August 31, 2011

The Honorable David Kappos
Under Secretary of Commerce for Intellectual Property
And Director of the United States Patent and Trademark Office
600 Dulany Street
Alexandria, VA 22313-1450

Re: Publication of Patent Application Abstracts for Economic Security

Dear Under Secretary Kappos:

Intellectual Property Owners Association (IPO) submits the following comments regarding Report 112-169 by the Committee on Appropriations of the House of Representatives of the 112th Congress made public on July 20, 2011, reporting the appropriations for Commerce, Justice, Science, and Related Agencies for fiscal year 2012 ending September 30, 2012. Specifically, IPO submits the comments below regarding pre-publication of patent applications. We thank you for consideration of our comments.

IPO is a trade association representing companies and individuals to all industries and fields of technology who own or are interested in intellectual property rights. IPO's membership includes more than 200 companies and more than 12,000 individuals who are involved in the association either through their companies or as IPO inventor, author, executive, law firm or attorney members.

COMMENTS

Congressman Wolf (R-VA) introduced the Committee on Appropriations Report 112-169 on July 20, 2011, to accompany H.R. 2596. On page 18, in the paragraph entitled "*Economic security*", the Report directs the PTO to study its patent publishing process and to consider the alternative of publishing only the patent abstract instead of the entire application "[i]n order to promote U.S. economic security and protect inventors' intellectual property rights." The Report alleges that the delay between the 18-month publication of the application and the completion of examination "provides worldwide access to the information included in those applications" and "allows competitors to design around U.S. technologies and seize markets before the U.S. inventor is able to raise financing and secure a market."

IPO opposes replacing the 18-month publication of patent applications with 18-month publication of abstracts as proposed by the Report. This change would undermine the public notice function, effectively terminate provisional rights, and move further away from efforts at global patent harmonization.

1501 M Street, NW, Suite 1150 ● Washington, DC 20005
T: 202-507-4500 ● F: 202-507-4501 ● E: info@ipo.org ● W: www.ipo.org

The American Inventors Protection Act of 1999, which became effective on November 29, 2000, requires that patent applications filed in the USPTO be published 18-months after the earliest filing date for which a benefit is sought unless otherwise excepted. Prior to these reforms, patent applications in the United States were confidential and only became publicly available upon issuance as a patent.

Secrecy of patent applications prevented competitors of the patentee from being able to adequately assess the infringement risks associated with developing a particular technology. In particular, competitors had no way of knowing whether a patentee was already on its way to obtaining exclusive rights to the technology which later could be used to stop the competitor from continuing its own development. This inability to adequately assess technology development risks created business uncertainty and arguably hindered investment in new technologies.

The proposal by the Report to replace 18-month publication of patent applications with publication of abstracts primarily would affect 37 C.F.R. §§ 1.11, 1.14, and 1.215. In particular, replacing the 18-month publication of patent applications with publication of abstracts would prevent the Director from laying open to the public via Public PAIR the file histories of patent applications at the time of publication of patent application abstracts. The consequence of this change would eliminate the public's notice of the specification and claims that exist in the patent application until actual notice of the claims is given by the patent application owner to a member of the public or until the patent issued and effectively would terminate any provisional rights. This would reintroduce the uncertainty that the Act of 1999 sought to eliminate and may also have a chilling effect on competitors and those seeking to design around the subject matter of the pending patent application, as competitors would effectively be unable to do so until the U.S. patent issued.

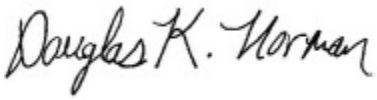
In addition, 37 C.F.R. § 1.72 currently provides little direction about the content of the abstract, except with regard to word limit (150 for applications filed under § 111) and purpose ("to enable the United States Patent and Trademark Office and the public generally to determine quickly from a cursory inspection the nature and gist of the technical disclosure"). Assuming no significant change in the definition of "abstract" by the USPTO, the 18-month disclosure of the "abstract" would offer only extremely limited public notice of the claimed invention.

The Report attempts to justify the need to replace 18-month publication of patent applications with publication of abstracts based on the premise that the delay from publication of the application to grant of the patent provides competitors with an unfair advantage to design around the inventive technology and seize market share from the patentee. The Report, however, fails to recognize that any parallel foreign patent applications generally are published at 18-months. Thus, the application still would become publicly available if the applicant pursues foreign patent protection. Moreover, an applicant that deliberately chooses not to pursue foreign patent protection may delay publication of its application by filing a formal non-publication request.

Finally, IPO submits that the objectives sought by the Report – namely, promotion of U.S. economic security and protection of inventors' intellectual property rights due to delays in examination of patent applications – can be achieved by the continued efforts of the Director and the USPTO to reduce both the backlog of patent applications awaiting examination and the average pendency of patent applications.

IPO again thanks the Office for this opportunity and would welcome any further dialog or opportunity to support the Office on this matter.

Sincerely,



Douglas K. Norman
President