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From: Sundby, Suzannah [mailto:ssundby@sgrlaw.com]
Sent: Wednesday, May 03, 2006 5:34 PM
To: AB93Comments
Cc: Clarke, Robert
Subject: comments on 71 Fed. Reg. 48

Robert A. Clarke
Deputy Director
Office of Patent Legal Administration
Office of the Deputy Commissioner for Patent Examination Policy

Dear Mr. Clarke,

Attached as an Adobe Acrobat file are my comments to the proposed changes to "Practice for Continuing Applications, RCE Practice, and Applications Containing Patentably Indistinct Claims".

I appreciate the opportunity to provide comments and would appreciate confirmation of receipt by the USPTO.

Best regards,
Suzannah K. Sundby

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re:

RIN 0651-AB93
Docket No.: 2005-P-066

For: NOTICE OF PROPOSED RULEMAKING: CHANGES TO PRACTICE FOR CONTINUING APPLICATIONS, REQUESTS FOR CONTINUED EXAMINATION PRACTICE, AND APPLICATIONS CONTAINING PATENTABLY INDISTINCT CLAIMS

71 Fed. Reg. 48 (3 January 2006)

COMMENTS IN REPLY TO THE NOTICE OF PROPOSED RULEMAKING ENTITLED "CHANGES TO PRACTICE FOR CONTINUING APPLICATIONS, REQUESTS FOR CONTINUED EXAMINATION PRACTICE, AND APPLICATIONS CONTAINING PATENTABLY INDISTINCT CLAIM"

Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Mail Stop: Comments - Patents
Via email: *AB93Comments@uspto.gov*

Dear Sir:

This is in reply to the Notice of Proposed Rulemaking ("Notice") published 3 January 2006, at 71 Fed. Reg. 48. I agree with most of the comments by the American Intellectual Property Law Association (AIPLA), the Intellectual Property Owners Association (IPO), and others who are against the proposed rule changes in their current form and respectfully submit the following additional comments and suggestions.

In 71 Fed. Reg. 48, the U.S. Patent & Trademark Office (USPTO) proposes changes to 37 C.F.R. §§ 1.78 and 1.114 in order to alleviate the backlog of unexamined patent applications and decrease patent application pendency. At the Town Meeting at the U.S. Patent & Trademark Office (USPTO) on 25 April 2006, the USPTO indicated that fee increases will not alleviate the backlog and application pendency, but failed to provide any supporting evidence other than pointing out that the fee increase in 2005 had little impact.

The report entitled "US Patent and Trademark Office: Transforming to Meet the Challenges of the 21st Century" (August 2005) by a panel of the National Academy of Public

Administration prepared for the U.S. Congress and the USPTO suggests otherwise. The report may be found at http://www.napawash.org/Pubs/PTO8-25-05.pdf. Beginning at page 40, the report explains that the USPTO is a fee funded agency, but is subject to annual appropriations which limit the USPTO's access to fees collected. For fiscal years 1992-2004, the net amount of fee revenue not available for USPTO to spend was $741 million of which $573 million was for patent funding. See Report, page 40, 2nd paragraph. The Panel conducted three computer model simulations.

The first simulation asked what amount of spending would have enabled USPTO to maintain 1996 levels of patent pendency? The simulation indicated that the USPTO would have needed about $680 million of its unavailable fees to ensure a first action on the merits and total pendency would not have exceeded the 1996 levels of 8.5 months and 20.8 months, respectively. See Report, page 42, last paragraph. This simulation assumed an increase of 627 examiners over the number of examiners at the end of 2004. The Report stated that the USPTO could have prosecuted 562,676 additional applications during 1996-2004.

The second simulation asked what difference would an amount close to $573 million (the funds Patents did not receive) have made? The simulation indicated that a first action on the merits and total pendency would be about 11.4 months and 21.2 months, respectively. See Report, page 42, last paragraph. This simulation assumed an increase of 400 examiners over the number of examiners at the end of 2004. The Report indicated that the USPTO could have prosecuted an additional 478,079 applications during 1996-2004.

The third simulation asked what difference would a lesser amount of spending ($503 million) have made? The simulation indicated that a first action on the merits and total pendency would be about 12.6 months and 22.6 months, respectively. See Report, page 42, last paragraph. This simulation assumed an increase of 130 examiners over the number of examiners at the end of 2004. The Report stated that the USPTO could have prosecuted 416,203 additional applications during 1996-2004.

The Panel then examined the high attrition rates of examiners and noted that "consistent hiring is the key to reducing pendency" rather than intermittent emergency hiring. See Report, page 45. The Panel also examined fee availability in the context of Federal budgeting and noted that the USPTO and the Securities and Exchange Commission (SEC) are the only two fee based

agencies "whose fee revenues have consistently exceeded the amounts they received in appropriations over the last decade". See Report, page 48, 1st paragraph.

The three simulations indicate that the 44,500 continuation applications filed in 2005 can be examined if the USPTO is able to retain all of its fees collected to process applications.

The Report notes that fiscal year 2005 appropriations allowed the USPTO to retain all of the fees collected to process applications. See Report, page 48, last paragraph. Unfortunately, FY 2005 appropriations do not make up for the fees taken from the USPTO during 1996-2004. The Report also stated that when more applications are filed, the USPTO receives more fee monies. See Report, page 48, 3rd paragraph. And when less applications are filed, the USPTO will receive less fee monies. When less continuation applications are filed, what fee monies are going to be used to examine the applications filed before FY 2006?

Incremental Fee Increase

Therefore, I suggest an incremental filing fee increase for continuation applications after the first continuation, e.g. $1,500 (total fees = filing, examination and search fees) for the second continuation, $2,000 (total fees) for the third continuation, $3,000 (total fees) for the fourth continuation, etc.

