related U.S. applications. We suspect this burden is equally felt by Examiners and USPTO administrative staff, unnecessarily adding to the delay, manpower, expense, and complexity for processing and examining patent applications, not to mention the tremendous increase in electronic storage required for these submissions.

In view of the Federal Circuit case law, Applicants are required to disclose to the Patent Office a substantial amount of information that the Patent Office already has in its electronic records, or that the Patent Office can already readily obtain through its collaboration with foreign Patent Offices (i.e., through the Global Dossier system). That information is not limited to patents and printed publications, or even pending applications. Based on current precedent, for

example, it is prudent to disclose the following information/circumstances in a pending application:

- 1) In the case of two sibling applications (such as two divisional applications from the same parent application), Office Actions and other substantive USPTO communications from each application should be cited in the other application. Copies of such Office Actions and other substantive USPTO communications must also be provided with the IDS, as neither application is the parent application of the other. In addition, any prior art cited in one application should likely also be cited in the other application.
- 2) In the case of two or more closely related applications, i.e., applications directed to closely related subject matter, Office Actions and other substantive USPTO communications from each application should be cited in the other application(s). Copies must also be provided. In addition, prior art cited in each application should also be cited in the other application(s). This obviously becomes exponentially more time-consuming and costly when the number of related applications increases (e.g., some of our clients have had up to 25 closely related U.S. applications, most of which have corresponding foreign counterpart applications).
- 3) In the case of a U.S. patent application with pending foreign counterpart applications, Office Actions and other substantive communications issued by the foreign Patent Office from each application should be cited in the U.S. application. Copies must also be provided. In addition, prior art cited in each foreign application should also be cited in the U.S. application. This obviously becomes exponentially more time-consuming and costly when the number of corresponding foreign applications increases.
- 4) In cases (1)-(3) above, the duty to cite Office Actions and other substantive USPTO or foreign Patent Office communications and cited references is ongoing. That is, Applicants must continue to cross-cite any such information in the related applications, any time they arise in any one application. This applies not only during substantive prosecution of the U.S. application, but also once the U.S. application is allowed and even in the period after the Issue Fee has been paid but before the Letters Patent has issued.
- 5) In the case of an application in which an Office Action raises even the possibility of a double patenting rejection over one or more other applications, that Office Action and the references cited therein should likely be cited in the other application(s). Copies must also be provided. In addition, it may be necessary to cite in the subject application all Office Actions and other

substantive USPTO communications and prior art cited in the other application(s). Again, copies of the Office Actions and other substantive USPTO communications must be provided.

In each of the above situations, and many other variations thereof, Applicants are required to submit, on an ongoing basis, Information Disclosure Statements throughout prosecution. Such Information Disclosure Statements cite Office Actions and other substantive USPTO communications that are already available to the Patent Office in its own Image File Wrapper system, or that are readily available to the Examiner in the Global Dossier system. This multiplicity of Information Disclosure Statement filings raises a number of concerns, including:

- 1) The need for the USPTO to replicate multiple U.S. and corresponding foreign file histories substantially in their entirety in each related application.
- 2) The burden on Applicants to continuously file Information Disclosure Statements, some of which will require payment of the USPTO fee under 37 CFR §1.17(p) or a withdrawal from issuance and filing of a RCE, simply for consideration of an Office Action from a related application. These actions will further draw out the already lengthy prosecution time for an application and increase the already high number of RCE and QPIDS filings. Even under the USPTO's current proposal, the IDS costs due to USPTO fees will be substantial and unpredictable for applications that have related U.S. or foreign applications.
- 3) The added cost to Applicants in having to provide copies of Office Actions for submission with Information Disclosure Statements. Like U.S. Patents and U.S. Patent Application Publications, U.S. Office Actions and prosecution documents from some of the major foreign Patent Offices are readily available to the Examiners electronically, either in the USPTO Image File Wrapper system or the Global Dossier system, but Applicants currently must submit additional copies.
- 4) The added cost and manpower to the USPTO in having to process and scan all of these additional documents, store those additional documents in multiple locations in the USPTO information systems, and shred and dispose of the paper copies of them.
- 5) The added delay caused by applications being removed from an Examiner's docket for the docketing and processing of additional Information Disclosure Statements at random time intervals.
- 6) The environmental impact of copying Office Actions merely to have them re-scanned and shredded by the USPTO.

