

From: Robert Spar
Sent: Tuesday, February 24, 2009 12:52 PM
To: AC6/Comments
Subject: Comments on deferred examination

Appended are my comments.

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Atten: Robert Bahr

Re: Comments on deferred examination

The following comments reflect my thoughts about deferred examination. I am a sole patent practitioner, having retired after almost 40 years of examination related experience in the Patent Office.

My proposals and thoughts below are predicated on being able to establish, and implement, a deferred examination system via no more than Office rule making. Most of the changes necessary to implement a deferred examination system do not require any change to the patent statute, and if a deferred examination system could be implemented without being dependent upon legislation being enacted, it would be preferable for a number of reasons. Clearly, relying on a statutory change is a very iffy situation for both timing and content factors.

I believe a deferred examination system would greatly help the Office address the current huge backlog of unexamined applications; thus I would support all features that would incentivize participation, and generally oppose features that would disincentivize participation.

I further support the concept that it should be easy for an inventor to get his foot in the door with a patent application that will preserve his invention (filing) date. Thus, fee requirements should be kept to a minimum, and application requirements should be linked to what is necessary in order to publish the application (PGPub).

Any time that an examiner would spend examining a patent application that is, in applicant's viewpoint, either not ripe for examination, or is no longer of interest to the applicant, is wasted time, and should be avoided.

Examining patent applications that are not ripe for examination just results in the examiner and applicant doing unnecessary work, and rework, which

spins wheels, and wastes the time of both parties until, at some time in the future, applicant is able to make an informed decision as to the importance of the invention(s) in the application(s). Unfortunately, this frequently happens under the current system where an examination of every application is required, with the examination being made a long (and today, too long a) time after the application was filed.

Under a deferred examination system, however, prior to an application being examined, an applicant would have to take a positive step or action to request examination (unless a 3rd party activates the examination), pay all deferred fees and/or take care of all outstanding requirements. Accordingly, applicants would have to decide, at this future time, if the application is still of interest to them, and if it would still justify the costs that would have to be expended. If not, they would let the application go abandoned. It is expected that many applicants would, after reevaluating their applications, decide to not go forward, and thus let their applications go abandoned. This is called “dropout,” and it results in examiners not wasting their limited amount of examining time on those applications, and applicants saving both time and money. Overall, this is a tremendous benefit to the patent system. My thoughts on specific features of a deferred examination follow:

1. Max Deferral period: The opportunity for deferred examination should be expanded to a maximum amount of time in order to achieve max dropout. The longer the deferred period, the greater the probability that an applicant will drop out, for a variety of reasons, and the application will go abandoned without having been examined.

Thus, I advocate a deferred period of up to a max of 7 years in either one or 2 stages.

2 Stage deferral: If the deferral is in 2 stages, the first stage could be for 3 years, and the 2nd stage could have a max deferral of 7 years. When an application comes up for examination due to the later of:

- a) expiration of the 1st stage, or
- b) when the application would be next in the queue of unexamined applications in the technology in which it has been classified, applicant should be notified and given the options of:

c) paying all deferred fees and satisfying all deferred requirements, if any, or

d) requesting a further deferral until the max period, or 7 years expires.

One stage deferral: In a one stage deferral arrangement, applicant need not be notified until just prior to the expiration of the deferral period. This would probably lead to a greater drop out, especially if the max of 7 years is chosen.

My preference: Probably a 2 stage deferral arrangement with a 1st stage of 3 years (from the earliest effective filing date), and the 2nd stage ending 7 years from the earliest effective filing date.

If examination is not requested (a short time) before the expiration date of the (1st or last) stage by the applicant (with a timely tickler notice being sent by the Office to applicant beforehand); or examination not been earlier activated by a 3rd party; the application would be held to be abandoned. Note, at the time applicant requests examination, or upon activation by a 3rd party, applicant would also have to comply with all deferred requirements so the application is ready for examination.

2. Fee Procedures/requirements: Upon filing of an application, only a minimum fee should be required, and the fee could be paid as a missing part. Thus, applicant should be required to pay only the basic filing fee initially, or as a missing part, but the search and examination fees could be deferred. Also, other fees could be deferred, such as the claims fees, and the application size fees. The basic filing fee would be applied toward Office costs for initializing the application, and other administrative costs.

3. Pre-Grant Publication (PGPub): PGPub should be mandatory. Thus, the application would have to be in condition for PGPub upon filing, or put into condition for PGPub in response to a missing parts notice. The missing parts notice should only require compliance with PGPub requirements, and payment of the basic filing fee. The period for complying with the missing parts notice could be extended to be no later than 14 months from the effective filing date, since putting the application in condition for PGPub should be the driver. Since I advocate mandatory PGPub, the ability of a 3rd party to request PGPub is not needed, and is moot.

4. Should 3rd parties have participation rights?: No, I do not think a 3rd party should have participation rights in the eventual (deferred) examination of an application. I do think that a 3rd party should be able to activate the examination process, and that a 3rd party should have to meet and comply with some established criteria for initiating the activation, possibly including

the obligation to pay the search or examination fees, but I think that the examination process, once it is started, should thereafter be an ex parte process. Permitting a 3rd party to have participation rights would, in my opinion, be a disincentive to participation and I, therefore, oppose it.

