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**From:** Mark R. Carter, Ph.D. [mailto:mcarterpatents@LBDSL.net]

**Sent:** Wednesday, May 03, 2006 8:15 PM

**To:** AB93Comments; AB94Comments

**Subject:** Proposed Rule Changes Regarding Claims and Continuing Applications (AB 93 & 94)

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Mark R. Carter, Ph.D.

Reg. No. 39,131

PO Box 759

Palo Alto, CA 94302-0759

Tel-650-326-0656

# Mark R. Carter, Ph.D.

P.O. Box 759  
Palo Alto, CA 94302-0759  
MarkRCarterPhD@post.harvard.edu  
650-326-0656

May 3, 2006

MAIL STOP COMMENTS - PATENT  
COMMISSIONER FOR PATENTS  
PO BOX 1450  
ALEXANDRIA, VA 22313-1450

Via E-Mail

RE: Proposed Rule Changes Regarding Claims and Continuing Applications (AB 93 & 94)

Dear Sir:

I recently attend the USPTO's Town Hall meeting in Berkeley, CA. The PTO's representatives explained the proposed rule changes and argued for our support of them. They also asked us to submit alternative proposals for improvements to the patent system.

I am responding to that request. I will speak generally about both current proposals together and offer my own alternative proposals recognizing that the PTO is working within bounds set by Congress.

## **I. HISTORICAL PERSPECTIVE OF RULE CHANGES & PENDENCY**

Ten years ago, the Patent Office proposed switching from a system where patent terms ran from 17 years from the date of issuance to 20 years from date of filing. Based on the "typical" pendency time of three years, the USPTO assured us this was a reasonable proposal. However, many practitioners were wary of this scheme at the time. Now, the Patent Office says everyone involved with the patent system must join together to save it by lessening the PTO's overall workload because pendency time has skyrocketed.

Let us all face the fact the a few natural factors have conspired to increase the number of patent applications. Court decisions have expanded the types of inventions which can be patented. Also, when making historical comparisons over decades and centuries, we must bear in mind that our population has grown geometrically. Finally, science and engineering have become ever exponentially important as mankind's needs have shifted from basic necessities. The patent system is a victim of its own success; we live in a very technological society, and patent protection has become a strong aid in commercial success.

## II. LESSENING OVERALL WORKLOAD NOT THE ANSWER

The new proposals, as past proposals, reflect a somewhat simplistic view that lessening the overall work for the PTO will necessarily be good for inventors and the patent system. Taken together, the continuation and claim proposals may limit the number of claims considered by the Patent Office and lessen its overall workload but only at a cost to inventors.

Limiting continuations would naturally tend to drive up the number of claims in new applications filed either in a single application or across several applications filed simultaneously. Apparently to combat this natural tendency, the PTO proposes additional new rules: restricting filing simultaneous applications with similar subject matter, introducing the concept of “representative claims” and limiting their number to 10 per application, and imposing additional burdens of preparing and submitting “examination support documents” upon inventors for filing applications with more than 10 representative claims.

To support the continuation proposals, the PTO says continuations need to be limited to fulfill the public notice function of the patent grant. However, the publication of patent applications themselves instituted a few years ago has essentially eliminated unknown “secret submarine” continuation patents pending in the Patent Office. When an attorney stated this obvious fact at the Berkeley meeting, he was met with stoney silence from the panel.

In support of the claim proposals, the PTO notes that now, prior to the changes in continuation practice, the number of applications with more than 10 independent claims is roughly less than 1% of the current applications filed. Based on this observation, the PTO reasons that limiting the number representative claims to 10 will have a minimal effect on most applicants. On the one hand, this reasoning completely ignores the obvious need of inventors to file more claims at the outset of prosecution in reaction to the proposed changes in continuation practice. On the other hand, the PTO’s claim and similar subject matter proposals silently seem to recognize and to thwart this need.

The claim proposals also prevent examiners from executing their duty to examine thoroughly patent applications. **All** filed claims would be examined prior to **allowance**, but only the **representative** claims would be “initially examined” prior to **rejection** - a somewhat disingenuous bargain. Also for inventors electing more than 10 representative claims, the PTO would force inventors essentially to examine their own patent applications by requiring an “examination support document” instead of permitting examiners to do the work of examining all the claims which inventors pay to have examined. (Several years ago, the PTO floated a similar rule change seeking to limit the number of references submitted in a patent applications by forcing comment on the references.)

(As justification for this “examination support document” scheme, the PTO holds up the example of the current procedure to make an application special e.g. when the applicant’s health would prevent normal participation in prosecution. As someone who was once physically disabled, the PTO’s special procedures have always struck me as arduous and dishonest. First,

why would I have wanted to do a great deal of extra work for the PTO when I already had extra work myself in just trying to meet the normal demands of life? And second, as someone very skilled in patent prosecution, I would have never voluntarily chosen to go on record with detailed statements about submitted references with the resultant validity issues for a mere few months or years shorter pendency through the special examination process.)

