20 House Report No. 96-1307, 96th Cong., 2d Sess. (1980) *

[Part 1]

AMENDING THE PATENT AND TRADEMARK LAWS

September 9, 1980--Ordered to be printed

Mr. Kastenmeier, from the Committee on the Judiciary, submitted the following

REPORT

[To accompany H.R. 6933]

[Including cost estimate and comparison of the Congressional Budget Office]

The Committee on the Judiciary to whom was referred the bill (H.R. 6933) entitled: "To amend the patent and trademark laws", having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendment to the text of the bill is a complete substitute therefor and appears in italic type in the reported bill.

The title of the bill is amended to reflect the amendment to the text of the bill.

STATEMENT

The Need for the Legislation

Many analysts of the U.S. economy have warned that the roots of the current recession lie in a longer term economic malaise which arises out of a failure of American industry to keep pace with the increased productivity of foreign competitors.n1

According to the Committee for Economic Development, "the slowing of productivity improvement during the past few years parallels the discouraging decline in the rate of investment in plant and equipment."n2 The rate of investment as a proportion of GNP has averaged about one half the rate for France and Germany and about one third the rate for Japan. Further, the situation does not appear to be improving. There has been an especially significant decline in total U.S. expenditures for research and development, as measured in constant dollars since 1970.n3 Since the primary means of improving productivity lies in the creation of new technologies, the decline in expenditures for research and development is especially significant to the health of the overall economy.

Testimony presented to the Subcommittee on Courts, Civil Liberties and the Administration of Justice also indicates that the Federal Government is bearing an ever increasing share of the burden of financing basic research and development.n4 This means that the effective commercialization of government financed research is becoming an ever more important issue for those who are concerned with industrial innovation. The patent policies governing the utilization of government funded research will become even more important when the research expected to flow out of recent Congressional enactments such as the Energy Security Act of 1980n5 begins to produce usable new technologies. It is highly likely that the fuel which powers our automobiles and the boilers which heat our homes will owe part of their chemical composition or mechanical operation to patented research developed in part by government funds. At the present time U.S. companies desiring to use government funded research to develop new products and processes must confront a bewildering array of 26 different sets of agency regulations governing their rights to use such research. This bureaucratic confusion discourages efficient use of taxpayer financed research and development.

HISTORY OF THE BILL

The crisis in U.S. productivity and the governmental role in it has not gone unnoticed, however. In May of 1978 the President called for a major policy review of industrial innovation as the key to increased productivity in the United States. This White House call to action resulted in the creation of an advisory Committee of more than 150 senior

representatives from the industrial, public interest, labor, scientific, and academic communities. The work of the Advisory Committee was overseen by a cabinet level coordinating committee chaired by the Secretary of Commerce. The Committee studied all the areas in which federal government policy impacts on productivity and innovation in the private sector. These fields of inquiry included: economic and trade policy; environmental, health and safety regulations; anti-trust enforcement; federal procurement policies, and federal patent and information policies.

When the advisory committee issued its 300 page report last year, a key segment contained recommendations on government patent policy. These recommendations, in turn, were received by the President, and formed the basis of a major legislative proposal which was conveyed to the Congress. Special emphasis was placed on the role of the patent system and the patent policy regarding government funded research in promoting industrial innovation. These patent related recommendations were forwarded to the Committee on the Judiciary and are embodied in H.R. 6933 and H.R. 3806.

H.R. 6933 has three major thrusts. First, it strengthens investor confidence in the certainty of patent rights by creating a system of administrative reexamination of doubtful patents. Secondly, it strengthens the financial resources of the Patent Office to provide fast and accurate processing of patent applications by revising the fee structure of the Office. Finally, the existing melange of 26 different agency policies on vesting of patent rights in government funded research is replaced by a single, uniform national policy designed to cut down on bureaucracy and encourage private industry to utilize government funded inventions through the commitment of the risk capital necessary to develop such inventions to the point of commercial application.

H.R. 3806 embodies another recommendation of the Advisory Committee and the President. It grants jurisdiction over appeals in patent cases to a single court of appeals--ending the current legal confusion created by 11 different appellate forums, all generating different interpretations of the patent law. The new court will do a great deal to improve investors' confidence in patented technology.

In addition to the three broad areas already outlined, H.R. 6933 addresses the special needs of Universities and small businesses when they attempt to deal with Patent issues arising out of government contracts. Both of these groups lack the resources to cope with the bewildering regulatory and bureaucratic problems associated with transfer of patent rights pursuant to government contracts; and the university sector in particular is an important link to the private sector.

The Subcommittee on Courts, Civil Liberties and the Administration of Justice held seven days of hearings on H.R. 6933 and related patent law proposals. In all, over thirty witnesses from Government, the private Bar, industry, education, small business, and the judiciary offered testimony on the various legislative proposals before the subcommittee. Hearings were followed by four days of markup, during which H.R. 3806, creating a new Court of Appeals for the Federal Circuit, H.R. 6933, containing reforms in patent policy and procedures, and H.R. 6934, clarifying the law of copyright of computer programs, were reported favorably. Each bill was reported unanimously. The unanimous votes, particularly on H.R. 6933, were cast only after careful examination of the legislation in light of the criticisms made during the hearings and after consultation with members of the Committee on Science and Technology, which shares jurisdictional interest. During the course of markup H.R. 6933 was amended substantially to respond to criticisms raised during the hearing.

SUMMARY OF THE BILL

H.R. 6933, as amended, addresses four major issues. Section 1 provides for a system of administrative reexamination of patents within the patent office. This new procedure will permit any party to petition the patent office to review the efficacy of a patent, subsequent to its issuance, on the basis of new information about preexisting technology which may have escaped review at the time of the initial examination of the patent application. Reexamination will permit efficient resolution of questions about the validity of issued patents without recourse to expensive and lengthy infringement litigation. This, in turn, will promote industrial innovation by assuring the kind of certainty about patent validity which is a necessary ingredient of sound investment decisions.

The cost incurred in defensive patent litigation sometimes reaches $ 250,000 for each party, an impossible burden for many smaller firms. The result is a chilling effect on those businesses and independent inventors who have repeatedly demonstrated their ability to successfully innovate and develop new products. A new patent reexamination procedure is needed to permit the owner of a patent to have the validity of his patent tested in the Patent office where the most expert opinions exist and at a much reduced cost. Patent office reexamination will greatly reduce, if not end, the threat of legal costs being used to "blackmail" such holders into allowing patent infringements or being forced to license their patents for nominal fees.

The reexamination of issued patents could be conducted with a fraction of the time and cost of formal legal proceedings and would help restore confidence in the effectiveness of our patent system.

The bill does not provide for a stay of court proceedings. It is believed by the committee that stay provisions are unnecessary in that such power already resides with the Court to prevent costly pretrial maneuvering which attempts to circumvent the reexamination procedure. It is anticipated that these measures provide a useful and necessary alternative for challengers and for patent owners to test the validity of United States patents in an efficient and relatively inexpensive manner.

Sections 2 through 5 of H.R. 6933 provide for a new fee structure for the patent office. At the present time patent examination fees are established by statute, last revised in 1967. When enacted, the present fee structure provided revenues which met 67 percent of the costs of operating the Patent Office. Inflation has now reduced the impact of those fees to the point where they generate only 27 percent of the funding necessary to the operation of the office.

At the present time patent fees average about $ 239 per application.n6

H.R. 6933 would entirely revise the fee structure. It grants the Commissioner the power to establish fees. As introduced, the bill provided that the fee level would be revised yearly to generate 60 percent of the revenue needed to operate the office. However, the subcommittee amended the bill to reduce that level to 50 percent. This was in response particularly to criticism from small business and individual inventors that the fees would place too great a burden on those groups.

In order to further soften the impact on small business and individual inventors, the fees are to be paid in four installments over the life of the patent. This system, known as maintenance fees, is in use in most advanced industrial nations and has the advantage of deferring payment until the invention begins to return revenue to the inventor.

Should the invention prove to have no commercial value, the inventor has the option of permitting the patent to lapse, thus avoiding all further fees.

Section 6 of H.R. 6933 provides for a uniform policy governing the disposition of patent rights in government funded research.

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SECTION-BY-SECTION ANALYSIS

Reexamination

Section 1 of the bill would add seven new sections to the patent laws to establish a patent reexamination system. These seven new sections would constitute chapter 30 of title 35 of the United States Code.

Section 301. Citation of prior art

Section 301 provides statutory authority for the citation to the Patent and Trademark Office (PTO) of prior art consisting of patents or printed publications which a person believes to have a bearing on the patentability of any claim of a particular patent. Section 301 would make clear that a citation of prior art is not to be included in the official file on a patent unless the citer submits a written statement as to the pertinency and applicability to the patent. Section 301 also would require the PTO to keep the identity of the citer of prior art confidential if the citer so requests in writing. Without the confidentiality provision, competitors of a patent owner might be reluctant to cite prior art to the PTO.

Section 302. Request for reexamination

Section 302 provides authority for any person to seek reexamination by the PTO on the basis of the patents and printed publications cited under section 301. Such a person need not be the one who cited prior art under section 301. The person could even be the patentee.

Section 302 requires that the person seeking reexamination pay a fee established by the Secretary. Under section 2 of this bill, the Secretary would be required to establish a fee to recover the estimated average cost of a reexamination proceeding. Thus, those who request reexamination would pay for it.

Section 302 requires the Commissioner to send a copy of the request promptly to the patent owner, as shown by the records of the Office. The patent owner would have to see that his ownership and current address are recorded properly so that the request is not sent to a previous owner.

Section 303. Determination of issue by Commissioner

Subsection 303(a) requires the Commissioner to determine if a "substantial new question of patentability" is raised in connection with any claims of the patent against which a patent or printed publication is cited and to order reexamination upon a positive determination. Further, it would permit the Commissioner to initiate reexamination without a request upon a determination that a substantial new question of patentability is raised by patents or publications discovered by him or cited under the provisions of section 301. This authority to initiate reexamination without a request is not intended to abrogate in any way the right of the United States to sue to cancel a patent obtained by fraudulent means.

This "substantial new question" requirement would protect patentees from having to respond to, or participate in unjustified reexaminations. Further, it would act to bar reconsideration of any argument already decided by the Office, whether during the original examination or an earlier reexamination.

Subsection 303(b) requires that the Commissioner's determination be recorded in the file of the patent and a copy promptly sent to the patent owner and the person requesting the reexamination.

Subsection 303(c) makes final and nonappealable a decision by the Commissioner not to conduct reexamination. In such a case, however, a portion of the reexamination fee could be returned.

No one would be deprived of any legal right by a denial by the Commissioner of a request for reexamination. A party to a reexamination proceeding could still argue in any subsequent litigation that the PTO erred and that the patent is invalid on the basis of the cited prior art.

Section 304. Reexamination order by Commissioner

Section 304 specifies the initial steps to be taken where the Commissioner determines that reexamination should be ordered. Upon issuance of a determination ordering reexamination, the patent owner would be given the opportunity to file a statement with the Office and, if he wishes, to propose an amendment to the specification or claims of his patent as well as a new claim or claims in response to the Commissioner's determination. The patent owner would be required to serve a copy of any such statement and any proposed amendment on the person requesting reexamination, who would be permitted to file a reply with the Office, with service required on the patent owner.

Section 305. Conduct of reexamination proceedings

Section 305 governs the conduct of the actual reexamination proceeding. Section 305 specifies that after the initial exchange permitted under section 304, the PTO will utilize the same procedures it uses for the initial examination of patent applications under patent law sections 132 and 133 . The patent owner could propose an amendment to his patent specification or claims, as well as propose a new claim or claims, to distinguish his invention from the prior art cited under section 301. However, the bill would prohibit the Commissioner from granting during reexamination any amended or new claim that enlarges the scope of a claim of the original patent. Also, the bill would require reexamination to be promptly handled, so as to make it as helpful as possible.

Section 306. Appeal

Section 306 grants a patent owner the right to pursue the same appeal routes available to patent applicants. An adverse decision on reexamination by the primary examiner could be appealed to the Board of Appeals. Adverse final decisions on reexamination by the Board of Appeals or by the Commissioner could be appealed to the U.S. Court of Customs and Patent Appeals or de novo review of the reexamination decision could be sought in the United States District Court for the District of Columbia.