With these considerations in mind, we are pleased to provide a suggested solution to such problems, which would assist Applicants as well as the USPTO.

**Suggested Solutions**

Recent Federal Circuit cases (e.g., *Li Second Family Limited Partnership v. Toshiba Corporation*; *Dayco Products, Inc. v. Total Containment, Inc.*; *Larson Manufacturing Co. of South Dakota, Inc. v. Aluminart Products Ltd.*; and *McKesson Information Solutions, Inc. v. Bridge Medical, Inc.*) have held Applicant's duty of disclosure to include a duty to disclose USPTO communications and cited references from related patent applications, including not only Office Actions but also Notices of Allowance and the like. The scope of "related applications" is not limited to applications that are related under 35 U.S.C. §120, but includes any applications directed to related technical subject matter.

As discussed above, Applicants are under an obligation to file an Information Disclosure Statement (IDS) in one application, any time a material communication (such as an Office Action, Advisory Action, Examiner Interview Summary, Notice of Allowance, Examiner's Answer to an Appeal Brief, BPAI Decision, or the like) is cited in a related application. Similarly, based on recent U.S. case law decisions, Applicants are under an increasing obligation to file an IDS in an application, any time a material communication is issued or cited in a corresponding foreign application, such as a foreign application that claims priority to the subject U.S. application or a foreign application that shares the same priority application as the subject U.S. application. In the ever-increasing globalization of the marketplace, and as Patent Offices around the world strive to act on patent applications more quickly, this often results in multiple Office Actions and other communications being issued in a global patent family around the same time.

In view of the potentially enormous adverse consequences to a patentee and its counsel of failure to comply with the Rule 56 duty of disclosure, substantially all such communications will need to be or should be submitted. Because these documents are not U.S. patents or patent application publications, Applicants must submit a copy with the IDS. The result is that whereas fifteen or twenty years ago it was common for an application to have only one IDS submission, that situation is now the rarity. Instead, many application file wrappers include multiple, if not many, IDS submissions made throughout prosecution and allowance (a situation which at least partially necessitated the QPIDS program). This not only increases the Examiners' burden in examining numerous IDS submissions, but also requires the USPTO to expend substantial manpower and resources to process, scan, and electronically store voluminous IDS citations that the USPTO already has in its electronic systems, or that Examiner could instantly retrieve through the rapidly evolving Global Dossier system if a mechanism for sharing documents between offices was in place.

To address the above issues, we suggest that the USPTO revise its procedures to provide for any or all of the following:

(1) eliminate the requirement for submission of copies of Office Actions that are present in an Image File Wrapper for the application in which they issued;

(2) allow Applicants and/or Examiners to state of record that one or more U.S. patent applications are "related," such that thereafter the Examiner will automatically consider the prosecution and cited references in the related application(s), before issuing a substantive communication in an application; and

(3) allow Applicants and/or Examiners to identify of record that one or more foreign patent applications available in the Global Dossier system that are in the same patent family as a subject U.S. patent application, such that thereafter the Examiner will automatically access the Global Dossier system (at a minimum with respect to corresponding/closely related applications filed in the other "IP5 Offices", i.e., EPO, JPO, KIPO, and SIPO) and consider the prosecution and cited references in the identified family application(s), before issuing a substantive communication in an application.<sup>1</sup>

Such a defined mechanism for sharing documents between offices, and among related U.S. patent applications, where the Examiner is presumed to automatically access identified family applications via the Global Dossier system and consider the prosecution and cited references in the identified applications would assist the USPTO by reducing Examiner and administrative time and manpower requirements to process numerous IDS submissions (which generally contain the same information that the Examiner would access via the Global Dossier system), thereby reducing cost, delays, and patent application pendency. The changes would also avoid unnecessary costly expansion of the USPTO scanning and electronic storage systems.

In view of the above, it would be extremely helpful to the USPTO, to Applicants, and to the environment, if the USPTO could simplify/streamline the procedures for Examiner consideration of the prosecution documents and cited references in related U.S. and/or foreign applications. This would (1) help satisfy Applicants' duty of disclosure in an application, (2) help streamline the Examiner's consideration of an application, (3) reduce the burden on the USPTO's information technology systems and administrative staff, and (4) reduce waste of environmental resources.

