

DIVISION 14: PATENT, TRADEMARK AND COPYRIGHT LAW

Comments on S. 1538

July 18, 1983

By: Hoge T. Sutherland, Esq.
Chairperson, Division 14

Robert G. Weilacher
Division 14 Steering Committee Member

THE VIEWS EXPRESSED HEREIN REPRESENT ONLY THOSE OF DIVISION 14: PATENT,
TRADEMARK AND COPYRIGHT LAW OF THE DISTRICT OF COLUMBIA BAR AND NOT THOSE
OF THE D.C. BAR OR OF ITS BOARD OF GOVERNORS.

SUMMARY

Members of the Steering Committee of Division 14: Patent, Trademark and Copyright Law oppose Section 4 of S. 1538 which would reduce the present three month time for paying the patent issue fee to one month on the ground that one month is too short a time for an applicant for patent to consider all of the necessary factors and matters involved in the issuance of a patent.

Statement on Behalf of Division 14
(Patent, Trademark and Copyright Law)
of the District of Columbia Bar on
S. 1538

The District of Columbia Bar is a large, diversified bar comprising all of the lawyers admitted to practice in the District of Columbia. Division 14 of the District of Columbia Bar is made up of those lawyers in private practice, corporate legal departments and Government service who are particularly interested in the areas of patent, trademark and copyright law. While membership in the District of Columbia Bar is mandatory for lawyers practicing in the District of Columbia, membership in the various Divisions of the Bar is voluntary. Thus, Division 14 has a membership of over 700 lawyers, making it one of the largest Bar groups in the country concerned about our country's patent, trademark, and copyright systems and the related laws. Members of Division 14 regularly represent patent owners and persons licensed under patents, and accused infringers and are thus involved with legal actions dealing with enforcement of patents as well as with actions seeking to challenge patents.

The proposed bill S. 1538 (Mathias) has been reviewed by the Steering Committee, and by various members of Division 14 of the D. C. Bar.

Section 4 of S. 1538

Division 14 of The District of Columbia Bar applauds the Administration's interest in an effort toward improving the patent law of the United States. It has been widely recognized that the patent law is a vital part of the stimulus to innovation and "rebuilding" of the American economy. Many of the provisions of S. 1538 are directed to improving this important law. However, we would like, at this first hearing on S. 1538, to voice our strong objections to that part of Section 4 which amends Section 151 of Title 35 of the United States Code to provide authority for the Commissioner to set a shortened period of as little as one (1) month for payment of an issue fee, for the reasons set forth herein below. If enacted, this provision would not improve the nation's patent system but instead would seriously interfere with the efficient operation thereof and hamper the activities of those persons involved in the innovation processes.

As proposed, Section 4 of S. 1538 would also authorize the Commissioner of Patents and Trademarks to require payment of the issue fee for an allowed patent application within one month of allowance. We expect that if given this authority, the Commissioner would likely make such a requirement standard particularly as pressure mounts for the Patent and Trademark Office (PTO) to meet its annual goal of "18 by 84." While reduction of patent pendency time is a desired goal, it should not be obtained at the expense of an adverse impact on those who are creating the innovative processes.

At the conclusion of an examination process in the PTO wherein the Examiner has found a patentable invention to exist, the PTO issues an official notice of allowance and communicates that to the applicant or his counsel. At the present time, the applicant has three months from the mailing date of the official notice of allowance within which to pay the Government patent issue fee.

The decision to pay the issue fee, and so to have the patent issue, is not simply ministerial once the patent application is allowed. There are substantive decisions that must be made. For example, there may be improvements, variations or modifications of the original invention that were developed by the inventor since the original case was filed. If these improvements and the like are to be protected it may be necessary to file a continuing application which incorporates the original case together with the new improvements. In that case, the continuing case must be filed before the due date for paying the issue fee in the original case.

Since a patent application can be a lengthy document which must be drafted with great care, the time of one month to take action to rewrite the application is totally inadequate. Where a research organization is concerned such decisions require several levels of review and, therefore, the one month period of time is unrealistically short.

