



June 14, 2010

The Honorable David Kappos  
Under Secretary of Commerce for Intellectual Property  
and Director of the United States Patent and Trademark Office (USPTO)  
Mail Stop Comments  
P.O. Box 1450  
Alexandria, VA 22313-1450

Attention: Patents Ombudsman Pilot Program

**RE: IPO Comments on “Proposed Change to Missing Parts Practice,”  
75 Fed. Reg. 16750 (April 2, 2010)**

Dear Under Secretary Kappos:

The Intellectual Property Owners Association (IPO) submits the following comments pursuant to the USPTO’s request for comments contained in its notice set forth at 75 Fed. Reg. 16750 (April 2, 2010). We appreciate the opportunity to comment, and would welcome further discussion with you on these matters.

IPO is a trade association representing companies and individuals in 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 11,000 individuals involved in the association either through their companies or as IPO inventor, author, executive, law firm or attorney members. Our members file about 30 percent of the patent applications filed in the USPTO by U.S. nationals.

**COMMENTS**

IPO has a number of concerns about the Proposed Change to Missing Parts Practice.

**I. Limited Overall Potential Benefits**

As a whole, IPO believes that the Federal Register notice may overstate the likely benefits of the proposed change, while underestimating its drawbacks and the confusion it may cause.

One stated purpose of the proposed change is to provide applicants more time to determine whether patent protection should be sought, and to permit applicants to focus on commercialization during this period. *See, e.g.,* 75 Fed. Reg. 16750, col. 2; 16751, col. 1. However, as noted at page 16752, the proposed change merely permits delayed payment of the search and examination fees (\$445/ \$890), and any excess claim/page

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fees. We believe that the ability to defer these fees will not make a substantial difference for many applicants.

The major costs of filing a nonprovisional application usually relate to the preparation of a complete specification and claim set. Thus for applicants already paying thousands of dollars to prepare a nonprovisional application, the ability to delay payment of \$445 or \$890 for a few months may not be worth the administrative costs of tracking and responding to the extended deadline. For provisional applications filed in “complete” form as encouraged by the Federal Register notice, it may be true that the main costs of filing a nonprovisional application are USPTO fees. But the potential gains from the proposed change in this regard are unclear; USPTO statistics are needed regarding (i) the percentage of nonprovisional applications that are largely identical to their provisional counterparts and (ii) the percentage of such nonprovisional applications that are abandoned prior to filing a response on the merits.

The Federal Register notice also aims to increase publication of applications. *See, e.g.*, 75 Fed. Reg. 16751, col. 1. The USPTO believes this will result from (i) more nonprovisional applications and (ii) fewer requests for non-publication. But the USPTO has not shown that filing fees significantly disincentivize nonprovisional filings. Indeed, the cost of preparing a nonprovisional specification, plus the commercial or technical factors known as of the nonprovisional filing deadline, are both more likely to drive a decision not to file a nonprovisional application than the ability to delay payment of \$445/\$890 for a few months. IPO also questions whether the delayed payment option would impact non-publication requests. Applicants making non-publication requests already have placed a high value on maintaining the secrecy of their inventions (*e.g.*, by foregoing foreign patent protection), likely higher than the value they would place on delayed payment of a few hundred dollars.

## **II. Legal Uncertainty**

Under the proposed procedure, applicants would still be free to file a complete set of claims and have the claims published 18 months after the provisional filing date. The proposed procedure, however, gives 24 months after the provisional filing date to complete the components of an application, which could tend to encourage more applicants to delay filing a complete set of claims until after publication. If this occurred, it would cause greater uncertainty over the scope of patent protection sought by applicants, for competitors who monitor published applications. In addition, applicants might delay filing a complete set of claims until after publication without giving any thought to benefits of the provisional right to a reasonable royalty in 35 U.S.C. § 154(d). A reasonable royalty for published claims is available only when the invention claimed in the patent and the invention claimed in the published application are substantially identical.

Moreover, while few if any patent applications are being taken up for first action within 24 months after the provisional filing date at present, we hope the current large

application backlogs can be eliminated as soon as possible. Without backlogs, the proposed procedure could create more uncertainty for competitors by adding a few months of delay in granting patents.

### **III. Adverse Impact on Patent Term Adjustment**

The Federal Register notice indicates that applicants who avail themselves of the extended payment period will be charged with “delay” under the patent term adjustment (PTA) rules starting three months from the date of the Notice to File Missing Parts.

It is clear from the Federal Register notice that the USPTO does not envision that the proposed change will impact the publication or examination timeline. To the contrary, the Federal Register emphasizes that applications processed under the proposed change still will be subject to 18-month publication (page 16752, col. 1), and states that once the fees are paid at the end of the extended period, “the nonprovisional application would be placed in the examination queue based on the actual filing date,” such that “there would be no change made in the order in which applications are examined” (page 16751, col. 3). Under these circumstances, making a PTA deduction is contrary to the spirit of 35 U.S.C. § 154(b)(2)(C)(i), which provides for PTA deductions only when applicants fail “to engage in reasonable efforts to conclude prosecution.”

The USPTO could adopt procedures to avoid having to charge applicants with “delay” under 35 U.S.C. § 154(b)(2)(C). For example, the USPTO could issue a separate Notice (“Notice to File Delayed Fees”) 9 months from the nonprovisional filing date requiring payment of the delayed fees within a non-extendable 3 month period (*e.g.*, by the 12-month date). Thus, payment of the fees by the extended deadline would be made within three months of the Notice.