Section 307. Certificate of patentability, unpatentability, and claim cancellation

Section 307(a) requires the Commissioner at the conclusion of reexamination to cancel any patent claim found to be unpatentable, confirm any patent claim found to be patentable, and add any amended or new claims found to be patentable.

Subsection 307(b) provides intervening rights similar to those provided by patent law section 252 with respect to reissued patents. Thus, a person practicing a patented invention would not be considered an infringer for the period between issuance of an invalid patent and its conversion through reexamination to a valid patent.

It ordinarily is in the interests of both parties to expedite the disposition of patent litigation. A party discovering new prior art on which reexamination might be conducted ordinarily will reveal it promptly to the patent owner. If he does not, the court may exercise its equity power by allowing the patent owner to request reexamination later in the trial, or precluding the party from relying on such prior art or by other appropriate measures.

Administrative Fee Setting

Section 2 of the bill would restructure and modernize completely section 41 of title 35, United States Code--the basic fee provision of the patent laws.

The committee recognizes that the PTO, in issuing patents and registering trademarks, performs a significant public service in implementing the Federal patent and trademark laws and also confers benefit on private persons who seek to protect their intellectual property. The Committee, therefore, supports the premise that patent applicants and those seeking to register trademarks should bear a significant share of the cost of operating the PTO by the payment of fees. However, the Committee has made certain amendments to the formula which empowers the Commissioner to set these fees. Certain costs of operating the PTO confer no direct benefit on applicants but rather go to meet the responsibility of the Federal Government to have a PTO in order to execute the law. For example, the cost of executive direction and administration of the office, including the Office of the Commissioner and certain agency offices involved with public information, legislation, international affairs and technology assessment. Maintaining the public search room confers a general public benefit, as does the maintenance of the patent files in depository libraries. The contribution to the World Intellectual Property Organization relative to the Patent Cooperation Treaty is a treaty obligation. These costs should be paid for entirely from appropriated funds.

The committee inserted the word "actual" in this legislation to describe those costs which should be assumed 50 percent by applicants. Patent applicants should bear through the payment of fees, 25 percent in processing of fees, and 25 percent in maintenance fees, the costs of the patent examiners and their clerical support, as well as quality review, appeals, interferences, and patent printing including internal PTO printing costs. Also, "actual" is intended to exclude from such costs the acquisition or replacement of equipment where such acquisition or replacement involves substantial capital outlays. Such expenditures would be paid from the Patent and Trademark Office's appropriation. The cost of data and document retrieval systems, however, to the extent that these expenditures goes toward the reclassification of the patent search file, should be borne 50 percent by the public. These are the actual costs of processing patent applications, and activity which confers certain direct benefits on private persons.

The committee notes that the PTO furnishes to the public copies of issued patents for a fee. The costs to the PTO of such copies should be charged to applicants.

The trademark examiners and their clerical support, the trial and appeal process, and trademark printing should be paid for to the extent of 50 percent by applicants for the registration of trademarks.

Some of the cost of operating the PTO confers no direct benefit to the general public, but rather goes to providing services to private parties. The cost of customer services such as providing copies should be recovered 100 percent in fees. Also, in the patent process, drafting and assignment should be self-supporting.

Illustrative Example of PTO Recovery Policy--Based on Fiscal
Year 1981 Budget

I. Government 100 percent: Commissioner (includes Office of Information Services); Office of Legislation and International Affairs; Management planning; Administrative services; Automatic data processing; and Search room.

II. Government 50 percent/users 50 percent: Examination--professional staff; Quality review; Clerical force; Appeals; Interferences; Patent printing; Solicitor; Data and document retrieval; publication services; Examination of trademarks; Trademark trial and appeals; and Trademark printing.

III. Users 100 percent: Customer services; drafting; and assignment.

Section 41. Patent fees

Subsection 41(a) authorizes the Secretary of Commerce to set fees administratively for processing a patent application, for maintaining a patent in force, and for providing all other patent services and materials.

Subsection 41(b) requires the Secretary of Commerce to establish fees for processing patent applications, from filing to disposition by issuance or abandonment, equal in aggregate to 25 percent of the estimated average cost of

actually processing an application. As fee revenues and costs change, the Secretary would adjust fees to achieve the specified recovery rate once every three years. These fees are those of the type now specified in paragraphs 1, 2, 3, and 6 of existing subsection 41(a) of the patent laws. The Secretary would have authority to eliminate or change the amounts of any of the present fees and establish others, so long as a fee charged directly relates to the actual processing of patent applications and the aggregate fees for an application effect the specified 25 percent recovery rate.

Subsection 41(b) would treat design patent processing fees differently than fees for other types of patents. Since the costs to the Office of processing design patent applications are significantly lower and maintenance fees will not be imposed, design patent applicants would be charged fees equal in aggregate to 50 percent of the estimated cost of processing such an application.

Subsection 41(c) requires the payment of maintenance fees three times in a patent's life--six months prior to the fourth, eighth and twelfth anniversaries of the patent's seventeen-year term. As required by the Paris Convention for the Protection of Industrial Property, subsection 41(c) permits late payment during a six-month grace period. Failure to pay an applicable maintenance fee by the end of the grace period would result in expiration of the patent on the date the grace period ends.

Subsection 41(c) also requires the Secretary to establish maintenance fees at levels that recover 30 percent of the costs to the Office for the year in which such maintenance fees are received of processing all applications for patents other than design patents, from filing through disposition by issuance or abandonment, by the fifteenth year following enactment of the Act.

Subsection 41(d) requires the Secretary to establish fees for all other patent-related services and materials at levels which will recover the full costs to the Office of performing those services or providing those materials. Fees would be adjusted as costs vary. Subsection 41(d), however, would maintain the existing subsection 41(a)(9) fee of $ 50 for providing a despository library with uncertified printed copies of the specifications and drawings for all patents issued in a year.

Subsection 41(e) allows the Commissioner to waive any fee for a service or product provided to a government agency. This authority now is provided in existing subsection 41(c).

Subsection 41(f) limits the adjustment of patent application processing fees and maintenance fees to once every three years.

Subsection 41(g) imposes a notice requirement on effective date of new or adjusted fees.

Crediting of Fee Revenue to the PTO Appropriation Account

Section 3 of this bill would amend section 41 of title 35, United States Code, by completely rewriting it.

Section 42. Patent and Trademark Office funding

Subsection 42(a) makes all fees for Patent and Trademark Office services and materials payable to the Commissioner of Patents and Trademarks. This provision is carried over from existing section 42.

Subsection 42(b) requires all fee revenues and all Patent and Trademark Office appropriations to be credited to the Patent and Trademark Office Appropriation Account in the Treasury of the United States. At present, Patent and Trademark Office fee revenues are deposited in the general fund of the Treasury and are unavailable for directly funding PTO activities.

Subsection 42(c) makes fee revenues credited to the PTO Appropriation Account available to the Secretary of Commerce to carry out the activities of the Patent and Trademark Office. Budgetary control is maintained since the PTO would continue to receive appropriations and the use of fee revenues would be limited "to the extent provided for in an appropriations Acts."

Subsection 42(d) authorizes the Secretary to refund any fee paid by mistake or any account paid in excess of that required. This authority is found in existing section 42.

Technical Amendment

Section 4 of the bill is a technical amendment to section 154 of the patent laws necessitated by creation of the maintenance fee system.

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Transitional Provisions

Section 8. Effective date

Section 8 provides for the taking effect of the bill's various provisions.

Section 8(a) specified and that the fee setting authority provisions of the bill and the conforming technical amendment take effect upon enactment. Nevertheless, these fees need not be set to recover the levels specified in the bill (25 percent recovery for patent processing and full recovery for providing materials and services in patent and trademark cases) until the first day of the first fiscal year beginning one calendar year after enactment. This will provide at least a year to determine the amounts and natures of fees needed.

Subsection 8(b) provides that the reexamination provisions of this bill take effect six months after enactment and apply to patents then in force or issued thereafter.

Subsection 8(c) provides that the authority to credit fee revenues to the Office's Appropriation Account take effect as of the first day of the first fiscal year beginning one calendar year after enactment. Thus, at least one year would be available to obtain needed administrative approval and implement an appropriate accounting system. However, until section 3 takes effect, the Secretary, in order to pay reexamination costs, may credit the Patent and Trademark Office Appropriation Account with the revenues from collected reexamination fees.

Subsection 8(d) continues existing fees until new fees are established.

Subsection 8(e) provides that maintenance fees shall not be applicable to patents applied for prior to the day of enactment of this Act.

Subsection 8(f) provides that sections 6 and 7 of this bill which establish a uniform patent policy and make necessary conforming amendments to existing laws take effect six months after enactment.

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Estimated Cost of the Legislation

It is estimated that there will be no additional costs to the United States due to the provisions of H.R. 6933. As the statement of the Congressional Budget Office indicates, there will be a substantial savings to the United States as a result of the legislation.

Statement of the Congressional Budget Office

Click here to view image.

Dear Mr. Chairman: Pursuant to Section 403 of the Congressional Budget Act of 1974 , the Congressional Budget Office has prepared the attached cost estimate for H.R. 6933, a bill to amend the patent and trademark laws.

Should the Committee so desire, we would be pleased to provide further details on this estimate.

Sincerely, James Blum
(For Alice M. Rivlin, Director).

CONGRESSIONAL BUDGET OFFICE--COST ESTIMATE, AUGUST 28, 1980

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Reexamination of patents

H.R. 6933 would allow any party to petition the PTO to reexamine a patent for validity. The cost of reexamination would be paid by the party based on a fee structure established by the Commissioner of Patents. It is anticipated that the number of patent applications for reexaminations will be limited by the cost involved and the potential for commercial development. Based on rates currently available in foreign countries for similar procedures, as well as estimates provided by the PTO, it is estimated that the number of appeals will be approximately 500 in fiscal year 1981, increasing to 2,000 by 1982, and remain relatively stable thereafter.

Although the bill does not specifically authorize funding for this purpose, it is assumed that additional staff will be required to handle the reexamination procedures. Based on PTO data, it is estimated that the average cost per employee, including overhead and benefits, would be approximately $ 40,000 in fiscal year 1981. Assuming approximately 30 hours per reexamination, plus clerical support, it is estimated that approximately 55 appeals could be reviewed annually by a professional staff member. It is estimated that the cost of this procedure would be approximately $ 0.4 million in fiscal year 1981, which reflects six month's activity. Costs are estimated to be $ 1.4 million in fiscal year 1982, increasing to $ 2.5 million by fiscal year 1985. It is assumed, however, that the full amount required by the PTO for salaries and expenses would be recovered by fees set at the beginning of the fiscal year and adjusted annually for inflation and anticipated workload. It is assumed that fees would be included with the request for reexamination and reflected as a reimbursable to the agency, resulting in a net outlay of around zero in each fiscal year.

Revision of fee structure

H.R. 6933 would restructure the current fee structure for patents and trademarks. Currently, the PTO recovers approximately 20 percent of the cost of processing patents and approximately 30 percent of the cost of issuing trademarks. These fees are deposited in the general fund of the Treasury.

The bill would allow the PTO to recover up to 25 percent of the average processing costs and 25 percent of the maintenance costs for patents, the latter fee collected in four installments over the life of the patent. In addition, the PTO would be allowed to recover a maximum of 50 percent of the cost of issuing trademarks. All fees for patents and trademarks could be adjusted no more than once every three years and would be credited to the PTO as a reimbursable to the agency, rather than as a revenue to the Treasury.

It is assumed that the revised fee structure for trademarks would be implemented early in the second quarter of fiscal year 1981, and for patents beginning in fiscal year 1982. It is assumed that the agency costs for processing patents and trademarks from which recovery could be made would be approximately $ 84 million in fiscal year 1982, increasing to approximately $ 109 million by fiscal year 1985. It is assumed that an average recovery rate of 25 and 50 percent, adjusted every third year, would be established for processing fees for patents and for trademarks, respectively. Patent maintenance fees would be collected three times in a patent's life--around the forth, eighth, and twelfth year. Since the first payment would not be made until fiscal year 1986, it is not reflected in the table below.

