

March 29, 2005

The Honorable Jon Dudas
Under Secretary of Commerce for Intellectual Property
and Director of the United States Patent and Trademark Office
Box Comments
P.O. Box 1450
Alexandria, VA 22313-1450

Comments on Proposed Rule: "Changes to the Practice for
Handling Patent Applications Filed Without the Appropriate Fees"
70 Federal Register 9570 (February 28, 2005)

Dear Mr. Under Secretary:

The American Intellectual Property Law Association (AIPLA) appreciates the opportunity to offer comments regarding the proposed rules directed to changes to the practice for handling patent applications filed without the appropriate fees published at 70 Fed. Reg. 9570 (February 28, 2005).

AIPLA is a national bar association whose more than 16,000 members are primarily lawyers in private and corporate practice, in government service, and in the academic community. AIPLA represents a wide and diverse spectrum of individuals, companies, and institutions involved directly or indirectly in the practice of patent, trademark, copyright, and unfair competition law, as well as other fields of law affecting intellectual property. Our members represent both owners and users of intellectual property.

The basic change being proposed by the Patent and Trademark Office (PTO) is to eliminate the processing and retention fee (§ 1.21(I)) practice, and substitute for it the basic filing fee set by the Consolidated Appropriations Act. When a utility patent application is filed, an applicant is now required to pay a basic filing fee, search fee, and examination fee during fiscal years 2005 and 2006. These fees may be paid at the time of filing, or in response to a Notice of Missing Parts. Currently, it is possible for an applicant, who desires to abandon an application filed without fees in favor of a continuing application, to pay a processing and retention fee (\$130) in order for the application to be used as a basis for foreign filing and benefit claims under 35 U.S.C. § 120 and 37 C.F.R. § 1.78(a). As we understand the proposed rule, an applicant would

have to pay the basic filing fee (\$300/\$150 for a small entity) in order for the application to be used as a basis for foreign filing and benefit claims.

Contrary to the statement made in the first paragraph of rulemaking considerations in the Federal Register Notice (“This notice does not propose any change to the amount of fees charged by the Office.”), however, this proposal not only changes, but increases, the amount of fees charged by the Office for simple initial processing and retention of the application. If the basic filing fee of \$300/\$150 is expected to cover the average costs of processing an application prior to search and examination, then the proposed increase in fees may be justified. However, the PTO has not provided any justification for the proposed fee increase. The PTO should not unnecessarily raise fees even though this particular processing alternative is used in a very small number of cases.

The notice states that the “Office is proposing to: (1) Require the surcharge under § 1.16(f) in any application ... in which the search fee or examination fee is paid on a date later than the filing date; and (2) require the surcharge under § 1.492(h) in any application filed under the PCT in which the search fee or examination fee is paid on a date later than thirty months from the priority date.” Yet the actual amendment proposed to § 1.16(f) would require the surcharge if any of the basic filing fee, the search fee, or the examination fee are paid on a date later than the filing date of the application. The proposed amendment to § 1.16(f) is thus not consistent with either the supplementary information describing the intent of the proposed amendments, or the treatment of National Stage fee processing. Clarification and an appropriate amendment to the proposed changes in § 1.16(f) are requested.

Finally, the PTO proposes to amend 37 C.F.R. § 1.52(f)(1) to provide that for the purposes of determining the application size fee required by § 1.16(f) or § 1.492(j), that each two kilobytes of content of sequence listing or computer program listing submitted on an electronic medium shall be counted as a sheet of paper. We are concerned that this relatively low, two-kilobyte per page standard will eliminate or substantially reduce any incentive for applicants to submit large submissions in an electronic format. The PTO should reconsider this proposal in light of its stated goal to increase the number of electronic submissions and consider a flat processing fee for electronic medium submissions that would both compensate the PTO for any additional work, but at the same time provide incentives for applicants to use electronic submissions.

We appreciate the opportunity to provide comments on the proposed rule and are available to assist the PTO in further developing patent practice and procedures.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael K. Kirk". The signature is written in a cursive, flowing style.

Michael K. Kirk
Executive Director