

PUBLIC PATENT FOUNDATION

Representing the Public's Interests in the Patent System

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VIA EMAIL

Cynthia L. Nessler
Senior Legal Advisor, Office of Patent Legal Administration
Office of the Associate Commissioner for Patent Examination Policy
United States Patent and Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450
supplemental_examination@uspto.gov

Re: Docket No. PTO-P-2011-0075: Changes to Implement the Supplemental Examination Provisions of the Leahy-Smith America Invents Act and To Revise Reexamination Fees

Dear Ms. Nessler:

The Public Patent Foundation ("PUBPAT") is a not-for-profit legal services organization that works to protect the public's interests in the patent system. Its activities include challenging undeserved patents through litigation and reexamination to unlock technology that belongs in the public domain. I write to express PUBPAT's views on the proposed rise in reexamination fees detailed in 77 Federal Register 16 (25 Jan. 2012) pp. 3666-3681 (the "Proposed Rules"). PUBPAT is grateful for this opportunity to comment on the proposal.

PUBPAT opposes the proposed increases in reexamination fees because of the disproportionate effect those fees will have on not-for-profit organizations and small business entities. The proposed fee change from \$2,520 to \$17,750 for filing a request for *ex parte* reexamination represents an increase of 604%. Such a dramatic rise excessively outpaces inflation, the economic market, and any other reasonable measure of a potential reexamination requester's ability to pay. If the proposed fees become law, they will stifle the ability of not-for-profits and small entities to challenge patents of questionable validity and consequently inflate larger corporations' control over technology to which the public may be entitled.

PUBPAT noted the Office's comment on p. 3673 of the Proposed Rules that "[t]he changes proposed in this notice do not change the substantive criteria of patentability." However, if fees are set so high that they are prohibitively expensive for a significant sector of the public,¹ their institution will effect a substantive change in patent policy. The foreclosure of a

¹ The Office states on p. 3674 of the Proposed Rules that for purpose of its analysis, it considers all 690 requests for *ex parte* reexamination expected to be submitted annually as being submitted by small entities.

not-for profit's or small entity's opportunity to request patent reexamination contradicts the purpose of the reexamination process, which is to provide checks on patents of questionable validity. To be effective, the process must be available to any party who can challenge the patentee's innovation, not just parties who can match his wealth.

PUBPAT acknowledges that 35 U.S.C. 41(d)(2) provides that fees for services such as reexamination are to be set at amounts to recover their costs to the Office, and that the proposed fees match costs in the Office's best estimation. PUBPAT respectfully suggests, however, that a better alternative to raising fees to meet projected costs would be to lower costs to an amount that not-for-profits and small entities can conceivably afford. Although lowering costs always is easier said than done, PUBPAT notes the absence of a discussion of attempted cost reduction in the section of the Proposed Rules on p. 3676 entitled "Description of Any Significant Alternatives to the Proposed Rules which Accomplish the Stated Objectives of Applicable Statutes and Which Minimize Any Significant Economic Impact of the Proposed Rules on Small Entities."

It is difficult to know how to reduce costs without knowing the causes of the additional \$15,230 spent per *ex parte* reexamination since fees were last set, but actions that might improve cost efficiency include requiring additional informational organization from the requester and patentee, automating elements of the reexamination process, shortening response time for patentee so that issues are easier to recollect when action is required, tightening requirements for concision in requests and responses, and requiring requesters and patentees to conform to a strict presentation format.

In addition to reducing costs to process *ex parte* reexaminations, the Office could consider reducing the effect on not-for-profits and small business entities by collecting part of the fees for granted requests from parties other than the requester, such as the patentee whose patent is subject to question. The patentee of a reexamined patent will benefit from a reissued patent, whose apparent validity is strengthened by the additional scrutiny, and/or lose claims that were unfairly taxing the public for the duration that they stood. Thus whatever the result of the reexamination for which a request was granted, it is fair and logical for the patentee to bear some of its financial burden.

The Office might also consider setting nonrefundable *ex parte* reexamination fees at a higher percentage of the total amount for requests that are granted, thus heightening the requester's incentive to submit only nonfrivolous requests and transferring some of the administrative cost from requesters who legitimately challenge patentability to those who encumber the system with requests based on information that does not influence validity.

PUBPAT appreciates the challenge the Office faces in implementing rules to serve competing interests and hopes the Office finds the above comments useful. Ultimately, if the fees for reexamination are too high, the patent system will lose the benefit of receiving input

from those not-for-profits and small entities who may otherwise help to ensure the system obtains the highest patent quality possible. Please feel free to contact me if I may be of any further assistance on this matter.

Sincerely,

A handwritten signature in blue ink that reads "Daniel B. Ravicher". The signature is written in a cursive, flowing style.

Daniel B. Ravicher