The Rule Making Considerations in 71 Fed. Reg. 48, the USPTO states that the number of continuation or continuation-in-part applications that were a second or subsequent application was about 11,790. Assuming that all 11,790 are second continuation applications which were subject to the additional $500 incremental filing fee increase above, $5,895,000 additional fees would have been generated and could have been spent on retention of examiners.

Instead, the proposed rules require a $400 petition fee and a showing of why the amendment, argument, or evidence could not have been submitted prior to the close of prosecution in the prior-filed application. It is respectfully submitted that such a petition fee would not likely cover the expense of determining whether such a showing is sufficient. In addition, who and how and by what standard would the showing be evaluated. Further, the intake, docketing, and review of the petition would likely take at least a few months to dispose of, thereby increasing the pendency of a filed application by a few more months.

Clearly, an incremental filing increase is better than a petition and fee. Why not let the

abusers of continuation applications keep filing so long as they pay? Why not let the abusers fund programs and initiatives focused on examiner retention?

Pre-Appeal Brief Conference Program

In the Supplementary Program of 71 Fed. Reg. 48, the USPTO indicates that Pre-Appeal Brief Conference Program may be a more effective resolution than seeking further examination before the examiner. Although I have requested such a conference which resulted in a successful resolution for my client, the Pre-Appeal Brief Conference Program has its limitations. Specifically, (1) a Request for Pre-Appeal Brief Conference Review can not be filed after the filing of a Notice of Appeal, and (2) claim amendments can not be submitted with the Request.

In order to encourage applicants to participate in the program, I recommend that a Request may be filed within two months after filing a Notice of Appeal, and that claim amendments and proposed claim amendments may be submitted with the Request.

Examination Deferral

There are many reasons why applicants file continuation applications. On a few occasions, I have filed a continuation over a Request for Continued Examination (RCE) in order to "buy" more time for the applicant to obtain a licensee. Some practitioners file continuations in order to keep an application pending during a litigation.

Therefore, I suggest implementing a rule which allows an applicant to defer examination for a given amount of years, e.g. 3 years, with a fee, e.g. $1,000 for the first year, $1,500 for the second year, and $2,000 for the third year, etc. and a waiver of any provisional patent rights. By deferring examination and charging a deferral fee, the USPTO would generate money for not examining the given application and the deferral fees could be spent on examination of other applications or examiner retention programs. Assuming that a quarter of the second or subsequent filed continuation applications filed in 2004 are ones which applicants would like examination deferral and that it took about 3 years from filing the first continuation application to the second continuation application, the USPTO could generate $2,992,000, the first year, $4,488,000 the second year, and $5,984,000, the third year to a grand total of $13,464,000 for doing nothing.

The fees collected from the incremental increase fees and the deferral fees could be initially used to examine the backlog of applications and then applied towards examiner retention programs.

Decreasing Rework by Increasing Quality

The USPTO considers continuations as "rework". See Report, page 51, 2nd full paragraph. Many applicants and practitioners file continuation applications to make examiners do the work they did not do or did not do correctly the first time because lack of time or lack of incentives to take the time to do it right the first time.

Thus, I recommend that the USPTO provide more time to examiners for examining complex applications and monetary incentives and bonuses for providing excellent customer service. Such monetary incentives should be focused on quality over quantity and could be funded by incremental fees and deferral fees suggested above.

Monetary Incentives for Applicants

The USPTO could provide monetary incentives for Applicants to advance prosecution by providing a refund of all of the search fee, part of the examination fee, or both to those who provide prior to prosecution on the merits a patentability search report (by an independent search contractor certified by the USPTO), an analysis (by the applicant), or both which distinguishes the claims from the prior art.

Reject Proposed Rule Changes to Examination of Claims

In 71 Fed. Reg. 61, entitled "Changes to Practice for the Examination of Claims in Patent Applications", the USPTO proposes to limit the number of claims to be examined to ten without requiring an examination support document.

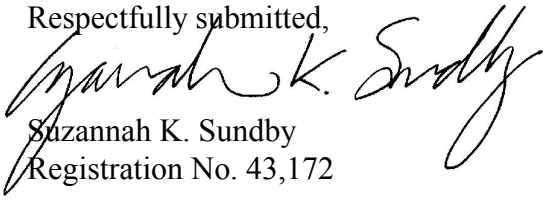
I respectfully submit that limiting the number of claims to be examined will significantly affect application pendency. Specifically, many times examiners indicate to the applicant or the applicant's representative that some dependent claims would be allowable if rewritten in independent form and contain all of the limitations of the base claim and any intervening claims and that the other claims would be allowable if they contained the same limitation as the allowed

dependent claims. Many times, my clients have readily taken the allowable claims and ran to pay the issue fee.

If the proposed rule changes to the examination of claims is implemented, what result? Will examiners even look at the other claims that are not part of the ten to be examined in order to determine whether they contain a limitation which would be allowable over the prior art? Not likely. Thus, the pendency of applications which could be readily disposed of and granted will likely increase if the proposed rule changes to the examination of claims are implemented. Therefore, I recommend that the proposed rule changes set forth in 71 Fed. Reg. 61 not be implemented.

Date: 3 May 2006

Respectfully submitted,



SMITH, GAMBRELL & RUSSELL, LLP
1850 M Street, N.W., Suite 800
Washington, D.C. 20036
Telephone: (202) 263-4332
Fax: (202) 263-4352
ssundby@sgrlaw.com

Suzannah K. Sundby
Registration No. 43,172

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