[By fiscal years, in millions of dollars]

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Committee Vote

H.R. 6933 was approved by the Committee on the Judiciary on August 20, 1980, by a voice vote.

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CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of Rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

TITLE 35, UNITED STATES CODE

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PART I--PATENT AND TRADEMARK OFFICE

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CHAPTER 4--PATENT FEES

Sec.

41. Patent fees.

42. Payment of patent fees; return of excess amounts.

[§ 41. Patent fees

[(a) The Commissioner shall charge the following fees:

[1. On filing each application for an original patent, except in design cases, $ 65; in addition on filing or on presentation at any other time, $ 10 for each claim in independent form which is in excess of one, and $ 2, for each claim (whether independent or dependent) which is in excess of ten. For the purpose of computing fees, a multiple dependent claim as referred to in section 112 of this title or any claim depending therefrom shall be considered as separate dependent claims in accordance with the number of claims to which reference is made. Errors in payment of the additional fees may be rectified in accordance with regulations of the Commissioner.

[2. For issuing each original or reissue patent, except in design cases, $ 100; in addition, $ 10 for each page (or portion thereof) of specification as printed, and $ 2 for each sheet of drawing.

[3. In design cases:

[a. On filing each design application, $ 20.

[b. On issuing each design patent: For three years and six months, $ 10; for seven years, $ 20; and for fourteen years, $ 30.

[4. On filing each application for the reissue of a patent, $ 65; in addition, on filing or on presentation at any other time, $ 10 for each claim in independent form which is in excess of the number of independent claims of the original patent, and $ 2 for each claim (whether independent or dependent) which is in excess of ten and also in excess of the number of claims of the original patent. Errors in payment of the additional fees may be rectified in accordance with regulations of the Commissioner.

[5. On filing each disclaimer, $ 15.

[6. On appeal for the first time from the examiner to the Board of Appeals, $ 50; in addition, on filing a brief in support of the appeal, $ 50.

[7. On filing each petition for the revival of an abandoned application for a patent or for the delayed payment of the fee for issuing each patent, $ 15.

[8. For certificate under section 255 or under section 256 of this title, $ 15.

[9. As available and if in print: For uncertified printed copies of specifications and drawings of patents (except design patents), 50 cents per copy; for design patents, 20 cents per copy; the Commissioner may establish a charge not to exceed $ 1 per copy for patents in excess of twenty-five pages of drawings and specifications and for plant patents printed in color; special rates for libraries specified in section 13 of this title, $ 50 for patents issued in one year. The Commissioner may, without charge, provide applicants with copies of specifications and drawings of patents when referred to in a notice under section 132.

[10. For recording every assignment, agreement, or other paper relating to the property in a patent or application, $ 20; where the document relates to more than one patent or application, $ 3 for each additional item.

[11. For each certificate, $ 1.

[(b) The Commissioner may establish charges for copies of records, publications, or services furnished by the Patent and Trademark Office, not specified above.

[(c) The fees prescribed by or under this section shall apply to any other Government department or agency, or officer thereof, except that the Commissioner may waive the payment of any fee for services or materials in cases of occasional or incidental requests by a Government department or agency, or officer thereof.]

§ 41. Patent fees

(*a*) *The Commissioner of Patents will establish fees for the processing of an application for a patent, from filing through disposition by issuance or abandonment, for maintaining a patent in force, and for providing all other services and materials related to patents. No fee will be established for maintaining a design patent in force.*

(*b*) *By the first day of the first fiscal year beginning on or after one calendar year after enactment of this Act, fees for the actual processing of an application for a patent, other than for a design patent, from filing through disposition by issuance or abandonment, will recover in aggregate 25 per centum of the estimated average cost to the Office of such processing. By the first day of the first fiscal year beginning on or after one calendar year after enactment, fees for the processing of an application for a design patent, from filing through disposition by issuance or abandonment, will recover in aggregate 50 per centum of the estimated average cost to the Office of such processing.*

(*c*) *By the fifteenth fiscal year following the date of enactment of this Act, fees for maintaining patents in force will recover 25 per centum of the estimated cost to the Office, for the year in which such maintenance fees are received, of the actual processing all applications for patents, other than for design patents, from filing through disposition by issuance or abandonment. Fees for maintaining a patent in force will be due three years and six months, seven years and six months, and eleven years and six months after the grant of the patent. Unless payment of the applicable maintenance fee is received in the Patent and Trademark Office on or before the date the fee is due or within a grace period of six months thereafter, the patent will expire as of the end of such grace period. The Commissioner may require the payment of a surcharge as a condition of accepting within such six-month grace period the late payment of an applicable maintenance fee.*

(*d*) *By the first day of the first fiscal year beginning on or after one calendar year after enactment, fees for all other services or materials related to patents will recover the estimated average cost to the Office of performing the service or furnishing the material. The yearly fee for providing a library specified in section 13 of this title with uncertified printed copies of the specifications and drawings for all patents issued in that year will be $ 50.*

(*e*) *The Commissioner may waive the payment of any fee for any service or material related to patents in connection with an occasional or incidental request made by a department or agency of the Government, or any officer thereof. The Commissioner may provide any applicant issued a notice under section 132 of this title with a copy of the specifications and drawings for all patents referred to in that notice without charge.*

(*f*) *Fees will be adjusted by the Commissioner to achieve the levels of recovery specified in this section; however, no patent application processing fee or fee for maintaining a patent in force will be adjusted more than once every three years.*

(*g*) *No fee established by the Commissioner under this section will take effect prior to sixty days following notice in the Federal Register.*

[§ 42. Payment of patent fees; return of excess amounts

[All patent fees shall be paid to the Commissioner who, except as provided in sections 361(b) and 376(b) of this title, shall deposit the same in the Treasury of the United States in such manner as the Secretary of the Treasury directs, and the Commissioner may refund any sum paid by mistake or in excess of the fee required by law.]§ 42. Patent and Trademark Office funding

(*a*) *All fees for services performed by or materials furnished by the Patent and Trademark Office will be payable to the Commissioner.*

(*b*) *All fees paid to the Commissioner and all appropriations for defraying the costs of the activities of the Patent and Trademark Office will be credited to the Patent and Trademark Office Appropriation Account in the Treasury of the United States, the provisions of section 725e of title 31, United States Code, notwithstanding.*

(*c*) *Revenues from fees will be available to the Commissioner of Patents to carry out, to the extent provided for in appropriation Acts, the activities of the Patent and Trademark Office.*

(*d*) *The Commissioner may refund any fee paid by mistake or any amount paid in excess of that required.*

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PART II--PATENTABILITY OF INVENTIONS AND
GRANT OF PATENTS

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CHAPTER 14--ISSUE OF PATENT

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§ 154. Contents and term of patent

Every patent shall contain a short title of the invention and a grant to the patentee, his heirs or assigns, for the term of seventeen years, subject to the payment of [issue] fees as provided for in this title, of the right to exclude others from making, using, or selling the invention throughout the United States, referring to the specification for the particulars thereof. A copy of the specification and drawings shall be annexed to the patent and be a part thereof.

* * * * *

CHAPTER 30--PRIOR ART CITATIONS TO OFFICE AND REEXAMINATION OF PATENTS

Sec. 301. 301. Citation of prior art.

Sec. 302. Request for reexamination.

Sec. 303. Determination of issue by Commissioner.

Sec. 304. Reexamination order by Commissioner.

Sec. 305. Conduct of reexamination proceedings.

Sec. 306. Appeal.

Sec. 307. Certificate of patentability, unpatentability, and claim cancellation.

§ 301. Citation of prior art.

Any person at any time may cite to the Office in writing prior art consisting of patents or printed publications which that person believes to have a bearing on the patentability of any claim of a particular patent. If the person explains in writing the pertinency and manner of applying such prior art to at least one claim of the patent, the citation of such prior art and the explanation thereof will become a part of the official file of the patent. At the written request of the person citing the prior art, his or her identity will be excluded from the patent file and kept confidential.

§ 302. Request for reexamination

Any person at any time may file a request for reexamination by the Office of any claim of a patent on the basis of any prior art cited under the provisions of section 301 of this title. The request must be in writing and must be accompanied by payment of a reexamination fee established by the Commissioner of Patents pursuant to the provisions of section 41 of this title. The request must set forth the pertinency and manner of applying cited prior art to every claim for which reexamination is requested. Unless the requesting person is the owner of the patent, the Commissioner promptly will send a copy of the request to the owner of record of the patent.

§ 303. Determination of issue by Commissioner

(*a*) *Within three months following the filing of a request for reexamination under the provisions of section 302 of this title, the Commissioner will determine whether a substantial new question of patentability affecting any claim of the patent concerned is raised by the request, with or without consideration of other patents or printed publications. On his own initiative, and at any time, the Commissioner may determine whether a substantial new question of patentability is raised by patents and publications discovered by him or cited under the provisions of section 301 of this title.*

(*b*) *A record of the Commissioner's determination under subsection (a) of this section will be placed in the official file of the patent, and a copy promptly will be given or mailed to the owner of record of the patent and to the person requesting reexamination, if any.*

(*c*) *A determination by the Commissioner pursuant to subsection (a) of this section that no substantial new question of patentability has been raised will be final and nonappealable. Upon such a determination, the Commissioner may refund a portion of the reexamination fee required under section 302 of this title.*

§ 304. Reexamination order by Commissioner

If, in a determination made under the provisions of subsection 303(a) of this title, the Commissioner finds that a substantial new question of patentability affecting any claim of a patent is raised, the determination will include an order for reexamination of the patent for resolution of the question. The patent owner will be given a reasonable period, not less than two months from the date a copy of the determination is given or mailed to him, within which he may file a statement on such question, including any amendment to his patent and new claim or claims he may wish to propose, for consideration in the reexamination. If the patent owner files such a statement, he promptly will serve a copy of it on the person who has requested reexamination under the provisions of section 302 of this title. Within a period of two months from the date of service, that person may file and have considered in the reexamination a reply to any statement filed by the patent owner. That person promptly will serve on the patent owner a copy of any reply filed.

§ 305. Conduct of reexamination proceedings

After the times for filing the statement and reply provided for by section 304 of this title have expired, reexamination will be conducted according to the procedures established for initial examination under the provisions of sections 132 and 133 of this title. In any reexamination proceeding under this chapter, the patent owner will be permitted to propose any amendment to his patent and a new claim or claims thereto, in order to distinguish the invention as claimed from the prior art cited under the provisions of section 301 of this title, or in response to a decision adverse to the patentability of a claim of a patent. No proposed amended or new claim enlarging the scope of a claim of the patent will be permitted in a reexamination proceeding under this chapter. All reexamination proceedings under this section, including any appeal to the Board of Appeals, will be conducted with special dispatch within the Office.

§ 306. Appeal

The patent owner involved in a reexamination proceeding under this chapter may appeal under the provisions of section 134 of this title, and may seek court review under the provisions of sections 141 to 145 of this title, with respect to any decision adverse to the patentability of any original or proposed amended or new claim of the patent.

§ 307. Certificate of patentability, unpatentability, and claim cancellation

(*a*) *In a reexamination proceeding under this chapter, when the time for appeal has expired or any appeal proceeding has terminated, the Commissioner will issue and publish a certificate canceling any claim of the patent finally determined to be unpatentable, confirming any claim of the patent determined to be patentable, and incorporating in the patent any proposed amended or new claim determined to be patentable.*

(*b*) *Any proposed amended or new claim determined to be patentable and incorporated into a patent following a reexamination proceeding will have the same effect as that specified in section 252 of this title for reissued patents on the right of any person who made, purchased, or used anything patented by such proposed amended or new claim, or who made substantial preparation for the same, prior to issuance of a certificate under the provisions of subsection* (*a*) *of this section.*

* * * * *

[Part 2]

SEPTEMBER 23, 1980.--Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. Brooks, from the Committee on Government Operations, submitted the following

REPORT

together with

ADDITIONAL VIEWS

[To accompany H. R. 6933]

[Including cost estimate of the Congressional Budget Office]

The Committee on Government Operations, to whom was referred the bill (H.R. 6933) entitled "To amend the patent and trademark laws," having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

* * * * *

It was determined that Sections 1 through 5, dealing with certain procedures and fees, were not within the jurisdiction of the committee. The committee's jurisdiction does cover those sections dealing with Government policies for retaining or disposing of contract inventions developed during the course of or under Government contracts and related matters, and those sections dealing with the reorganization or transfer of individual units of Government.