---

<sup>1</sup> To the extent a translation/machine translation of a foreign language document is not available, the Examiner can may request a translation (either internally or, if necessary, from the Applicants), or merely consider the information insofar as it is understood on its face, e.g., drawings, chemical formulas, English language abstracts, in the same manner that non-English language information in Office search files is considered by examiners in conducting searches.

Currently, the USPTO has streamlined disclosure requirements for continuing (continuation, divisional, or CIP) applications. When Applicants file a continuing application, the USPTO instructs the Examiner to consider all information that was considered by the USPTO in a parent application, and provides that Applicants do not need to submit an IDS unless Applicants want the information to be printed on the patent.

We recommend adopting a similar streamlined for ensuring consideration of material information and satisfying the duty of disclosure in the case of continuing and other related applications. We also suggest that the USPTO revise its procedures to allow Applicants and/or Examiners to identify one or more applications as being "related," such that thereafter the Examiner will consider the prosecution documents and cited references in the related U.S. and foreign applications, with the fee structuring being similar to the proposed restructuring discussed above, which provides fees for all IDS submissions after the first action on the merits.

Otherwise, we recommend adopting procedures that provide Applicants with at least one opportunity (such as before the first Office Action on the merits issues) to file a document identifying one or more applications as being related to the application at issue, which results in the Examiner considering the prosecution of the related applications (U.S. and foreign, if applicable) before issuing any substantive communications (or further substantive communications). Such procedures would avoid the necessity for Applicants to thereafter file, and the USPTO to thereafter process and store, numerous additional IDS documents. There would be no additional burden on the Examiner, who would have to review the same documents whether through the IFW system or through separate submissions by Applicants. If such procedures were in place, delays and costs associated with processing multiple randomly-timed IDS filings would be avoided. And, in a best case scenario, only a single IDS would have to be processed, and all associated material information could be reviewed together when examination occurs, helping to reduce poor and/or piecemeal patent examination.

## **B. RCE and Appeal**

The fee setting authority makes it possible for the USPTO to incentivize and disincentivize Applicant behavior by setting fees at low or high levels to encourage certain activities while discouraging others. To this end, the USPTO proposes to increase the already punitive rates that have been set for RCE and appeal fees. However, one of the primary reasons these activities are pursued is because of poor and/or piecemeal patent examination, often by inexperienced examiners.

In our experience, the hiring of thousands of Examiners during the past few years has exacerbated the poor and/or piecemeal patent examination problems. Thus, we recommend eliminating any increase in the RCE and Appeal fees, or preferably substantially reducing these fees, at least until the USPTO's proposed "Enhanced Patent Quality Initiative" is functioning as

intended and poor and/or piecemeal patent examination by inexperienced examiners is on the decline.

At this point, it is unreasonable to force the patent community to pay excessive RCE and Appeal fees to achieve quality patent examination when the USPTO is still grappling with how to achieve quality patent examination with the present examining corps. Instead, once the overall quality level of the examining corps increases and quality examination is ensured, such fees should be incrementally increased to a level necessary to recover full costs of these services. Thus, we recommend substantially reducing or eliminating any increase in the RCE and Appeal fees.

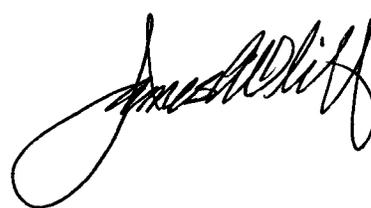
**C. Post Grant Proceedings**

Correction of improvidently issued patents through post grant proceedings is in the public interest, as is providing a reasonable, cost effective alternative to litigating the issue of patent validity. Therefore, the proposed substantial increases to the already significant IPR and PGR fees are inconsistent with sound public policy and contrary to one of the intended benefits of IPR and PGR proceedings. Additionally, increasing the already high fees (on a per claim basis) would encourage Applicants to include numerous inconsequential claims in important patent applications in a calculated effort to avoid post grant procedures. Thus, for example, under the proposed increase of the excessive fees that already in place, depending on the extent to which the patent Applicant may want to game the system, enough inconsequential claims may be added to make any post grant proceedings cost prohibitive. Accordingly, we recommend the USPTO reset these post-grant patent proceedings fees at a single lower rate (not on a per claim basis, but at a reasonable level that will allow the USPTO to recover the aggregate costs for its services).

\* \* \* \*

We appreciate the PPAC and USPTO taking our comments into consideration.

Very truly yours,



James A. Oliff

JAO:BSP