

Francis H. Kirkpatrick
KirkPatent Consulting
37 Clover Hill Dr., Chelmsford, MA 01824
978-790-7186; fckirk@comcast.net

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Harry I. Moatz
USPTO
ethicsrules.comments@uspto.gov

Dear Mr. Moatz:

I have taken advantage of an unexpected Federal holiday to re-proof read my comments. As background to the comments below, I have been a registered agent since 1991, and have been engaged as an employee or a consultant in helping small companies manage their intellectual property since 1992. I am currently sole proprietor of a consulting practice. I am active in the field, and expect to be involved in the filing of at least 30 regular and provisional US applications in 2004, and in the prosecution of at least that many US applications.

I have attempted to read and understand the massive document published in December, which I learned about in February from the January 2004 issue of Intellectual Property Today in an article by former OED director Weiffenbach and Mr. Stephen Becker, beginning at p. 30. I have only been able to read part of the massive document (282 pages!) so the following comments will only be addressed to a few areas.

SUMMARY OF COMMENT

The proposal should NOT be enacted as presently written. The proposed rules are poorly thought out, have the potential to endanger inventors' ability to obtain enforceable patents, and appear to be "overkill" for the problems (usually not quantified) that they purport to solve.

Instead, the draft should serve as a basis for study of a group representing ALL of the constituencies of the Patent Office. Besides the OED personnel apparently involved in creating the draft, the group should include patentees such as law firms, universities, and inventor organizations; patent law firms, independent practitioners, and patent law professional organizations and societies (e.g. PTOS; AIPLA); and persons representative of the public, both as individuals and via congressional staff.

DETAILED COMMENT

I can only comment in detail about a few areas of the proposal. It has been simply impossible to read it all due to its complexity combined with its length. (For that matter, would it be reasonable to presume that the Commissioner has read and understood it all?)

1. Annual fees to maintain registration

I personally have no objection to a reasonable fee - for example, the proposed one hundred dollars - provided that the manner of assessing and collecting the fee is reasonable and user-friendly. Preferably, the assessment should also require that the Office in turn provide simple low-cost services to practitioners that are presently lacking. (For example: free online access to one-piece PDFs of applications and publications; searchability for all of the 20th century; perhaps free on-line file wrappers, as is done in the EPC.)

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However, the present proposal is completely unacceptable as presented. It is hostile, cumbersome, and draconianly punitive without any justification for its harshness. In brief, it is proposed that the fee will be due at the beginning of some quarter of the year depending on practitioner surname (which is unnecessarily complex and creates problems - in marriage or divorce, for example.) If the payment is late, the practitioner will be fined \$100, and perhaps another \$50 for violating the regulations.

It is not appropriate to make a simple fee payment so complex. Instead, just make it due January 1; allow payment by deduction from deposit account or credit card, or by an authorized representative of the registrant (his/her corporation or law firm, for example); bill in early November with a reminder in December; and charge an extra \$10 per month for each month it remains unpaid, for at least the first several months; maybe an escalated fine after that.

This is how professional associations generally do business. There is no reason the Patent Office can't do likewise.

2. Suspension for nonpayment

A peculiar, onerous, and destabilizing aspect of the proposal would require that if the annual fee remains unpaid by even one day, then the practitioner is immediately suspended. The language as presented seems to imply that any lapse in the fee payment could eventually lead to invalidation of any patent that the registered practitioner has been working on under such conditions, if the practitioner does any work at all on the application – even a phone call. Intent to do just that is evinced by the requirements that all phone logs and like records of the practitioner must be preserved and must be available for inspection by the Office for five years. This is truly extraordinary; I don't believe any court, state or Bar association requires this of its registrants.

The proposal is a clear infringement of the right of free speech – a person is free to talk to another person about a patent application, and it is not any of the Office's business if they do. At the most, the office can regulate what the practitioner submits to it. It would probably be legal for the office to suspend the practitioner's power to appear before the office, e.g. by submitting papers. It still would not be reasonable to suspend immediately on a payment being late, and it is hard to see how such immediate suspension would benefit either the Office or the clients of practitioners.

In this requirement, and in others like it, whoever is responsible for this proposal appears to have lost sight of the fact that the Patent Office is NOT a court of law. It is an administrative agency. The rationale for requiring registration to represent others before the Office is that its procedures are complex (and lately, changing every few months). Perhaps the correct action would be to simplify the procedures, so that registration would be unnecessary? In any event, giving people advice about how to obtain a patent is not a matter of law, and so is not per se the practice of law. The Office should be a little more careful about the distinctions.