Related to this issue is the review undertaken after receiving the notice of allowance with regard to the scope of protection of the allowed claims of the patent

application. It is often necessary to compare the allowed claims with the current commercial form of the invention, which may have changed since the patent application was filed, to determine whether the protection afforded by the claims is adequate, to protect the commercial embodiment of the invention. If the allowed claims do not cover the commercial form of the invention or viable variations of it, a review must be made to determine whether broader protection might be available in view of the prior art which was uncovered during the prosecution of the patent application. A decision that more appropriate protection may be available could result in a decision not to pay the issue fee, but instead to file a continuing application in order to seek that protection. On the other hand, in certain circumstances a decision that adequate protection is not available could result in a decision not to pay the issue fee, but instead to permit the allowed application to become abandoned and to protect the invention as a trade secret.

Another type of substantive decision to be made is whether the "best mode" contemplated by the inventor is adequately disclosed - - a requirement of the law. Occasionally information comes to light at the time of final review of an application for patent which may indicate a problem in this area. Testing may need to be done and a continuing application may be indicated. One month is clearly inadequate for completion of this type of review.

In cases that are allowed on the first action by the Examiner, the time immediately after receiving the

notice of allowance is typically spent on reviewing the application for any editorial changes or other amendments which may be necessary. This will be the first and only time an applicant has to make such changes.

If during the examination process, extensive changes are made to the claims, counsel may recommend that a supplemental inventor's declaration be filed. In cases of multiple inventors it may be difficult to locate all inventors in order to have them all sign the supplemental declaration.

In these and other situations, the necessary review and decision making processes cannot be completed in one month, particularly in corporations having decentralized research and development activities and a centralized patent staff.

As another example, patent applicants are often represented by a specialized patent lawyer who corresponds with the applicant through a general attorney in the applicant's home town or by a foreign patent agent or lawyer in another country. This arrangement adds at least one layer to the correspondence that is required, again making it impossible to complete the necessary review and make the required decision within one month. Postal delays within the U.S. and overseas renders these communications quite time consuming. During peak holiday or vacation times such as late December and mid-summer, people who must participate in the review and decision making may not be available for extended periods. The attorney to whom the Notice of Allowance is sent by the

Patent and Trademark Office, initiating the proposed one-month period, may be on a business trip and out of his office for several days, delaying the forwarding of the Notice to those who must participate in the review.

A still further problem arises because the PTO no longer makes available the services of a draftsman to prepare corrections or revisions to drawings. Instead, the applicant is notified that drawing changes must be attended to within the three-month period between the date of issuance of the Notice of Allowance and the date when payment of the issue fee is due. During that three month interval the applicant must employ the services of a bonded draftsman who must go to the PTO and obtain access to the official file, make the corrections, and carry out a number of additional tasks before the drawing matter is settled. It has been practitioner's experience that the present three month period is barely adequate for this process to be satisfactorily accomplished in many cases. Cutting the available time from three months to one month would make it impossible in such cases.

Under the two tier fee system presently in effect, it is possible for "small entities" to qualify for a reduction in the fees including the issue fee in the amount of one-half provided a statement signed by the "small entity" is filed by the time the issue fee is paid. Often it is necessary for the attorney to write to the applicant several times in order to explain the practice to the applicant and to obtain the necessary signed form. This is especially the case with

small business concerns or independent inventors who do not come into contact with patent matters on a day to day basis. The one month time proposed by the PTO is simply inadequate for this type of exchange of communications to take place.

The Commissioner of Patents and Trademarks has committed himself to reducing the average time between filing of a patent application and issuance of a patent to eighteen months. We commend this goal. However, its achievement must not be accomplished, even in part, by gaining two months at the expense of those who are responsible for creation of innovative products and processes.

For all the above reasons, we urge that the Commissioner not be given authority to require payment of the issue fee within less than the present three months. To this end, we urge that Section 4 of S. 1538 be amended by changing the first comma on page 3, line 2 to a period, and by deleting the remainder of line 2, and all of line 3, and everything through the period in line 4 of page 3.

We have no objection to deleting the third paragraph of Section 151 of Title 35 to remove reference to partial payment, balance of the issue fee, and lapse for failure to pay the balance, since, as of October 1, 1982, the effective date of the fee provisions of P.L. 97-247, the issue fee has been a fixed amount.