* * * * *

FOOTNOTES:
[n1] Footnote 1. Report of the President's Advisory Committee on Industrial Innovation, Sept., 1979.

[n2] Footnote 2. *Stimulating Technological Progress.* A statement by the Research and Policy Committee of the Committee for Economic Development, Jan. 1980, pp. 2-7.

[n3] Footnote 3. *Science Indicators,* National Science Board, 1976, pp. 108-115.

[n4] Footnote 4. Testimony of Pindaros Roy Vagelos, M.D., before the subcommittee on Courts, Civil Liberties and the Administration of Justice, April 15, 1980, transcript p. 14.

[n5] Footnote 5. P.L. 96-294 .

[n6] Footnote 6. Testimony of Honorable Sidney Diamond, Commissioner of Patents, April 24, 1980--p. 50.

*. The following is the text of those portions of the House Report by the Committee on the Judiciary (Part 1) and Committee on Government Operations (Part 2) relating to patent fees and patent reexamination. Those portions dealing with section 6 of H.R. 6933 and with other matters are omitted in view of the substantial amendments made to section 6 by the Senate.

27 Duty of Disclosure

FINAL RULESn*
37 CFR Parts 1 and 10

DEPARTMENT OF COMMERCE
Patent and Trademark Office
Federal Register 2021-36

January 17, 1992

AGENCY: Patent and Trademark Office, Commerce.

ACTION: Notice of final rulemaking.

SUMMARY: The Patent and Trademark Office (Office) is amending the rules of practice in patent cases to (1) clarify the duty of disclosure for information required to be submitted to the Office; (2) provide flexible time limits for submitting information disclosure statements including the requirement for a fee in certain cases; (3) eliminate consideration of duty of disclosure issues by the Office except in disciplinary and interference proceedings, and under other limited circumstances; and (4) eliminate the striking of patent applications which are improperly executed. The

Office further is amending the Patent and Trademark Office Code of Professional Responsibility to define as misconduct a failure to comply with the rules on duty of disclosure. The rules as adopted strike a balance between the need of the Office to obtain and consider all known relevant information pertaining to patentability before a patent is granted and the desire to avoid or minimize unnecessary complications in the enforcement of patents.

EFFECTIVE DATE: March 16, 1992. These rules will be applicable to all applicants and reexamination proceedings pending or filed after the effective date.

FOR FURTHER INFORMATION CONTACT: By telephone Charles E. Van Horn (703-305-9054) or J. Michael Thesz (703-305-9384) or by mail addressed to Commissioner of Patents and Trademarks, Washington, DC 20231, and marked to the attention of Charles E. Van Horn (Crystal Park 2--room 919).

SUPPLEMENTARY INFORMATION: A notice of proposed rulemaking on duty of disclosure and practitioner misconduct published in the **Federal Register** at 54 FR 11334 (March 17, 1989), and in the Patent and Trademark Office Official Gazette at 1101 Off. Gaz. Pat. Off. 12 (April 4, 1989), was withdrawn. On August 6, 1991, the Office published in the **Federal Register** a notice of proposed rulemaking relating to duty of disclosure. 56 FR 37321. The notice was also published in the Official Gazette. 1129 Off. Gaz. Pat. Off. 52 (August 27, 1991). Sixty written comments were received in response to the notice of proposed rulemaking. A public hearing was held on October 8, 1991. Eleven individuals offered oral comments at the hearing. The sixty written comments and a copy of the transcript of the hearing are available for public inspection in the Office of the Assistant Commissioner for Patents, room 919, Crystal Park II, 2121 Crystal Drive, Arlington, VA.

Familiarity with the notice of proposed rulemaking is assumed. Changes in the text of the rules published for comment in the notice of proposed rulemaking are discussed. Comments received in writing and at the public hearing in response to the notice of proposed rulemaking are discussed.

The rules as adopted shall take effect as to all applications and reexamination proceedings either pending or filed on or after the effective date of these rules. Thus, any information disclosure statement that is filed on or after that date must comply with the provisions of § § 1.97 and 1.98 to be entitled to consideration.

Changes in Text

The final rules contain several changes to the text of the rules as proposed for comment. Those changes are discussed below.

Section 1.17(i)(1) has been changed from the proposed text to reflect the recent increase in the amount of the fee for filing a petition from $ 120.00 to $ 130.00.

Section 1.56(a) has been clarified to indicate that the duty of an individual to disclose information is based on the knowledge of that individual that the information is material to patentability. A sentence has been added to § 1.56(a) to express the principle that the Office does not condone the granting of a patent on an application in connection with which fraud on the Office was practiced or attempted or the duty of disclosure was violated through bad faith or international misconduct. In addition, § 1.56(a) as proposed has been changed to indicate that if all information material to patentability of any claim issued in a patent is cited by the Office or submitted to the Office in the manner prescribed by § § 1.97(b)-(d) and 1.98, the Office will consider as satisfied the duty to disclose to the Office all information known to be material to patentability, as contrasted to the broader duty of candor and good faith. This rule does not attempt to define the spectrum of conduct that would lack the candor and good faith in dealing with the Office which is expected of individuals who are associated with the filing or prosecution of a patent application.

In § 1.56(b), the phrase "or being made of record" has been inserted to make it clear that information is not material to patentability within the meaning of § 1.56 if it is cumulative to either information already of record in the application or contemporaneously being made of record by applicant. For example, there would be no benefit to the Office for applicant to submit to the Office 10 different documents having the same teaching simply because the information was not cumulative to the information already of record.

The term "creates" has been replaced by the term "establishes" in § 1.56(b)(1). In addition, the definition of a prima facie case of unpatentability, as set out in the preamble of the notice of proposed rulemaking, has been incorporated into the rule itself. A prima facie case of unpatentability of a claim is established when the information compels a conclusion that the claim is unpatentable:

(1) Under the preponderance of evidence, burden-of-proof standard,

(2) Giving each term in the claim its broadest reasonable construction consistent with the specification, and

(3) Before any consideration is given to evidence which may be submitted in an attempt to establish a contrary conclusion of patentability.

This prima facie standard conforms to the standard used by an examiner to determine whether a claim is prima facie unpatentable.

Section 1.56(b)(2) has been modified from the text of the proposed rule. The focus on this paragraph has been changed so that it now relates to information which either refutes, or is inconsistent with, a position that applicant takes in either:

(1) Opposing an argument of unpatentability relied on by the Office, or

(2) Asserting an argument of patentability. The change from the proposed rule makes clear that information is material when it either refutes, or is inconsistent with, a position taken by applicant before the Office.

Section 1.97(e) has been changed from the proposed text to make it clear that a certification could contain either of two statements. One statement is that each item of information in an information disclosure statement was cited in a search report from a patent office outside the U.S. not more than three months prior to the filing date of the statement. Under this certification, it would not matter whether any individual with a duty actually knew about any of the information cited before receiving the search report. In the alternative, the certification could state that no item of information contained in the information disclosure statement was cited in a communication from a foreign patent office in a counterpart foreign application or, to the knowledge of the person signing the certification after making reasonable inquiry, was known to any individual having a duty to disclose more than three months prior to the filing of the statement.

The changes to the text of § 1.97(e) as proposed place the appropriate priority on getting relevant information to the Office promptly, with minimum burden to applicant. The text of the proposal has also been changed by adding the phrase "after making reasonable inquiry" to make it clear that the individual making the certification has a duty to make reasonable inquiry regarding the facts that are being certified. For example, if an inventor gave a publication to the practitioner prosecuting an application with the intent that it be cited to the Office, the practitioner should inquire as to when that inventor became aware of the publication before submitting a certification under § 1.97(e)(ii) to the Office.

A new paragraph (h) has been added to the text of proposed § 1.97. The purpose of new paragraph (h) is to ensure that no one could construe the mere filing of an information disclosure statement as an admission that the information cited in the statement is, or is considered to be, material to patentability as defined in § 1.56(b). It is in the best interest of the Office and the public to permit and encourage individuals to cite information to the Office without fear of making an admission against interest.

In § 1.98(a)(2)(iii), the wording has been changed to make it clear that the requirement to submit a copy of each item of information listed in an information disclosure statement does not apply to the citation of a U.S. patent application.

The requirement in proposed § 1.98(a)(3) for a concise explanation of the relevance of each item of information has been substantially changed by limiting the requirement in two significant ways. First, as adopted, the requirement is limited to information that is not in the English language. Second, the explanation required is limited to the relevance as understood by the individual designated in § 1.56(c) most knowledgeable about the content of the information at the time the information is submitted to the Office. Where the information listed is not in the English language, but was cited in a search report by a foreign patent office, the requirement for a concise explanation of relevance is satisfied by submitting an English language version of the search report.

In § 1.98(d), the proposed text has been changed by adding the phrase "cited by or" to make it clear that legible copies of information listed in an information disclosure statement need not be submitted in a continuing application provided the information was either cited by or submitted to the Office in a prior application. A distinction between information cited by the Office or supplied by applicant to the Office serves no useful purpose in this situation.

The text of proposed § 1.555 has been modified to limit the definition of information material to patentability in a reexamination proceeding to the types of information that an examiner could use in a reexamination proceeding to determine whether a claim was patentable, and to adopt other changes that parallel changes made in § 1.56. Proposed § 1.555(a) has been divided into two paragraphs. Paragraph (a), as adopted, substantially parallels the text of § 1.56(a) as adopted. It indicates that the duty to disclose information to the Office in a reexamination proceeding is a part of the duty of candor and good faith that is owed to the Office by individuals transacting business with the Office. It further states one way that an individual may discharge the duty to disclose information material to patentability in a reexamination proceeding--i.e., by filing an information disclosure statement with the items listed in § 1.98(a) as applied to individuals associated with the patent owner in a reexamination proceeding. Finally, the text of the rule has been changed to add a sentence that expresses the principle that a patent should not be granted on an application in connection with which fraud was practiced or attempted on the Office or there was any violation of the duty of disclosure through bad faith or intentional misconduct.

New paragraph (b) of § 1.555 has been adopted to define information material to patentability in a reexamination proceeding. Much like the definition in § 1.56(b), information is not material when it is cumulative to information of record or being made of record in the reexamination proceeding. Information is considered material when it satisfies either or both of the definitions in § 1.555(b). Under § 1.555(b)(1), information is material when it is a patent or printed publication that establishes, by itself or in combination with other patents or printed publications, a prima facie case of unpatentability of a claim. This definition is limited to patents or printed publications because a reexamination proceeding must be based on patents or printed publications. 35 U.S.C. 302.

The definition of a prima facie case of unpatentability of a claim pending in a reexamination proceeding has been provided in the rule. A prima facie case of unpatentability is established when the information compels a conclusion that a claim is unpatentable under the same principles that are applicable during ex parte examination of a patent application; namely:

(1) Under the preponderance of evidence, burden-of-proof standard,

(2) Giving each term in the claim its broadest reasonable construction consistent with the specification, and

(3) Before any consideration is given to evidence which may be submitted in an attempt to establish a contrary conclusion of patentability.

Finally, the definition of information material to patentability in § 1555(b)(2) has been added to parallel the provision in § 1.56(b)(2).

After reviewing the Office policy on whether to consider duty of disclosure and other inequitable conduct issues in interference proceedings under 35 U.S.C. 135(a), including comments from the public directed to the statement in the notice of proposed rulemaking that the Office will not consider, evaluate, or decide fraud or other inequitable conduct issues during an interference proceeding, a new Office policy has been adopted. Effective October 24, 1991, fraud and inequitable conduct issues will be considered when properly raised inter partes in patent interference cases. 1132 Off. Gaz. Pat. Off. 33 (November 19, 1991). In addition, the Chairman of the Board of Patent Appeals and Interferences has issued a notice that provides guidance on how an issue of fraud or other inequitable conduct can be raised in an interference proceeding. 1133 Off. Gaz. Pat. Off. 21 (December 10, 1991).