In IPO’s view, in many situations the benefit of delaying the payment of the search, examination and excess claim/page fees for a few months may be far outweighed by the value of the PTA that could be lost as a result. IPO is concerned that applicants might not fully appreciate this potential cost when deciding whether to avail themselves of the extended fee payment period.

### **IV. Inadequate Characterization of Proposed Change**

The Federal Register notice describes the proposed change as “provid[ing] a 12-month extension to the 12-month provisional application period (creating a new 24-month period).” IPO has serious concerns that this characterization could mislead applicants into believing that they can delay the filing of a nonprovisional application for up to 24 months after the provisional application filing date. Of course, the proposed change does not extend the pendency of a provisional application, which 35 U.S.C. § 111(b) limits to 12 months. The proposed change appears to simply create an extended period for submitting search, examination and excess claim and page fees in certain circumstances.

If the proposed change is adopted (which IPO does not advise), IPO urges the USPTO to be clear and precise when describing its effect. In particular, the USPTO should articulate that applicants still must file a complete nonprovisional application describing the invention as required by 35 U.S.C. § 112 (and including at least one claim and any required drawings) within 12 months after the provisional application filing date. The USPTO also should make clear that the proposed change does not affect international and foreign application filing deadlines under the Paris Convention.

**V. Unclear Impact on Current Missing Parts Practice**

The Federal Register notice does not clearly indicate that current Missing Parts practice will be retained, although it suggests as much at page 16752, col. 1. IPO opposes any change that would eliminate current Missing Parts practice, *i.e.*, IPO is opposed to any change that would require the filing fee and executed oath/declaration to be filed within the 12-month statutory period of the provisional application and/or eliminate the current USPTO practice of issuing a Notice to File Missing Parts with a 2 +5 month period for submitting these items.

If the proposed change is adopted (which IPO does not advise), IPO urges the USPTO to clarify that it will not impact 37 C.F.R. § 1.53(b), which provides that a nonprovisional application will be accorded a filing date as of the date on which the specification, at least one claim and any required drawings are filed in the USPTO, and that the USPTO will continue its practice of issuing a Notice to File Missing Parts with a 2 +5 month period for submitting at least the basic filing fee and oath/declaration.

**VI. Confusion Regarding Notice to File Missing Parts**

The Federal Register notice does not explain how the Notice to File Missing Parts will be revised to implement the proposed change without creating confusion as to the different deadlines and options. For example:

- If an application is filed with a non-publication request but without fees and/or without an executed oath/declaration, will the USPTO issue a Notice to File Missing Parts that clearly sets forth only the 2+5 month response period? Would such an applicant be able to delay payment of the search, examination and excess claim/page fees if satisfies the basic requirements within 2+5 months and rescinds its non-publication request?
- If an application is filed without a non-publication request and without fees and/or without executed oath/declaration, will the USPTO issue a Notice to File Missing Parts that sets forth two separate response periods: (i) 2+5 months for the filing fees and oath/declaration and (ii) 12 months from the filing date for the search, examination and excess claim/page fees?

- If an application requires a substitute specification or new formal drawings in order to be “in condition for publication,” will the USPTO issue a Notice to File Missing Parts that sets forth a 2+5 month response period to satisfy these requirements?
- If an application is filed without a priority claim to a US provisional application, will the USPTO ensure that the Notice to File Missing Parts sets forth only a 2+5 month period for paying all required fees?

If the proposed change is adopted (which IPO does not advise), IPO urges the USPTO to publish proposed changes to Notice to File Missing Parts language for public comment, to improve clarity and minimize confusion.

## **VII. Problems with Optional Search**

The Federal Register notice further states that the USPTO is considering offering applicants an “international style search report” during the 12-month period after the nonprovisional filing date. 75 Fed. Reg. 16752, col. 1-2. The search report would be “similar to the search report that is prepared for international applications,” and the fee “would be set, through rule making, to recover the estimated average cost of providing the service,” expected to be consistent with the current costs of an international search. This fee would be in addition to the search fee due by the end of the 12-month period. 75 Fed. Reg. 16752, col. 2. IPO has concerns.

First, IPO understands that these searches would be outsourced, and would not be conducted by examiners. Thus, the USPTO in effect would be acting as an intermediary between applicants and a private searching company. The USPTO should prominently identify the company employed to conduct these searches, and explain how the USPTO selected the company. Further, the USPTO should provide more information as to why applicants should use this optional search program through the USPTO instead of privately engaging a commercial search firm, where applicants would have more control over search costs, search parameters, and the timely delivery of search results.

Second, IPO also is concerned that this optional search program would drain USPTO resources without a commensurate benefit to applicants or the USPTO. Even if the USPTO outsourced these searches, there would still be administrative cost. If the cost for this optional search is set high enough to recoup these costs to the USPTO in addition to the actual search costs, the cost to applicants may end up being higher than for a privately-obtained search.

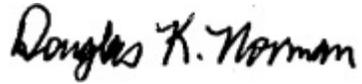
## **CONCLUSION**

IPO appreciates the USPTO’s efforts to offer creative solutions to the many problems faced by applicants. However, IPO cannot support the Proposed Change to Missing Parts Practice as described in 75 Fed. Reg. 16750. For the reasons discussed

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above, the potential gains from this proposal would be greatly outweighed by increased complexities in prosecution (leading to increased risk of missed deadlines and malpractice risks), legal uncertainty, and negative effects on patent term adjustment.

Sincerely,

A handwritten signature in black ink that reads "Douglas K. Norman". The signature is written in a cursive, slightly slanted style.

Douglas K. Norman  
President