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In the spirit of offering a positive suggestion, why not send a formal notice, to a person who is sufficiently delinquent (e.g. several months) that suspension is imminent? A second notice would include his firm and/or the applicant in any cases he is associated with; a final notice gives 30 day's warning. Fees could be associated with these notices – the first one, mild; the second & third with significant penalties. A few people might prefer to exit practice rather than pay; allowing them to pay a small fine and exit would be a good use of scarce resources.

3. Mandatory Annual Training

The proposal would require annual training. This is not unknown in the legal profession - lawyers are required to collect CLE units - and I believe there is something similar for doctors. But the Patent Office proposal is unusual in that the PTO will write the curriculum, test on it, and grade it - and no one outside the PTO will be able to write down the questions!

This is ridiculous. Generally, the things that we practitioners most need to learn are caused by court decisions, which the PTO does not control. Even if a training requirement is approved, a PTO monopoly on teaching what is to be learned is not reasonable; and a lack of oversight or review of a PTO evaluatory process in what is asked, how it is asked, and how it is graded is not proper.

What the PTO might reasonably do is to publish annual guidelines as to what new material practitioners should learn, and offer inexpensive training. The threat of liability would provide enforcement - lawsuits would weed out those who failed to get updated either in the PTO's training or elsewhere. The PTO could remain focused on being professional about the examination of patents.

Neither the above or the PTO proposal solves the CAFC problem, which the PTO is not uniquely equipped to teach about. However, an affordable alternative to the PRIs of the world would be most welcome – if it is not made compulsory.

4. "Updating" of Applications for Registration

This doesn't affect me personally, but it is wrong in principle. The PTO apparently wants to change the rules so that ANY infraction of the law or adverse judgement - or even ANY other change, even of address - must be reported to the OED director, apparently under penalty of fraudulent conduct if not done. It's not clear what specific time is required, but it seems clear that failure to report during the process can lead to invalidation of the license at a later date.

There are two problems here. First, the procedure is unnecessarily complex. It would be much simpler, for both applicant and OED, for the OED to finish its review process, and then offer the applicant admission contingent on a review of any changes since the beginning. Most changes would be innocuous, and registration would issue; the few complex situations would require further investigation - as they would in any case. This would save a great deal of correspondence, some of which inevitably gets lost; and it would relieve applicants of constantly worrying that they should notify the OED about something.

Second, we have again the issue of attorney-like standards for administrative law. Stealing from clients should clearly be a problem, but speeding tickets? Public drunkenness? Whatever restrictions are imposed here, in terms of what offenses warrant denial of registration, should be carefully rated and clearly relevant to the reliability of the applicant in relation to his client, and to obeying the requirement of candor before the office. Otherwise, they become tools for witch hunts.

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5. Office administration A random flip through the tome reveals section 11.501-05 (p. 119 - 122 of the printout), regulating a practitioner's "responsibility regarding non-practitioner assistants". Section 11.504 prohibits fee splitting. Such regulation is already in place for lawyers. No case for such intrusion for non-lawyers is made. Section 11.505 proscribes "engaging in or aiding in the unauthorized practice of law", and in the next sentence notes that "The definition of practicing law is a matter of law and might vary from one jurisdiction to another." There are many pages of related material.

Creation of an extensive procedures and duties manual for "practitioners" appears to be overkill for a poorly defined problem. We are talking about practicing before a Federal administrative agency after passing a test for competence in the understanding of its regulations. The argument is made that a patent is a legal document, and so ABA-type standards are appropriate. However, many submissions to the Government are legal documents – for example, tax returns, submissions to the FDA, applications for permits; even grant applications and employment applications commonly have a signature line declaring truthfulness, and are actionable if false. Are these not legal documents? But do they involve the practice of law? What is the excuse for bringing a Federal administrative proceeding under state law for a person not otherwise qualified to practice law?

It appears that the excuse for drafting these proposed regulations is alleged kickbacks to invention promoters from practitioners they recommend. The solution appears to be overkill; how important is the problem, in the context of 28,000 registered practitioners? And why re-open the issue of "practicing law" when drafting patent applications, which will surely rebound in some state court on a non-attorney practitioner if implemented?

This is only a sample of the proposal; one hates to think what might be lurking in the other 250 pages. However, there is enough lack of common sense even in this sample to justify a request that the entire issue be removed from any path that could lead to it becoming official regulations. Instead, it should be reviewed by a competent body with majority representation from outside the PTO bureaucracy, before being considered in any way for approval.

A change of this magnitude is much more than a simple administrative adjustment. If not already required, approval of this proposal or its successor should be made by Congress, not simply by the PTO as an internal action.

Sincerely,

Francis Kirkpatrick

cc (by mail) Sen. Kennedy; Sen. Kerry; Rep. Meehan; Boston Patent Law Ass'n