Response to and Analysis of Comments

Sixty (60) written comments were received in response to the notice of proposed rulemaking. These comments, along with those made at the public hearing, have been analyzed. Some suggestions made in the comments have been adopted and others have been rejected. Responses to the comments follow.

Comment 1. Nine comments indicated that the Office should not amend § 1.56 since it is presently in conformance to the materiality standard being applied by the Court of Appeals for the Federal Circuit. One comment questioned what practical value of the proposed rule would justify the burden of the change.

Reply: The amendment to § 1.56 was proposed to address criticism concerning a perceived lack of certainty in the materiality standard. The rule as promulgated will provide greater clarity and hopefully minimize the burden of litigation on the question of inequitable conduct before the Office, while providing the Office with the information necessary for effective and efficient examination of patent applications.

Comment 2. One comment stated that the present rules should be maintained and strengthened since the public interest is hurt more by an unjustly issued patent than by an unjustly denied patent. Another comment disagreed and argued that an unjustly denied patent can do great harm to society.

Reply: The Office strives to issue valid patents. The Office has both an obligation not to unjustly issue patents and an obligation not to unjustly deny patents. Innovation and technological advancement are best served when an inventor is issued a patent with the scope of protection that is deserved. The rules as adopted serve to remind individuals associated with the preparation and prosecution of patent applications of their duty of candor and good faith in their dealings with the Office, and will aid the Office in receiving, in a timely manner, the information it needs to carry out effective and efficient examination of patent applications.

Comment 3. Two comments stated that the rule should not permit applicants to draft claims and a specification to avoid a prima facie case of obviousness over a reference and then to be able to withhold the reference from the examiner.

Reply: The comments reflect a correct reading of the rule in that information is not material unless it comes within the definition of § 1.56(b)(1) or (2). If information is not material, there is no duty to disclose the information to the Office. The Office believes that most applicants will wish to submit the information, however, even though they may not be required to do so, to strengthen the patent and avoid the risks of an incorrect judgment on their part on materiality or that it may be held that there was an intent to deceive the Office.

Comment 4. One comment stated that promulgation of the proposed rule would result in a significant decrease in the quantity of art cited to the Office because there will be no duty to cite art relevant to a pending claim.

Reply: The Office does not anticipate any significant change in the quantity of information cited to the Office after promulgation of amended § 1.56. Presumably, applicants will continue to submit information for consideration by the Office in applications rather than making and relying on their own determinations of materiality. An incentive remains to submit the information to the Office because it will result in a strengthened patent and will avoid later questions of materiality and intent to deceive. In addition, the new rules will actually facilitate the filing of information since the burden of submitting information to the Office has been reduced by eliminating, in most cases, the requirement for a concise statement of the relevance of each item of information listed in an information disclosure statement.

Comment 5. Several comments stated that an objective "but for" standard would be preferable to the proposed rule. The objective "but for" standard would presumably consider information as a court does in an infringement proceeding with a clear and convincing, burden-of-proof standard, giving the terms in each claim a narrow construction where necessary to uphold validity.

Reply: The Office believes that amended § 1.56 will provide a reasonable balance between the needs of applicants and of the Office. The suggested "but for" standard would not cause the Office to obtain the information it needs to evaluate patentability so that its decisions may be presumed correct by the courts. If the Office does not have needed information, meaningful examination of patent applications will take place for the first time in an infringement case before a district court. Courts will become increasingly less confident of the Office's product if they get the impression that practitioners and inventors can routinely withhold information from the Office, or that practitioners and inventors can make up their own minds about what is patentable. The Office should decide, in the first instance, what is patentable and any decision should be made with the best information available, including that known by the applicant. The Office notes that the House of Delegates of the American Bar Association twice, once in 1990 and again in 1991, refused to adopt a resolution favoring adoption of the "but for" standard.

Comment 6. One comment argued that proposed § 1.56 does not relate to "the conduct of proceedings in the Patent and Trademark Office" (35 U.S.C. 6(a)) since the Office does not intend to reject applications as indicated by the cancellation of paragraphs (c) through (i) of current § 1.56.

Reply: The amendment to § 1.56 comes within the authority of the Commissioner for establishing regulations. *Norton v. Curtiss,* 433 F.2d 779, 167 USPQ 532 (CCPA 1970) . The Office has reserved its inherent authority to reject an application under appropriate circumstances where fraud or other inequitable conduct has occurred. Also, the Office will consider fraud and inequitable conduct when properly raised in interference proceedings under 35 U.S.C. 135(a). The Office will also consider fraud and inequitable conduct in connection with attorney conduct under § 10.23(c).

Comment 7. One comment stated that § 1.56 should require only anticipatory art to be submitted during examination of an application, with a procedure such as reexamination being used after discovery in any litigation on the patent has revealed all available art.

Reply: An application is examined under all appropriate sections of Title 35, United States Code, and a presumption of validity attaches to a patent with regard to all aspects of patentability, including anticipation. 35 U.S.C. 282. Therefore, § 1.56 should address more than just the submission of anticipatory information, including information relevant to patentability under 35 U.S.C. 103 and 35 U.S.C. 112.

Comment 8. One comment suggested that proposed § 1.56 has some dangerous implications since courts are going to find violations of the duty of disclosure if § § 1.97 and 1.98 are not complied with completely.

Reply: Section 1.56 provides that the duty of disclosure can be met by submitting information to the Office in the manner prescribed by § § 1.97 and 1.98. Sections 1.97 and 1.98 are being amended so that information will be submitted to the Office in the manner and at the time which will facilitate consideration by the examiner. Applicants are provided certainty as to when information will be considered, and applicants will be informed when information is not considered. The Office does not believe that courts should, or will, find violations of the duty of disclosure because of unintentional non-compliance with § § 1.97 and 1.98. If the non-compliance is intentional, however, the applicant will have assumed the risk that the failure to submit the information in a manner that will result in its being considered by the examiner may be held to be a violation.

Comment 9. Two comments stated that the Office should not delete the offense of attempted fraud from the § 1.56. The comments stated that elimination of the reference to "gross negligence" in current § 1.56 would be sufficient to protect the practitioner who delays submission of information with no intent to deceive the Office. One of the comments stated that the disciplinary rules alone are not sufficient to deter attempted fraud or inequitable conduct.

Reply: The language of § § 1.56(a) and 1.555(a) has been modified to retain the provisions of prior § 1.56(d) to indicate that the Office does not condone fraud, attempted fraud, or violation of the duty of disclosure through bad faith or intentional misconduct.

Comment 10. One comment stated that the appropriate standards for the duty of candor are analogous to fiduciary law which requires the fiduciary to disclose not only known facts, but also facts which it should have known, i.e., a negligence standard. The comment argued that it was undesirable to measure duty of candor or fraud by a reduced measure of "intent" instead of an objective negligence standard since the Office is not bound by the U.S. Court of Appeals for the Federal Circuit decision in *Kingsdown Medical Consultants, Ltd. v. Hollister, Inc.,* 863 F.2d 867, 9 USPQ2d 1384 (Fed. Cir. 1988) (en banc), *cert. denied,* 490 U.S. 1067 (1989) , and since the proposed standard is no more objective than alternative standards but is simply narrower and more certain. Another comment suggested that the Office should indicate that there is no intention to change the Kingsdown ruling.

Reply: Section 1.56 has been amended to present a clearer and more objective definition of what information the Office considers material to patentability. The rules do not define fraud or inequitable conduct which have elements both of materiality and of intent. The Office does not advocate any change to the Kingsdown ruling.

Comment 11. Two comments stated that the proposed modification of § 1.56 would make submission of information to the Office an implied admission of the prima facie unpatentability of a claim. Several comments suggested that a sentence should be added to proposed § 1.56 to specify that submission of information to the Office under this section shall not be deemed to be an admission or representation that the information is material to patentability.

Reply: The suggestions in the comments have been adopted by modifying § 1.97 which deals with submission of information to the Office. Paragraph (h) of § 1.97 now provides that the filing of an information disclosure statement shall not be considered to be an admission that the information cited in the statement is, or is to be considered to be, material to patentability as defined in § 1.56.

Comment 12. One comment stated that the proposed § 1.56 definition would be difficult to apply in litigation in which a different burden-of-proof standard is applied.

Reply: The definition of information material to patentability includes standards which are familiar to the Federal courts and which are capable of being handled like other issues.

Comment 13. One comment suggested that the last sentence of proposed § 1.56(a), in which the Office encourages applicants to carefully examine prior art cited in foreign search reports and the closest known information, be removed from the rule and be placed in the preamble discussion so as to avoid the interpretation that the sentence creates a duty for applicants.

Reply: The suggestion is not adopted. The sentence does not create any new duty for applicants, but is placed in the text of the rule as helpful guidance to individuals who file and prosecute patent applications.

Comment 14. Three comments stated that the language of proposed § 1.56(a) required revision to remove all statements or suggestions which might allow a court to consider a pending (i.e., unissued) claim for the purpose of determining whether the duty of disclosure requirement was met in view of the fact that the proposed rule was intended to indicate that there is no duty to disclose information which is material to a pending claim unless that claim ultimately issues in a patent. One comment argued that a court might interpret "the duty of candor and good faith" to be broader than the particular duty of disclosure specified in other portions of the proposed rule.

Reply: The language of § § 1.56 and 1.555 has been modified to emphasize that there is a duty of candor and good faith which is broader than the duty to disclose material information. Section 1.56 further states that "no patent will be granted on an application in connection with which fraud on the Office was practiced or attempted or the duty of disclosure was violated through bad faith or intentional misconduct."

Comment 15. One comment suggested that proposed § 1.56(a) be modified to clarify that both information and its materiality must be known before there is a duty to disclose the information.

Reply: The Office considers the language of 1.56(a) to be sufficiently clear in referring to a "duty to disclose to the Office all information known to that individual to be material to patentability as defined in this section." If information is known to be material, it inherently must be known. Likewise, if information is not known to an individual, there is no duty to disclose the information whether it is material or not.

Comment 16. One comment stated that it should be made clear that "known" is limited to contemporaneous knowledge since a practitioner may have known something ten years ago but may not remember it presently.

Reply: Section 1.56 states that each individual associated with the filing and prosecution of a patent application has a duty to disclose all information known to that individual to be material to patentability as defined in the section. Thus, the duty applies to contemporaneously or presently known information. The fact that information was known years ago does not mean that it was recognized that the information is material to the present application.

Comment 17. One comment suggested that proposed § 1.56(a) be modified to state that the duty of disclosure ends when an application becomes abandoned or allowed.

Reply: Paragraph (a) of § 1.56 states that the duty to disclose information exists until the application becomes abandoned. The duty to disclose information, however, does not end when an application becomes allowed but extends until a patent is granted on that application. The rules provide for information being considered after a notice of allowance is mailed and before the issue fee is paid (§ 1.97(d)) and for an application to be withdrawn from issue after the issue fee has been paid. An application may be withdrawn from issue because one or more claims are unpatentable (§ 1.313(b)(3)) or an application may be withdrawn from issue and abandoned so that information may be considered in a continuing application before a patent issues (§ 1.313(b)(5)).

Comment 18. Three comments stated that the first two sentences of proposed § 1.56(a) should be deleted since rules should simply instruct practitioners what to do without discussion of why they should do it or the philosophy involved.

Reply: The suggestion has not been adopted since the sentences aid in the understanding of the rule and will provide those involved in enforcing patents with an indication of the policy on which the rule is based.

Comment 19. One comment stated that § § 1.56 (a)(2) and (c) should be modified to refer to "individuals substantively associated with" the filing or prosecution of the patent application.

Reply: The suggestion is not adopted since the proposed rule language is clear and the suggested modification would create a redundancy with the language of § 1.56(c)(3). The individuals designated in § § 1.56(c)(1) and (2) as being associated with the filing or prosecution of a patent application within the meaning of the section are inherently substantively involved in the preparation or prosecution of the application.