The PTO now wants to force practitioners and inventors essentially to comment on submitted references in these “examination support documents.” As pointed out by a practitioner in the Berkeley Town Hall meeting, the PTO will never gain wide support amongst patent practitioners for this type of proposal because of the potentially large liabilities created for patent practitioners by making statements regarding submitted references.

### **III. EXAMINER FLIGHT - SYMPTOM OF THE REAL PROBLEM**

A hot topic at the Berkeley Town Hall meeting was the issue of Examiners' work conditions and the high number of untrained examiners. Patent practitioners and inventors waste huge amounts of time and money prosecuting patent applications before untrained and overworked examiners. Clearly, something is very wrong with a **25-50% attrition rate** of the Examiner Corps. **This appears to be the primary motivation for the PTO's proposals.** At the Berkeley meeting, the PTO representatives talked about vague "improvements" to examiner work conditions to increase retention. But it became clear through discussions with the panelists afterwards that the PTO had already completely dismissed the thought of pay hikes.

### **IV. ALTERNATIVES TO PTO RULE CHANGES - SOLVING THE REAL PROBLEM**

The Nation faces serious financial deficits and many problems generally cannot be solved by more money. But a much larger budget would help the PTO and the patent system much more than the proposed changes. We need to face squarely the sources of the problems, i.e. money and examination time, and not the symptoms, i.e. high examiner turnover and pendency, and consequently adopt corresponding long-term solutions.

#### **A. INCREASE EXAMINER PAY & TIME TO EXAMINE APPLICATIONS**

Most importantly, Congress and the PTO must increase pay for examiners to levels commensurate with those in private sector science jobs and patent law careers. The current starting pay grades for patent examiners are GS 5-9, i.e. **starting salaries of approximately \$35,000-\$51,000 for B.S.'s through Ph.D.'s.** (These rates reflect the “special” upward adjustments for patent office careers.) **These are unbelievably low salaries for key technical workers in the present day. The government should roughly DOUBLE these salaries.** Only these types of salaries will attract and retain skilled engineers and scientists. (The USPTO's Human Resources Office told me over the phone that GS-11 starts at \$58,660, but that the Patent Office does not hire new examiners at GS-11.)

In addition, as the Patent Examining Corps increases in size from these doubled salaries, **to obtain quality examinations from the outset, examiners need more time to examine applications.** Additional claims or references above minimums should trigger a greater allotment

of time in the pay structure for examination. This long-term proposal will require many more experienced examiners to abate the symptom of high pendency.

#### **B. INCREASE REVENUE - RETAIN SURPLUSES & DOUBLE FEES**

These doubled salaries may require more money. The PTO must be allowed to keep any surplus collected in fees to hire examiners. In addition, the current fees are still staggeringly small compared with the economic benefits of a well-prosecuted and well-examined patent. (Some fee increases are essentially built into the current PTO proposals.) If necessary, the basic filing, search, and examination fees for applications could easily be doubled from the current fees for all applications without hardship for applicants.

#### **C. MULTITIERED FEES AND EXAMINATION/SEARCH TIME**

The Patent Office already has a tiered system of claim fees. Therefore, patent applicants are already paying more money for the greater benefits of the examination and issuance of additional claims; they are not getting “something for nothing” even if a patent contains large numbers of claims. **The patent office should allot more time for examination based on the number of claims filed.**

However, neither fees nor examination time are tiered for number of references. Rather than demanding the unreasonable discussion of references by inventors or their attorneys/agents depending on numbers of “representative” claims filed or elected, I propose a system of **charging an additional search fee and allotting additional examination/search time every 15-20 references above 15-20 or so.** Thus an applicant submitting 20-40 references would be charged twice the basic search fee, and the examiner would have twice as much time to search. Applicants who believe their applications need to have more than an allotted number of references considered during examination should pay for the privilege.

Clearly, we can all imagine variations of these proposals, but the basic idea is clear - higher fees and an allotment of more examiner time for applications having more claims and references.

The proposals are based on economics. They recognize the increased work required for increased overall numbers of patent applications and for better examinations of individual applications early in the patent examination process. I hope the Patent Office and Congress will seriously consider them as alternatives to the proposed rule changes AB 93 and AB 94 and welcome them in the spirit in which they offered - mutual cooperation and understanding to help the patent system.

Respectfully submitted,

Mark R. Carter  
Reg. No. 39, 131

cc: Senator Diane Feinstein, Senator Barbara Boxer, US. Representative Anna Eshoo