

-----Original Message-----

From: Karen Mallozzi

Sent: Thursday, September 07, 2006 5:04 PM

To: AB95 Comments

Cc: William Dippert; 'Jenkins, Marylee'

Subject: Proposed Rule Change

Attached is a memorandum regarding proposed rule changes.

Karen Mallozzi

New York Intellectual Property Law Association

485 Kinderkamack Road, 2nd Floor

Oradell, NJ 07649

Tel # 201-634-1870, Fax # 201-634-1871

Nineteen Hundred and Twenty-two

NYIPLA

The New York Intellectual Property Law Association

PRESIDENT

Marylee Jenkins
1675 Broadway
New York, NY 10019
(212) 484-3900

PRESIDENT-ELECT

Christopher A. Hughes
3 World Financial Center
New York, NY 10281
(212) 415-8524

1st VICE PRESIDENT

Anthony Giaccio
One Broadway
New York, NY 10004
(212) 908-6419

2nd VICE PRESIDENT

Mark J. Abate
3 World Financial Center
New York, NY 10281
(212) 415-6723

TREASURER

John E. Daniel
1177 Avenue of the Americas
New York, NY 10036
(212) 715-9195

SECRETARY

Theresa M. Gillis
222 East 41st Street
New York, NY 10017
(212) 326-3679

**IMMEDIATE PAST
PRESIDENT**

Edward E. Vassallo
30 Rockefeller Plaza
New York, NY 10112
(212) 218-2100

BOARD OF DIRECTORS

Robert C. Scheinfeld
Dale L. Carlson
Vincent N. Palladino
Karl F. Milde, Jr.
Philip T. Shannon
W. Edward Bailey
Ronald A. Clayton
Thomas J. Meloro
Alexandra B. Urban

and the
Above

NYIPLA
ADMINISTRATIVE OFFICE
485 Kinderkamack Road
2nd Floor
Oradell, NJ 07649
Ph: 201-634-1870
Fax: 201-634-1871
E: ADMIN@NYIPLA.ORG

September 7, 2006

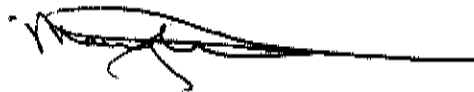
Mail Stop: Comments-Patents
Commissioner of Patents
PO Box 1490
Alexandria, VA 22313-1450

RE: Proposed Rule Changes

Sir:

Attached hereto is a memorandum regarding proposed rule changes that is being submitted on behalf of the New York Intellectual Property Law Association.

Respectfully Submitted,



Marylee Jenkins
President

Nineteen Hundred and Twenty-two

NYIPLA

The New York Intellectual Property Law Association

PRESIDENT

Marylee Jenkins
1675 Broadway
New York, NY 10019
(212) 484-3900

September 7, 2006

PRESIDENT-ELECT

Christopher A. Hughes
3 World Financial Center
New York, NY 10281
(212) 415-8524

TO: U.S. Patent and Trademark Office

1st VICE PRESIDENT

Anthony Giaccio
One Broadway
New York, NY 10004
(212) 908-6419

**FROM: New York Intellectual Property Law Association, President
Marylee Jenkins and The Board of Directors**

2nd VICE PRESIDENT

Mark J. Abate
3 World Financial Center
New York, NY 10281
(212) 415-8723

**Re: USPTO's Proposed Rules Changes to Information
Disclosure Statement Requirements and Other Related
Matters**

TREASURER

John E. Daniel
1177 Avenue of the Americas
New York, NY 10036
(212) 715-9195

The U.S. Patent and Trademark Office (the "Office") published a proposed rules package¹ on July 10, 2006 that, if adopted, will dramatically affect how patent applications are prosecuted in the United States. This memo briefly describes the substance of certain of these proposed rules changes, proposes comments for the Office to consider in evaluating whether these proposed rules should be adopted, and recommends alternatives for the Office to consider to improve the patent examination process.