Comment 20. One comment stated that proposed § 1.56(b) should be modified to clarify that information is not material if it is cumulative to information already of record in an application or to information concurrently being made of record.

Reply: The suggestion has been adopted by adding a reference to information being made of record with regard to cumulative information in § § 1.56(b) and 1.555(b).

Comment 21. One comment stated that the preamble discussion (of § 1.56(b)) should indicate that test results in situations such as tests involving biological systems may properly be submitted as averages rather than as individual test runs.

Reply: Whether test results can be submitted as averages rather than as individual test runs depends on whether doing so would provide to the Office the information needed to make a proper determination on patentability. If the actual results are provided, the examiner can make an independent determination on whether some rejection is appropriate. In some cases providing averages might be misleading, but in other cases providing averages might be appropriate.

Comment 22. One comment stated that the definition of materiality in proposed § 1.56(b) imposes substantial new burdens on applicants who would be required to disclose failed experiments, papers published less than one year prior to filing and experimental public uses even if they clearly are refutable and will not affect patentability. One comment stated that the proposed rule would require applicants to incur added expense for affidavits and comparison tests. Five comments stated that the Office should not require applicants to present results from clearly invalid tests since this would be contrary to usual scientific practice. One comment argued that information should not be required to be submitted if there was no doubt that it would not preclude patentability, e.g., where common ownership existed so that the exception of 35 U.S.C. 103, second paragraph, would apply.

Reply: The definition of materiality in § 1.56 does not impose substantial new burdens on applicants, but is intended to provide the Office with the information it needs to make a proper and independent determination on patentability. It is the patent examiner who should make the determination after considering all the facts involved in the particular case. The comments reflect that the Office objective of clarifying what information the Office considers to be material has been accomplished by the amendment of the rules.

Comment 23. One comment suggested that § 1.56 should confine the duty of disclosure to references known to applicant or the practitioner representing applicant and not found in prior art materials in the Office.

Reply: This suggestion is not adopted since information may be in the Office but not in the application file. It is not reasonable to assume that an examiner knows of a particular item of information or appreciates its relevance to a particular invention simply because it exists somewhere in the Office.

Comment 24. One comment stated that the language "or in combination with other information" should be removed from proposed § 1.56(b)(1) because it was unworkable to require an applicant to combine references against its own claims, especially since, according to the commentator, examiners and the Board of Patent Appeals and Interferences frequently misapply the law. Another comment stated that the language creates an open field for litigators to claim that an inordinate number of references could be combined.

Reply: The rule does not require an applicant to combine references against its own claims. The applicant can submit information to the Office for the examiner's consideration whether the information is considered material or not. The fact that the teachings of a large number of references must be combined for a prima facie case of obviousness does not by itself weigh against a holding of obviousness. See *In re Gorman,* 933 F.2d 982, 18 USPQ2d 1885 (Fed. Cir. 1991).

Comment 25. Four comments stated that the definition of "prima facie case of unpatentability" (§ 1.56(b)(1)) should be included in the rule itself. One comment said that the definition should not be included in the rule.

Reply: The definition has been included in the rule for clarity.

Comment 26. One comment stated that the proposed § 1.56(b)(1) placed a burden on the practitioner to analyze references that is inappropriate and contradictory to a practitioner's responsibility to his client.

Reply: The rule itself does not place a burden on the practitioner to analyze references. Information can be submitted to the Office in accordance with § § 1.97 and 1.98, and the examiner will consider the references.

Comment 27. One comment questioned whether an applicant would be charged with withholding material information if the "other information" (§ 1.56(b)(1)) necessary to cause an undisclosed reference to become material is unknown to the applicant. Another comment suggested that the language should be changed to read "other known information" to show that the information must be known to applicant to give rise to a duty of disclosure.

Reply: Paragraph (b) of § 1.56 defines information material to patentability. While information may be material under the definition, there is no duty on an individual to disclose the information if the information is unknown to the individual (§ 1.56(a)).

Comment 28. One comment suggested that defining materiality in § 1.56(b) in terms of prima facie unpatentability would permit a conspiracy of silence in which (1) the applicant knows of information but is incapable of making the legal analysis to determine whether the information is material and (2) the patent practitioner, who is equipped to determine whether information is material, does not know of the information and does not ask. Thus, it is argued there would be no violation of the duty of disclosure which requires knowledge of both information and its materiality.

Reply: The Office has set forth what information should be submitted so that the Office can make a proper determination on patentability. The term "conspiracy" has the connotation of unlawfulness which would not be consistent with the duty of candor and good faith required in dealings with the Office.

Comment 29. One comment suggested that proposed § 1.56(b)(1) should be revised to read "in combination with other information already of record in the application" to avoid the possibility that undisclosed material could be considered material in subsequent litigation when combined with information not known at the time of the prosecution to any person substantively involved in the preparation or prosecution of the application.

Reply: Paragraph (a) of § 1.56 makes it clear that the Office recognizes that the duty to disclose material information is limited to such information which is known by an individual substantively involved in the preparation or prosecution of the application. Thus, while information may be material under the definition of § 1.56(b)(1), there can be no duty to disclose the information if it is material only in combination with unknown information.

Comment 30. One comment stated that proposed § 1.56(b) should be modified so that paragraph (b)(1) refers to information that renders a claim unpatentable ("but for"), paragraph (b)(2) remains as proposed, and a paragraph (b)(3) is added to include the definition of materiality as "the closest information over which any pending claim patentably defines." This comment suggested that this modified definition would have the advantage of not requiring the applicant to submit references which applicant knows are immaterial and to then engage in "straw man" arguments based on such references.

Reply: The suggested modification to § 1.56 has not been adopted. The suggested language would seemingly require information to be filed in each application, whether the information is relevant or not, since the "closest information" would be required. Section 1.56 does not require information which is not relevant to be submitted, but only information which meets the definition of material as set out in the rule.

Comment 31. One comment stated that if proposed § 1.56(b)(1) is promulgated, there would be no need for proposed § 1.56(b)(2) with regard to information which would make a prima facie case of unpatentability and other information required by paragraph (b)(2) might be obscure. Another comment argued that paragraph (b)(2) was unnecessary, confusing and ambiguous and suggested changes in the language to make the requirement clear and less ambiguous.

Reply: The suggestion as to the language change to § 1.56(b)(2) has been adopted. The final rule language avoids the perceived problem of requiring an applicant to submit information supporting a position taken by the examiner. It is not appropriate, however, to eliminate paragraph (b)(2) because it is an essential part of the definition of information material to patentability and will help to ensure that all material facts are brought to the attention of the examiner during the examination process.

Comment 32. One comment questioned the language of proposed § 1.56(b)(2) as to how an applicant could consider a prior art reference as supporting a position of unpatentability taken by the Office while at the same time disputing that interpretation.

Reply: The language of § 1.56(b)(2) has been modified to clarify that information is material to patentability if it refutes, or is inconsistent with, a position the applicant takes in (1) opposing an argument of unpatentability relied on by the Office, or (2) asserting an argument of patentability.

Comment 33. One comment stated that § 1.56(b)(2) was flawed in requiring a duty to conduct a file search to make sure that no information exists which even arguably contradicts a position taken or to be taken in response to the examiner, or which supports the examiner's position which may be improper.

Reply: Section 1.56(b)(2) does not require a search of files. Under § 1.56(a), the duty of disclosure is confined to that information which is known to an individual to be material as defined in paragraph (b).

Comment 34. One comment stated that proposed § 1.56(c) should be modified so that the duty of any individual designated as having a duty of disclosure would terminate when such individual ceases to be substantively involved in the preparation or prosecution of the application. The comment used, as an example, an inventor who would not be aware of art cited by the examiner which would cause information known to the inventor to fall within the definition of materiality for the first time.

Reply: The suggestion in the comment is not adopted. The duty to disclose information material to patentability rests on the individuals designated in § 1.56(c) until the application issues as a patent or becomes abandoned. Paragraph (a) of § 1.56 makes it clear, however, that each individual has a duty to disclose only information which is known to that individual to be material.

Comment 35. One comment stated that proposed § 1.56(c)(3) should not include the assignee, or anyone to whom there is an obligation to assign the application, in the class of those who have a duty to disclose material information since there might be a "witch hunt" during litigation to find one employee with knowledge of, or possession of, information that should have been disclosed.

Reply: No modification to § 1.56(c)(3) is needed since § 1.56 sets forth that only individuals who are associated with the filing and prosecution of a patent application have a duty of candor and good faith, including a duty to disclose to the Office all information known to be material to patentability.

Comment 36. One comment stated that proposed § 1.56(d) should be revised to expressly allow an inventor to satisfy the duty by disclosing information to the practitioner who prepares or prosecutes the application so that redundant information disclosure statements will not be required from both the inventor and the attorney or agent.

Reply: The suggestion in the comment is not adopted since the duty as described in § 1.56 will be met as long as the information in question was cited by the Office or submitted to the Office in the manner prescribed by § § 1.97(b)-(d) and 1.98 before issuance of the patent. Statements from both an inventor and the practitioner are not required to be submitted.

Comment 37. One comment stated that proposed § § 1.52(c) and 1.67(c) should be modified to either (1) expressly permit alterations to be made in an application subsequent to the signing of the oath or declaration if a supplemental oath or declaration is later submitted, or (2) more properly, prohibit such alterations since if alterations are desirable, they can be made and the application can be filed with an unsigned oath or declaration. Another comment stated that willfully filling out false oaths should never be condoned.

Reply: The Office does not condone willfully filling out false oaths. Further, § 10.23(c)(11) indicates that the Office considers it misconduct for a practitioner to knowingly file or cause to be filed an application containing a material alteration made after the signing of an accompanying oath or declaration without identifying the alteration. The Office will not consider striking an application in which an alteration was made, but a supplemental oath or declaration is required to be filed in an application containing alterations made after the signing of the oath or declaration.

Comment 38. One comment stated that the implementation of proposed § § 1.63(b)(3) and 1.175(a)(7) allows for a two-month delay in the deadline for requiring declarations complying therewith.

Reply: The averments in oath or declaration forms presently in use that comply with the previous § 1.63 or § 1.175 will also comply with the requirements of the new rules. Therefore, the Office will continue to accept the old oath or declaration forms as complying with the new rules.

Comment 39. Five comments questioned the need for the proposed rules since statistics show that information disclosure statements are submitted early in prosecution and questioned what new service is being provided for the proposed fee in § 1.97.

Reply: The Office desires to continue to encourage information to be submitted promptly so that it can be considered by the examiner when the first Office action is prepared. Some people have expressed a desire to have the

option of waiting to submit information until after the first Office action, without concern that they will be subject to a charge of inequitable conduct. Section 1.97(c), as amended, will provide this option to applicants in that information will be considered later than three months after the filing date of the application (§ 1.97(a) prior to amendment) without a showing of promptness (prior § 1.99). The fee will compensate the Office for the added expense caused by the late submission of the information and will serve as a disincentive to the intentional withholding of information even for a short period of time.

Comment 40. Two comments suggested that proposed § 1.97(a) be modified so that the mechanism of proposed § 1.98 would not be the only acceptable technique for submitting information.

Reply: The Office has set forth the minimum requirements for information to be considered in § § 1.97 and 1.98. These rules will provide certainty for the public of exactly what the requirements are, when the Office will consider information and when the Office will not consider information. Thus, applicants are provided with means for complying with the duty of disclosure by following the rules. If information is submitted in a manner so that it is not considered by the Office, applicant will assume the risk that a court might find a violation of the duty of candor and good faith which includes the duty to disclose material information.

Comment 41. Four comments suggested that information which is recognized by applicant as being material after the period set in proposed § 1.97(b) as the result of prior art cited by the examiner should be permitted to be submitted to the Office without the fee set forth in 1.17(p), the certification or the petition fee required by § 1.97.

Reply: The suggestion in the comments is not adopted since it would require a certification, e.g., why the information was just recognized as being material, and would unduly complicate the rules and the procedures for considering information submitted by applicant. Applicants can avoid or, at least, minimize the problem by submitting information which is known to be relevant to the application even though it is not yet recognized as being required to be submitted because it is material to patentability. The fees charged are to compensate the Office for the additional work that will be necessary when information is submitted during an advanced stage of the examination process.