Note: While I think that a 3rd party should have a right to activate examination of a deferred examination application (assuming it complies with any imposed obligations for doing so), I also think that the specific identity of a 3rd party need not be disclosed. Further, the 3rd party's right to activate could be limited such that it could not be requested before a certain time, like 30 or 36 months after the earliest effective filing date of an application.

5. Additional Requirements:

A. PTA: While waiving PTA rights will be a disincentive to participate in the deferred examination program under the current statute 35 U.S.C. 154(b), I think that applicant should be required to waive entitlement to PTA for the 14 month criteria (154(b)((1)(A)(i)) and the 3 year criteria (154(b)((1)(B), for delays beyond those caused by the current backlog. Otherwise, applicants will be receiving PTA for applications in which the examination has been deferred, which would be unjustified. I recognize that waiving PTA is a disincentive to participation but, on balance, I think the waiver should be required.

B. Intervening rights: I do not think it is necessary to provide for intervening rights. Under the current system, there are no protections for intervening rights, and applicants can present at a future time, in either the subject application, or in a continuing application, claims on a competitor's product. Thus, via the big backlog, and the ability to file continuing applications, today we have a de facto deferred examination system with no provisions for intervening rights.

It should be noted that via rule making, the Office could require, as a condition for requesting deferred examination, that applicant consent to intervening rights. Protecting intervening rights, however, would be a

disincentive to participation and, for that reason, it needs to be carefully considered.

C. Should there be limits on Continuing prosecution opportunities?: I do not support imposing limits on continuing applications, or RCEs, just because an application has had a deferred examination. This would be a big disincentive to participation. There is no reason to believe that deferred

examination will be any more effective than the current examination process, such that there will be less of a need for continued prosecution opportunities. Accordingly, I would maintain the current opportunities for continued prosecution.

D. Should an AQS Submission be required?: I do not support imposing on applicants an obligation to submit an AQS (Applicant Quality Submission) either under the current system or under a deferred examination system. Moreover, requiring an AQS if deferred examination is elected would be a tremendous disincentive to participation in the deferred examination program, and it should not be supported for that reason.

6. Incentives to participate in deferred examination: I would strongly support all reasonable incentives to participate in the deferred examination program.

Thus, I would support:

A. Deferral of Fees: Only require the basic filing fee, which could be paid in response to a missing parts notice. Note, the period for responding to the missing parts notice could be extended from its current period, to one that is linked to timely getting the application in condition for PGPub.

B. Deferral of Restriction Requirements: I would think that a restriction requirement should not be considered/given until examination was activated.

7. Other Conditions

A. Opt in required: I would require applicants to request deferred examination in order to permit the application to have deferred examination. In other words, an applicant would have to opt in to deferred examination. The request could be made as a standard sentence that would be included in the Office's transmittal form for a new application filing. Thus, applicants would have to make an affirmative request in order to get deferred

examination. Deferred examination should not be a default condition. By requesting deferred examination, it would be difficult for an applicant to protest waiver of the PTA rights. If applicant does not request deferred examination, then the application would have to meet all filing and PGPub requirements in the current time frames. Thus, there would be no deferral of fees (e.g., search fee, examination fee, application size fee, and excess claims fees), or deferral of requirements (e.g., submitting IDSs, adding or

deleting benefit claims, or petitioning benefit claims). The applicant could opt in to deferred examination when filing an application, or at any time prior to receiving a first Office action on the merits.

B. Activation could be by applicant at any time during the deferral period, triggering payment of all deferred fees, and compliance with all deferred requirements.

C. Activation could be by a 3rd party just during a later time period of the deferral period, provided the 3rd party complies with some requirements, such as some, or all, of:

- i. showing an economic interest that is, or may be, affected by the application,
- ii. payment of a fee, such as the search fee, and/or the exam fee,
- iii. possibly submitting a search report raising a prima facie rejection of a claim.

D. I would require an applicant to consent to 3rd parties being able to file protests after the PGPub.

E. I do not advocate, or support, a separation of the examiner's search and examination functions. It is not efficient to separate the two functions. The time it takes to review an application and appreciate the invention(s) claimed in order to do a proper search is most efficiently done when the examination function is performed at the same time. To do the 2 functions separately would require more overall time, and it would, in my opinion, not be as reliable as the examination function frequently triggers further searching.

8. Comments on Viewpoint of Patent Practitioners: I think that many patent practitioners, as well as their professional organizations and bar groups,

oppose deferred examination, at least in part, if not primarily, because of the probable loss of fees related to the “dropout” factor.” They are concerned that they will have less work, either in preparing applications for filing, or in later prosecution related activities. Patent practitioners are (justifiably) concerned about going back to applicants at some (distant) time in the future to ask for more money to cover deferred fees, and attorney time, recognizing that some, perhaps many, applicants will have lost interest in the invention, or no longer have, or want to spend, the needed monies, and will decide to

let their patent application(s) “drop out”. It is recognized that collecting monies from applicants in two stages, with the 2nd stage being several years later, is more difficult (for an attorney) than collecting all the fees up front, but that should not be the most important factor for a practitioner to consider. Thus, I think the fee factor should not be permitted to drive non-support of deferred examination.

Thus, if the patent bar looks at the big picture, I think they will see the overall advantages to the patent system that are offered by deferred examination. Accordingly, I think the various patent bar groups that have previously expressed opposition to establishment of a deferred examination system should reconsider their prior objections to deferred examination; and now come out strongly in support of a practical deferred examination system.