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Alexandria, VA 22313-1450

Dear Mr. Cole:

I am writing to comment on the proposed "April 2007 Revision of Patent Cooperation Treaty Procedures" as published in the Federal Register Vol. 72, No. 32, page 7583, on Friday, February 16, 2007.

I. RESTORATION OF THE RIGHT OF PRIORITY

PCT Rule 26 *bis* gives the Receiving Office the option of selecting as the standard for review either the standard of due care or the unintentional standard. In the proposed rules, the USPTO has selected only the unintentional standard for restoration of the right of priority. This is commendable and should be placed into effect. However, it would be beneficial to applicants if the United States would also provide the availability of restoring the right of priority based upon the standard of due care (unavoidable standard). It is noted that for most petitions in connection with national patents, both the unintentional and avoidable standards are available for applicants.

Under the PCT Rule, whenever a Receiving Office favorably decides a Restoration Request during the international phase that decision must be accepted by all Designated Offices who provide for the same or a lesser standard. By adding the availability of the unavoidable standard, applicants would be able to meet the unavoidable standard during the International Phase and avoid their having to meet the due care standard in each Designated Office upon entry into the national phase. By not providing applicants this alternative, should an applicant want to prove the standard of due care during the International Phase, it would be necessary for them to use the International Bureau as the Receiving Office. However, this is only possible where applicants know in advance that they missed the date. Frequently, this knowledge does not become evident to an applicant until later on after filing and by then, it will no longer be possible

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for the applicant to file in the IB and will have lost the right to prove such unavoidable standard during the International Phase.

II. INCREASE IN INTERNATIONAL SEARCH FEES

1. Inconsistency Between National and PCT Applications

The proposed increase in the International Search Fee from \$1,000 to \$1,800 is believed to provide a prejudicial inconsistency between handling of national applications and PCT applications. Currently, there is the same charge of \$1,000 for handling the filing of a national application and \$1,000 for the search fee (and written opinion) for a PCT application. For the \$1,000 in a national application, an applicant receives a search, a full first examination, a review of applicants' response, and a second (usually final) examination. Under the proposal, the charge for an International Search under the PCT will be \$1,800 during which an applicant receives only a search and a written opinion. Accordingly, for national applications, applicant pays substantially less and receives substantially more. It is believed this is clearly prejudicial against PCT applications.

While it may be alleged that the USPTO subsidizes the costs of the search and examination of national applications by using maintenance fees, it is believed that subsidizing the PCT is of even more importance as this has the potential of reducing current backlog.

The work of the Trilateral, encouraging exchange of search and examination; the many proposals that each of the patent offices be encouraged to make better use of PCT searches; the continuous interest in promoting the benefits of the PCT, are all inconsistent with the proposed doubling the cost of conducting a PCT search in the US RO. On the one hand, the US publicizes within the international arena their interest in promoting PCT, and at the same time, they raise the fees, thereby providing a dampening effect on the PCT. This is clearly an inconsistent position that the United States is promoting.

2. Parallel US and PCT Applications

The proposal also plans to increase the cost of the international searching fee from \$300 to \$1,800 in the case where there was previously filed a non-provisional US application. The justification is that the current backlogs in US national applications make it no longer appropriate to provide for such reduced fees.

Nevertheless, from the applicants' view point, he is essentially paying twice for the same service. At the time he files the non-provisional application, he pays \$1,000 for conducting the search and examination. He then files his PCT application and will now be charged \$1,800 for a search and written opinion. Regardless of whether the PCT is searched first or the US national

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non-provisional is searched first, in substantially every situation, it is the same references that are utilized and is almost always the same examiner assigned to both. Regardless of which is done first, applicant is basically paying twice for the same search and examination. This is unfair for the applicant. Just because the patent office will delay using the same references from one to the other, the applicant should not be penalized to pay twice for the same service.

3. Harmful Affect on Small Entities

In making the proposal, the USPTO has indicated that these increases will “not have a significant economic impact on a substantial number of small entities”. It is believed every one of the justifications listed by the USPTO is disingenuous, misleading, and in many cases totally erroneous.

Firstly, the USPTO indicates that PCT is not the exclusive mechanism for obtaining patent protection in foreign countries but is an optional alternative route. The other option is of course to go directly into foreign countries under the Paris Convention. However, as the USPTO itself indicates, PCT is very often utilized for additional time in which to make foreign filing decisions. Specifically, it can preserve the rights in 137 countries for an additional 18 months without having to make substantial expenditures. Those 18 months are the most significant time for a small entity to determine the importance of the invention. Removing the 18 months will force the small entity to make a determination without the necessary knowledge. In order to obtain the rights for these 137 countries, as the UPTO suggests as an “alternative”, it would be necessary for the small entity to pay hundreds of thousands of dollars at that point in time. This is not an “optional alternative” at that point for the small entity, and to so state is misleading.

Secondly, the USPTO indicates that the total cost of obtaining and maintaining foreign patents would be in range of \$160,000-\$330,000. That is, of course, for the full 20 years life of a patent in all foreign countries. Such expenditures are typically made only after the small entity knows the value of the patent, and only on select few cases. To equate such costs, which are only a small percentage of the cases that are actually filed, and impute such costs to every single case which is filed in the PCT, is disingenuous. Almost doubling the cost for a small entity at the initial filing stage, when he does not yet know the value of the invention, and needs the necessary time to make decisions, has a tremendous harmful affect on small entities. To state that if he were to make a selection, and have a “winning” invention, and after 20 years it would cost him \$160,000-\$330,000, is not justification for doubling the cost of every single application he files at the beginning of the PCT filing procedure.

Thirdly, the alternative suggested is for the small entity to use the international searching authority of Europe or Korea. Searching in Europe will cost him more, and that is clearly not an option. Suggesting that he uses the Korean Patent Office fails to take into consideration that if

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then comes back into the USPTO on a national application from the PCT, he would not get the reductions that he would otherwise get if he used the US as the International Searching Authority. Therefore, suggesting that at the filing stage he go elsewhere to save money, fails to indicate that he will have to "pay for it" later on. By "telling only half the story", the USPTO is clearly misleading.

Fourthly, in connection with the elimination of the reduced costs when a non-provisional application is first filed, the USPTO argues that the small inventor could mitigate the increased cost by filing a provisional application first or could first file the PCT application. This is completely false and misleading. If the small entity files a non-provisional and then files a PCT application using the USPTO as the searching authority, it would currently cost the small entity applicant \$500 for the non-provisional and \$300 for the international search. The total would be \$800 for both the search in the US and PCT. By following the alternate suggestion, the small entity applicant would file a provisional application for \$50 and would be charged \$1,800 for the PCT search. The applicant would pay twice as much (a total of \$1,850) and receive only a PCT search. The other alternative of filing PCT first would cost him \$1,800 and then he would again only receive a PCT search, and would still have to pay later on when filing in the national phase in the USPTO. Thus, these suggestions are totally erroneous.

3. Charges Relative to Outsourcing Searches

The USPTO has proposed to outsource searches on PCT cases in which the US has been designated as the International Search Authority. The USPTO has suggested utilizing Australia as one of the outsourced locations. It is believed that the Australian Patent Office charges half of \$1,800 for conducting such a search. To charge an applicant \$1,800 and then send out the application for searching by the Australian Patent Office at a reduced fee is not fair to the applicant.

These views are my own views and do not necessarily represent those of the firm with which I am associated.

Sincerely,



Samson Helfgott

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