Comment 42. Two comments suggested that the period for submitting information set in proposed § 1.97(b) be changed to be two months from the issuance of the Official Filing Receipt to avoid information disclosure statements being misrouted in the Office.

Reply: The suggestion in the comment is not adopted. The date that the Filing Receipt is mailed is not maintained in the application file so there would be administrative difficulty in determining when a fee or certification is required to be filed under the new rule. An application can be filed with a self-addressed return postcard so that applicant can obtain the serial number assigned to the application very soon after filing. Further, information may be filed under § 1.97(b) before the mailing of a first Office action on the merits even if this occurs later than three months after the application filing date.

Comment 43. One comment questions whether § 1.97(b) or § 1.97(d) applies in the event of issuance of a final rejection within three months of the filing of an application. The comment indicated that paragraph (b) should apply in this situation.

Reply: Paragraph (b) would apply in this situation since the paragraph specifies that information may be filed within three months of the filing date of the application or before the mailing date of a first Office action on the merits, whichever event occurs last. Thus, information would be considered pursuant to § 1.97(b) if it was filed within three months of the filing date of the application even if a final rejection was mailed prior to three months from the filing date.

Comment 44. One comment stated that proposed § 1.97(b)(1) should be clarified to indicate that "the filing of a national application" includes "a continuing application which replaces the original application."

Reply: The suggested modification has not been adopted since it is not necessary for clarity. The term "national application" includes continuing applications in this and the other patent rules. It is not desirable to add the suggested language to all occurrences of the term "application" in the rules or to raise the implication that continuing applications are not included in the term in other rules by adding the suggested language to this rule.

Comment 45. One comment stated that proposed § 1.97 should be changed to state that if a responsible party becomes aware of material information less than three months before issuance of an Office action, that information will be considered timely filed if it is submitted together with response to the action. The comment also stated that the Office

could go farther and implement a rule which specifies that such information will be considered timely submitted if it reaches the examiner before the response to the Office action is taken up for consideration. Three other comments stated that the Office should accept information disclosure statements with responses to Office actions, with one comment arguing that there is no benefit in submitting two papers where one would suffice.

Reply: The suggestions in the comments are not adopted. The rule as proposed and promulgated has the advantage of being relatively easy to comply with and administer. Information should be submitted promptly so that the examiner will have the option of reviewing the information and withdrawing or revising the Office action. Requiring information to be submitted promptly contributes to the efficiency of the examination process.

Comment 46. One comment stated that there should be no fee in § 1.97 associated with the filing of an information disclosure statement since this might impact negatively on the submission of material information; rather, it would be sufficient to permit material information submitted subsequent to a non-final action to support a final rejection in the next action, in the absence of the certification proposed in the rules. Another comment, however, stated that the proposed fee requirement would not be a disincentive to submission of prior art, but would force examiners to consider certain art which under current practice often is not made of record, but instead, requires the filing of a continuation application.

Reply: The fee required in the rule will serve both to cover additional expense caused the Office by the late submission of information and will also serve as a disincentive to failing to cooperate in submitting information early in the prosecution of an application rather than as a disincentive to submitting information at all.

Comment 47. One comment questioned whether information in an information disclosure statement submitted during the period set forth by proposed § 1.97(c) could be used by an examiner to make the next action final if the statement was submitted with a certification under § 1.97(e).

Reply: Information submitted with a certification during the period set forth in § 1.97(c) will not be used to make the next Office action final on unamended claims since in this situation it is clear that applicant has submitted the information to the Office promptly after it has become known and the information is being submitted prior to a final determination on patentability by the Office.

Comment 48. One comment stated that it was unfair for the Office to require a fee for considering information pursuant to proposed § 1.97(c) and then also be able to use the information in making the Office action final.

Reply: The policy is not considered to be unfair. If information is submitted during the period set forth in § 1.97(c) without the certification, the fee will compensate the Office for extra work that may be caused by the failure to submit information promptly. If the cost for this extra work were not placed upon the applicant in this situation, the cost would have to be borne by all applicants through payment of higher fees. The possibility that the next Office action may be made final will further encourage prompt disclosure of information to the Office.

Comment 49. One comment suggested that information should be considered (§ 1.97(c)) after final rejection, since this is different from after allowance when the Office would have to go back and reconsider its work. Two comments stated that proposed § 1.97(c)(1) should not penalize applicants who receive a foreign search report after a final rejection is made in the application and that the certification under § 1.97(e) should be available until an advisory action after final rejection or a notice of allowability occurs in the application. Another comment stated that final action may not even be on the merits but merely administrative.

Reply: The suggestions in the comments are not adopted. Both a notice of allowance and final rejection represent a final Office decision on patentability. Information considered after either of these actions may require the Office to alter its position. After either of these actions, information will be considered only if it is submitted promptly in accordance with § 1.97(d) or is submitted in a refiled application. It should be noted that information cited in a foreign search report, if cited to the Office within three months of the date on the search report, will be considered by the Office if filed before payment of the issue fee.

Comment 50. One comment stated that proposed § 1.97(d) would result in unequal treatment of U.S. inventors who file first in the Office as compared to foreign inventors who file first in a foreign country since the latter will have the results of the search made by the foreign examining country earlier in the pendency of the U.S. application. Six comments suggested that a U.S. inventor should have the ability to make the certification of § 1.97(e) and to have the Office consider the information, regardless of the stage of prosecution at which information from a foreign office is submitted.

Reply: It should be noted that the certification of § 1.97(e) can be made and information considered by the Office until the issue fee is paid on the application. After the issue fee has been paid on an application, it is impractical for the Office to attempt to consider newly submitted information. The application may be withdrawn from issue at this point, however, pursuant to § 1.313(b)(5) so that the information can be considered in a continuing application, or pursuant to § 1.313(b)(3) if applicant states that one or more claims are unpatentable over the information that is cited. It is further noted that it is applicants, not the Office, who make decisions on when and in which countries to file an application. U.S. inventors who may desire to seek patent protection in foreign countries have the ability to utilize the provisions of the Patent Cooperation Treaty and to delay the requirement to enter the national stage until after a search report on the invention is made.

Comment 51. One comment questioned whether a certification under § 1.97(e) could properly be made in situations where information known by the applicant but not considered material is cited by a foreign patent office more than three months later than the first knowledge by applicant.

Reply: The language of § 1.97(e) has been modified to permit a certification to be made in the situation described in the comment. If an item of information is submitted within three months of being cited in a communication from a foreign patent office in a counterpart foreign patent application, the certification can be properly made regardless of any individual's previous knowledge of the information.

Comment 52. One comment stated that the three-month time period for submitting information from foreign patent offices under proposed § 1.97(e) might be too short because not all foreign offices provide copies of references and that the Office should provide for a petition in unusual circumstances. Five comments stated that a three-month time limit for filing foreign search reports is not reasonable but rather that six months would be more reasonable.

Reply: The Office has chosen the three month time period as appropriate in view of all the factors involved in obtaining information and in the examination process. It should be noted that Office actions typically set a three-month shortened statutory period for response. A response to an Office action generally requires more time for preparation than is involved in the submitting of a foreign search report and copies of the documents cited.

Comment 53. Five comments suggested that § 1.97(e) should permit a certification to be made if an individual knew of information for more than three months before it was filed but did not recognize its materiality or relevance to the application.

Reply: The suggestion in the comments is not adopted. The Office desires to encourage prompt evaluation of information as to materiality by applicants and the Office so as to contribute to the efficiency and effectiveness of the examination process. It should be noted that an applicant is not required to delay the submission of information while evaluating materiality, but can submit the information pursuant to § § 1.97 and 1.98.

Comment 54. One comment stated that proposed § 1.97(e) should be clarified to specify that the certificates can be made regardless of the source of the information being submitted, so long as it is disclosed within three months of receipt. One comment stated that the three-month period of proposed § 1.97(e) should be measured from the receipt date of a communication from a foreign patent office.

Reply: A certification under § 1.97(e) can be made if each item of information was cited in a communication from a foreign patent office in a counterpart foreign application not more than three months prior to filing the statement. A certification can also be made if no item of information was cited in a communication from a foreign patent office in a counterpart foreign application or was known to any individual designated in § 1.56(c) more than three months prior to filing the information disclosure statement. The Office wishes to encourage prompt evaluation of the relevance of information and to have a date certain for determining if a certification can properly be made. Although it is recognized that an individual actually becomes aware of the information in the communication from a foreign patent office sometime after it was mailed, the mailing date of such a communication, if it occurs prior to a first awareness of the same information, would determine the date for filing of an information disclosure statement without a fee. The Office is willing to absorb any additional cost in considering such information relevant to patentability after the time set in proposed paragraph (b) only when it is clear that an applicant is diligent in providing the information to the Office.

Comment 55. One comment stated that the cost of making a certification under § 1.97(e) would be more than the $ 200.00 fee proposed where no certification is made due to difficulties in obtaining information from foreign clients. The comment suggested that the rule provide for (1) the opportunity to provide documentation (as opposed to certification) illustrating when the information was received, and (2) the opportunity to submit information with increasing fees depending on when in the periods of § 1.97 (c) and (d) the information is submitted.

Reply: The suggestions in the comment are not adopted since they would add undue complexity to the rules and procedures. Further, the suggested provision of documentation, which presumably would be reviewed by someone in the Office, would probably add considerably to the overall expenses of filing an information disclosure statement. No other comments indicated a desire for increasing fees depending on when the information is submitted.

Comment 56. Two comments stated that proposed § 1.97(e) is ambiguous in using the language "to the knowledge of the person signing the certification" in that it could refer to "information and belief," "actual knowledge of the facts" or "no knowledge to the contrary." One comment stated that certifications should be able to be made on information and belief by a U.S. attorney or agent submitting a material reference received from a foreign patent attorney or agent, rather than requiring a certification from the foreign individual. Another comment suggested that the period should be calculated from when the applicant either knew or could have known of the reference because the U.S. attorney should not be penalized for delays from their foreign patent associates.

Reply: The certification under § 1.97(e) should be made by a person who has knowledge of the facts being certified. The certification can be made by a practitioner who represents a foreign client and who relies on statements made by the foreign client as to the date the information first became known. A practitioner who receives information from a client without being informed whether the information was known for more than three months, however, cannot make the certification without making a reasonable inquiry.

Comment 57. One comment stated that the language of proposed § 1.97(e) would preclude the use of the certification in an application by corporations whose practitioners have over the years reviewed thousands of patents and technical publications, even though they are unaware of the relevance of any one thereof to the application.

Reply: The language of § 1.97(e) is not intended to preclude use of the certification by representatives of corporations. The certification can be based on present, good faith knowledge about when information became known without a search of files being made. The Office, however, does desire to have information considered promptly by applicants as to materiality and to have information submitted to the Office early in the prosecution of an application.

Comment 58. One comment suggested that proposed § 1.97(e) should permit certification only as to information submitted within four months of receipt from a foreign patent office, with all other late-submitted information requiring a fee so as to not open a legal quagmire implicit in the proposed certification requirement.

Reply: The suggestion in the comment is not adopted. The certification set forth in § 1.97(e) is preferable since it provides the avoidance of the payment of a fee by a person who is submitting information promptly to the Office. An applicant has the option under the circumstances described in § 1.97(c), however, to not make the certification and to pay the fee instead if so desired.

Comment 59. One comment suggested that proposed § 1.97(f) be modified to specify that not less than one month will be given if a bona fide attempt is made to comply with § 1.98 but part of the required content is omitted. Another comment suggested that § 1.97(f) should state that the Office will give (rather than may give) additional time for compliance with § 1.98.

Reply: The suggestions in the comments are not adopted. The language of § 1.97(f) parallels present § 1.135(c) since the practice and considerations are similar for both rules. The Office intends to provide one month to comply with § 1.98 where a bona fide attempt has been made to do so.

Comment 60. One comment stated that proposed § 1.97(f) should specify that the Office shall inform the applicant if a reference will not be considered due to noncompliance with § 1.98 so as to avoid any argument in litigation that a certain reference was not considered due to clerical noncompliance.