We will further suggest that Section 151 of Title 35, United States Code should be amended, in the fourth paragraph, to read:

"If [any] the payment required by this section is

not timely made, but is submitted with the fee for delayed payment and the delay in payment is shown to have been unavoidable, it may be acceptable by the Commissioner as though no abandonment [or lapse] had ever occurred.

The purpose of this amendment is to delete the reference to "lapsing" for failure to pay the balance of the issue fee, which since October 1, 1982 had been a fixed amount.

2. Defensive "Patents"

Section 2 of S. 1538 proposes to add to the patent statute provisions under which, on request of an applicant, the Patent and Trademark Office would be authorized to issue a patent without examination as to the merits of the invention, provided the applicant waives all rights to enforcement of the patent against infringers. The original idea of such unenforceable patents is understood to have been with reference to inventions owned by the United States Government, since the Government seldom if ever seeks to enforce its patents. The idea has since been expanded to permit any applicant to obtain such a patent. Expansion of the concept of defensive patents to cover all applicants is appropriate since any applicant may have a reason for desiring a patent as available under present law, even though the applicant has no interest in preventing infringement of the patent or otherwise keeping third parties from practicing the invention. Such patents are often sought for defensive purposes--to assure that some later inventor of the same or similar invention does not obtain a patent which would hinder the first inventor from

practicing his invention. In this respect, the first inventor uses his patent as a publication to prevent the later inventor from obtaining a dominating patent. Acquisition of patents, under the current law after full examination, for the purpose of insuring freedom of action is often referred to as a "defensive" use. Thus, the proposal for unenforceable patents has come to be known as a proposal for "defensive patents."

Section 2 of S. 1538 seeks to implement this proposal. We feel that the proposal for issuance of a defensive document is good and should be enacted. However, as presently worded, S. 1538 refers to these documents as "patents" and it is likely that the Patent and Trademark Office will designate them as "Defensive Patents" should Section 2 of S. 1538 be enacted in its present wording.

Our concern in this area relates to the matter of the terminology used in designating these documents as "patents" whereas in fact they are not patents within the meaning of the word as it has been understood in this country since inception of the patent law. Defensive "patents" would not be based on Article I, Section 8 of the Constitution, since they would not secure to their inventors the exclusive right to their respective discoveries or inventions, even for a limited time. If a class of patents that are not examined as to the merits of the invention is created, all patents including those subjected to a rigorous examination are likely to be less respected. Confusion may arise in the

adjudication of patents as to the weight to be given to the issuance of the patent by the Patent and Trademark Office. Foreign governments and their patent offices are likely to fail to distinguish between enforceable patents and defensive "patents" and may lose respect for the entire United States patent system. Indeed, we believe that a serious question exists as to whether labeling such documents "patents" would be in keeping with this country's duties and obligations under The International Union for the Protection of Industrial Property (popularly known as the Paris Convention).

In sum, we believe that labeling any unexamined documents as any type of "patent" will have a negative effect on the United States patent system.

This potential problem can be avoided by substituting another designation for "patent", and for this purpose we suggest "certificate."

To achieve this, we suggest that Section 2 of S. 1538 be amended as follows:

a) Page 1, line 8, page 2, line 15 and page 2 between lines 19 and 20, change "patents" to "certificate."

b) Page 1, line 10 and page 2, lines 12 and 14, change "patent" to "certificate."

c) Page 2, line 5, change "patent and reissue thereof, arising" to "invention which otherwise might arise."

In addition to placing this first preliminary statement of Division 14 on the hearing record, we will in the near future poll our total membership and provide this Committee with the results of that poll, to include all the pertinent

comments regarding this proposed amendment which we receive.

Division 14 of the D. C. Bar has always been a key organization in the patent area since the U. S. Patent and Trademark Office, the agency primarily responsible for administering the patent laws, is located in near-by Arlington, Virginia, and, before that in the District of Columbia.

This accounts in part for the fact that our organization is one of the largest of its kind in the Nation, and is particularly knowledgeable and skilled in practice before that agency. For this reason we feel it is important for the Congress to have the benefit of our thinking, in depth, regarding this troublesome amendment, which the PTO is seeking to place in effect.