SECRETARY

Theresa M. Gillis
222 East 41st Street
New York, NY 10017
(212) 326-3679

**IMMEDIATE PAST
PRESIDENT**

Edward E. Vassallo
30 Rockefeller Plaza
New York, NY 10112
(212) 218-2100

BOARD OF DIRECTORS

Robert C. Scheinfeld
Dale L. Carlson
Vincent N. Palladino
Karl F. Milde, Jr.
Philip T. Shannon
W. Edward Bailey
Ronald A. Clayton
Thomas J. Meloro
Alexandra B. Urban

and the
Above

Introduction:

The New York Intellectual Property Law Association (the "NYIPLA") is a professional association of more than 1,300 attorneys whose interests and practices lie in the area of patent, copyright,

NYIPLA
ADMINISTRATIVE OFFICE
485 Kinderkamack Road
2nd Floor
Oradell, NJ 07649
Ph: 201-634-1870
Fax: 201-634-1871
E: ADMIN@NYIPLA.ORG

¹ See 71 Fed Reg 131, Changes to Information Disclosure Statement Requirements and Other Related Matters.

trademark, trade secret and other intellectual property law. The Association's members include in-house attorneys working for businesses owning patents or having to deal with the patents of third-parties, as well as attorneys in private practice who represent both patent owners and accused infringers. NYIPLA members represent both plaintiffs and defendants and also regularly participate in proceedings before the Office.

The Board appreciates that the Office is trying to manage the record number of patent applications being filed each year in the Office² and the reported backlog, and the Board supports the Office's review of its current practices and procedures to determine ways that the Office can continue to make the patent examination process more effective and efficient. However, the Office's proposed rules represent drastic changes that will have both far reaching and comprehensive consequences.

Changes to Information Disclosure Statement Requirements

Pertinent proposed changes to the rules regarding Information Disclosure Statements can be summarized as follows:

² In FY 2005, the Office received 384,228 Utility, Plant, and Reissue (UPR) patent applications, 25,304 Design applications, as well as 46,926 PCT applications. (Source: PTO's Performance and Accountability Report for Fiscal Year 2005).

1. Only twenty references can be cited prior to the first Office Action "on the merits" before more burdensome disclosure requirements become necessary.
2. Any English language reference having more than twenty-five pages requires detailed analysis.
3. Any foreign language reference requires detailed analysis.
4. Any reference cited after a first Office Action on the merits requires more detailed analysis.
5. Previously cited references must be reevaluated in light of changes to the claims and then appropriate comments must be filed.
6. A "safe harbor" provision is to be added to Section 1.56.

General Comment:

The stated purpose of the proposed rule changes is to encourage early submission of relevant information and to discourage submission of information that is unimportant or does not add something new for an Examiner to consider. The Board certainly supports such goals; however, the Board respectfully submits that the proposed changes to Sections 1.56, 1.97, and 1.98 are too far reaching and, in fact, have the unintended consequence of interfering with effective prosecution of a patent application before the Office.

While the Office's proposed rule changes apparently seek to reduce or minimize perceived burdens on Examiners resulting from untimely or extensive submissions of prior art, the Office has minimized an important concern to practitioners, namely, the consequences of being forced to provide detailed "explanations" (see proposed Section 1.98(a)(3)(iv)). The required explanations, including identification, correlation, and non-cumulative description, involve detailed analysis and legal and/or factual conclusions. Such analysis and conclusions are not only burdensome due to the extra costs to clients, but they also result in comments that could be misinterpreted at a later date, perhaps resulting in a charge of inequitable conduct. In addition, to the extent that the Office is urging applicants to cite less prior art, there is more likelihood that a practitioner's judgment will be questioned at a later time.

The Office is surely aware of the large number of reported cases where, under the present rules regarding disclosure, practitioners have been held responsible for not citing references that were believed by the practitioners to not be material. With the proposed rule changes urging that fewer references be cited and that, for ones cited, explanations be provided, more allegations of inequitable conduct are bound to follow.

The Board has the following specific comments:

Comment One: The proposed "threshold number" of twenty patents to be cited before a first Office Action is inappropriate.

The Office's comments indicate that the threshold number of twenty references that can be cited before more detailed analysis is required represents a "best" balance of the interests of the Office and the applicants. The Board submits that the Office's determination of the number "twenty", while interesting, essentially is unfair to the 15% of applicants that, according to the Office's statistics, would not be encompassed by that number.

In fact, the Board believes that there should not be any threshold number, particularly since there are certain very active technologies where large numbers of references are routinely and properly cited. However, if there must be a threshold number, the Board submits that a much higher number, such as fifty, would be a better balance of interests.

In addition, experienced patent practitioners know that there are many subject matter areas and particular clients where typically much larger numbers of references must be mentioned in an Information Disclosure Statement due to a client's extensive work in a particular area of technology. To impart a particular number as a threshold above which there will be increasingly onerous disclosure and analysis requirements is unfair and unrealistic to these situations.

Further, the detailed analysis or explanation required by the proposed rule changes for large English language documents, foreign language documents, and references above a threshold number is unduly burdensome to applicants. The costs involved in having registered patent attorneys or agents undertake a detailed analysis of such references and then submit comments to the Office will greatly increase the cost of patent prosecution, which will have a huge impact on small companies and individuals. The Board believes that this detailed analysis requirement should either be eliminated altogether or modified to require only a general designation of relevant sections of a reference, such as that provided on a PCT Search Report.

Comment Two: If there is a threshold number, the Office should not count the citation of references from a parent application against the threshold number for references cited in a continuing patent application.

As mentioned in the Office's comments, an Examiner is supposed to review references from a parent application prior to examination of a continuing patent application, i.e., a continuation or divisional patent application. However, not all of those references will necessarily be mentioned on the face of a patent to issue unless the Examiner or the applicant specifically mentions each and every such reference during prosecution of that patent. The "strength" of the statutory presumption of validity under 35 U.S.C. § 282 is directly or indirectly affected by the references specifically mentioned on the face of a patent, and therefore

an applicant would prefer to see each of the previously mentioned references specifically cited. Since it would be advantageous to have all of the references from a parent patent application mentioned on the face of a patent to issue from a continuing patent application, and since this would not be a burden on the Examiner who has already reviewed the references, the Board does not believe that the references from a parent application cited during prosecution of a continuing application should be counted against the threshold number, if any.

Comment Three: The safe harbor provision does not absolve a practitioner from an allegation of inequitable conduct.

The proposed safe harbor provision of proposed Section 1.56(f) is interesting in that it inherently recognizes the concerns of practitioners regarding inequitable conduct charges, as mentioned above. However, such language is of no force or effect outside the Office and there is no certainty that a court would be guided by it. This is reflected in the commentary that :

"... the Office is hopeful that a court in deciding a duty of disclosure issue will take this proposed safe harbor into account." Fed.Reg., Vol. 71, No. 131, p. 38812. (Emphasis added.)

More particularly, to the extent that a practitioner made a determination that a reference was either cumulative or non-material and didn't cite it to the Office, there is nothing in proposed Section 1.56(f) that would insulate that practitioner from a later charge to the contrary.

Inequitable conduct is almost always an issue in patent litigation, and many times the basis of a charge of inequitable conduct is the failure to cite a relevant reference during prosecution. The standards of relevance and materiality have changed over the years, and a consequence of this has been a tendency on the part of patent practitioners to avoid determining what is relevant and instead leave it up to an Examiner to make that determination. The proposed rules are incredibly troublesome in that the thrust of the determination is now being directed at the patent practitioner by virtue of a limit on the number of references that can be cited and then obligations to provide explanations, followed by an obligation to then revisit these explanations dependent upon claim changes.

Notwithstanding the language in the Federal Register, there has been a long history in the federal courts of instances where patent practitioners have been held accountable and patents have been held invalid for errors in judgment. The rule changes proposed by the Office raise the accountability of the patent practitioner to a much higher level to the extent that one can only begin to imagine the long term consequences. The Office's comments to the contrary, this is a disaster waiting to happen.

Recommendations

The Board does not necessarily agree that Sections 1.56, 1.97, and 1.98 need revision. However, to the extent that the Office feels it must make changes, the Board proposes the following:

1. The threshold number should be increased to at least fifty or eliminated altogether.
2. The explanation requirement of Section 1.98(a)(3)(iv) should be eliminated or modified to include only a general designation of relevant sections of a reference.
3. References cited in a parent patent application should be able to be cited in a continuing application without the references being counted against the threshold number.
4. The Office should hold public hearings on the proposed changes.