Reply: The Office plans to notify applicants in accordance with § § 1.97 (f) and (i) is submitted information will not be considered. The examiner will also indicate in the application record what information has been considered. Further details will appear in the Manual of Patent Examining Procedure in due course.

Comment 61. One comment suggested that proposed § 1.97(g) should be modified to state that the filing of an information disclosure statement shall not be construed as a representation that no other material information exists such as is set forth in current § 1.97(b).

Reply: The suggestion in the comment has not been adopted since referring to "no other material information" would imply that the information being submitted was admitted to be material. There is no requirement that information being submitted be material to the application.

Comment 62. One comment suggested that proposed § 1.97(h) be modified to state that information not considered by the Office will be deemed in all respects to have not been submitted by the applicant since this would make a noncompliant submission clearly not a fulfillment of the duty of candor.

Reply: The suggestion in the comment is not adopted. The Office has no need or desire to rule on lack of fulfillment of the duty of candor in such a situation. The rules are drafted such that § 1.56 sets forth what information is material to patentability and § § 1.97 and 1.98 set forth procedures to assure consideration of information by the Office.

Comment 63. One comment stated the Office has a duty to consider information even if this involves withdrawing an application from issue or publishing a cancellation notice and that proposed § 1.97(h) should be changed to so state. Another comment stated that it would be an abdication of the duty that the Office owes to the public for information in the file to be ignored since issuance of an invalid patent can be used to discourage others in the field. The comment suggested that the Office should leave in doubt whether the information will be considered or not.

Reply: It is necessary for the Office to balance its need and desire to consider all information relevant to an application with its need for an efficient operation and its capability to consider information at various stages in the prosecution of an application. The Office is setting forth when information will and will not be considered to provide certainty for the public.

Comment 64. One comment requested information on how a United States patent application or other information (§ 1.98(a)(1)(iii)) should be listed on a PTO 1449 form.

Reply: The PTO 1449 has been drafted so as to provide spaces for listing documents which are available to the public and which will be printed on the patent at issuance. Other information should be listed separately from the PTO 1449 form.

Comment 65. One comment stated that § 1.98(a)(2)(i) should not require the submission by applicants of United States patents listed in an information disclosure statement since the Office is better equipped to provide examiners with copies of those documents than inventors and their attorneys. Alternatively, the comment suggested that the Office should establish a procedure whereby an order for the Office to provide the copies of the patents at the usual fee can accompany the information disclosure statement.

Reply: At the present time, when the Automated Patent System has not been fully implemented, the overall cost of the Office obtaining copies of patents and associating them with application files would be greater than for applicants to provide copies with information disclosure statements. Presumably, the applicant would be using a copy of the patent in preparing the statement and could easily make a copy for submission to the Office.

Comment 66. One comment suggested that § 1.98(a)(2)(iii), as proposed, be clarified by substituting "except that no copy of a U.S. patent application need be included" for the proposed phrase "except a U.S. patent application."

Reply: The suggested clarification to the language of the rule has been adopted.

Comment 67. A number of comments objected to the requirement in § 1.98(a)(3) for a concise explanation of the relevance of all items of information being submitted.

Reply: In response to the comments, § 1.98(a)(3) has been modified to require a concise explanation only of patents, publications or other information listed in an information disclosure statement that are not in the English language. Applicants may, if they wish, provide concise explanations of why English-language information is being submitted and how it is understood to be relevant. Concise explanations are helpful to the Office, particularly where documents are lengthy and complex and applicant is aware of a section that is highly relevant to patentability.

Comment 68. Five comments stated that the proposed rules should be modified to state that if information is being submitted from a foreign search report, the requirement for a concise explanation in proposed § 1.98(a)(3) may be satisfied by submitting an English-language version of the search report.

Reply: The language of § 1.98(a)(3) has been modified so that no concise explanation is required for information submitted in the English language. The concise explanation requirement for non-English language information may be met by the submission of an English language version of the search report indicating the degree of relevance found by the foreign office. It is not necessary that this detail be included in the rule.

Comment 69. Five comments questioned whether the requirement in proposed § 1.98(a)(3) would be satisfied by a statement that the references were cited in the prosecution of a parent application.

Reply: The requirement in § 1.98(a)(3) for a concise explanation of non-English language information would not be satisfied by a statement that a reference was cited in the prosecution of a parent application. The concise explanation must explain the relevance as presently understood by the person designated in § 1.56(c) most knowledgeable about the content of the information.

Comment 70. One comment suggested that proposed § 1.98(a)(3) should be modified to require a concise explanation of "what is believed to be" the relevance of information listed to avoid the accusation of violation of duty of disclosure merely because more relevant portions of the information are later found. Another comment suggested that the concise explanation should state what is "reasonably understood by the person submitting the statement." Another comment stated that the applicant should be required to explain (1) only what is understood or believed about the item of information at the time the disclosure is made, or (2) why the item is listed.

Reply: The suggestions in the comments have been substantially adopted in modifying the language of § 1.98(a)(3).

Comment 71. One comment stated that proposed § 1.98(b) should not require the date (unless material) and place of publication of journal articles since such information is not given on search reports from foreign patent offices or on journals published by the American Chemical Society, which just give the year. Another comment indicated that sometimes it is not clear where the place of publication is.

Reply: The suggestions in the comments are not adopted. The date of publication is necessary for the Office to be able to determine if the information may be used in a rejection of the claims in an application. The place of publication refers to the name of the journal, magazine or other publication in which the article was published, which should be available in the vast majority of cases.

Comment 72. One comment suggested that § 1.98(c) should not require a translation of a non-English language document to be filed if a translation is within the possession, custody or control of an individual designated in § 1.56(c) because such person may not recall that there is a translation somewhere in the records of the individual, perhaps having been made for another application years earlier.

Reply: The requirement of the rule for a translation to be submitted under limited conditions is not a change in practice. See prior § § 1.56(j) and 1.97(b). Since the requirement has caused little, if any, problem in the past, the suggestion of the comment is not adopted.

Comment 73. One comment suggested that § 1.98(c) should be revised to make it clear that a reference that is essentially cumulative to another reference need not be listed in an information disclosure statement.

Reply: The concept that cumulative information is not material is set forth in § 1.56(b). Section 1.98 does not deal with what information must be submitted, but provides an exception for cumulative information to the requirement for a copy to be submitted of each item of information listed in an information disclosure statement.

Comment 74. One comment stated that a sentence in the preamble discussion of proposed § 1.98(c) was burdensome because it would require submission of incomplete or inexact translations which may have been made of an item of information. The sentence in question reads:

But if the individual has the ability to translate the non-English language into English and has done so for the purposes of reviewing the information relative to the claimed invention, the translation would be considered "readily available."

Another comment stated that proposed § 1.98(c) should be modified to require a translation if the non-English language document is to be considered by the examiner since the attorney would want to prepare an accurate translation of particularly relevant references. One comment suggested that § 1.98(c), or the preamble discussion, should make it clear that an English-language translation of a foreign language material reference need not be submitted where an individual merely reads in the reference in its original language and translates it mentally but does not prepare a written translation. Five other comments requested clarification on this point.

Reply: The Office does not intend to require translations unless they have been reduced to writing and are actually translations of what is contained in the non-English language information. Applicants should note, however, that most examiners do not have the ability to understand information which is not in English and that the Office will not routinely translate information submitted in a non-English language. The examiner will consider the information insofar as it is understood on its face, e.g., drawings, chemical formulas, English-language abstracts, but will not have the

information translated unless it appears to be necessary to do so. Applicants are required to aid the examiner by complying with the requirements for a concise explanation in § 1.98(a)(3) for information submitted in a non-English language.

Comment 75. One comment stated that § 1.98(d) should be clarified to state that a copy of an item of information listed in an information disclosure statement need not be submitted if the reference was cited by the Office or previously submitted to the Office in connection with a prior application.

Reply: The suggestion in the comment is adopted. The language of § 1.98(d) has been modified to state that a copy of an item of information is not required if it was previously cited by the Office or previously submitted to the Office in a prior application being relied on for an earlier filing date under 35 U.S.C. 120.

Comment 76. One comment suggested that proposed § 1.98(d) should be revised to not require the submission of a copy of the information listed in an information disclosure statement if a copy of the information has previously been submitted to the Office in a prior application, whether or not the earlier application is being relied upon for an earlier filing date under 35 U.S.C. 120.

Reply: The suggestion in the comment is not adopted. The exception to the requirement for a copy of each item of information to be submitted has been made with regard to prior applications which will normally be available to, and considered by, the examiner. It would not be efficient for the examiner to be required to seek out unrelated application files to obtain a copy of an item of information when a copy could easily be submitted by applicant.

Comment 77. One comment questioned what would be considered "timely" under § 1.291 so that information would be considered by the examiner without payment of a fee, in contrast to proposed § 1.97 which may require a fee.

Reply: Section 1.291 has not been amended to redefine timeliness. The comment seems to imply that the fee requirements of § 1.97 can be avoided through the use of a protest submitting information, but such a course of action might raise questions regarding compliance with the duty of candor and good faith required in dealings with the Office.

Comment 78. One comment stated that the Office should not drop the acknowledgment of a protest having been filed under § 1.291 in a reissue application because the acknowledgment served as an indication that the protest had been received in the examining group from the mail room.

Reply: The suggestion in the comment is not adopted. Any perceived benefit from retaining the acknowledgment is outweighed by the administrative burden it causes. There is no good reason to treat the filing of protests in reissue applications differently from the filing of protests in original applications or from the filing of other papers in the Office.

Comment 79. One comment questioned whether an application could be withdrawn from issue pursuant to proposed § 1.313(b)(5) without admitting unpatentability.

Reply: There is no requirement that unpatentability must be admitted before an application can be withdrawn from issue pursuant to § 1.313(b)(5). The rule provides for applications to be withdrawn from issue and abandoned for consideration of information in a continuing application. This differs from a petition under § 1.313(b)(3) based on unpatentability of one or more claims.

Comment 80. One comment questioned whether, if an application is withdrawn from issue pursuant to proposed § 1.313(b)(5), an information disclosure statement can be submitted in the continuing application under § 1.97(b) without a certification.

Reply: A continuing application is treated like any other application with regard to the times set forth in § 1.97(b). Thus, for example, an information disclosure statement could be filed without a fee or certification in a continuing application within three months of the filing date of the continuing application.

Comment 81. One comment questioned whether an application withdrawn from issue pursuant to § 1.313(b)(5) could have new art and amendments considered in that application rather than in a continuing application. The comment also questioned the handling of applications withdrawn from issue pursuant to § 1.313(b)(3).

Reply: The language of § 1.313(b)(5) makes it clear that an application withdrawn from issue thereunder is to be abandoned without further prosecution. This differs from an application withdrawn from issue pursuant to § 1.313(b)(3) because applicant had admitted the unpatentability of one or more claims.

Comment 82. One comment questioned whether the continuing application mentioned in proposed § 1.313(b)(5) could be a file wrapper continuing applicants under § 1.62 and how applicants can accomplish the withdrawal from issue under proposed § 1.313(b) late in the prosecution of an application.

Reply: The continuing application mentioned in § 1.313(b)(5) can be a file wrapper continuing application under § 1.62. Even though § 1.62 requires a file wrapper continuing application to be filed before the payment of the issue fee, the Office will consider the filing of a petition to withdraw from issue under § 1.313(b)(5) as sufficient grounds to waive that requirement of § 1.62. Late in the prosecution of an application, the Office has difficulty in matching papers with the application file. Papers requesting that an application be withdrawn from issue after the issue fee is paid should be directed, or preferably hand-carried, to the Office of Petitions in the Office of the Assistant Commissioner for Patents.

Comment 83. Seven comments suggested that § 1.555(a) should not be amended to require the submission of "all information material to patentability" since a reexamination proceeding is limited to consideration of patents and printed publications.

Reply: The suggestion in the comments has been adopted. A paragraph (b), which defines what information is material to patentability in a reexamination proceeding, has been added to the rule.

Comment 84. One comment suggested that proposed § 1.555(a) should be modified to make clear that there is no duty of disclosure on employees of a corporate patent owner if the employees are not substantively involved in the preparation of the reexamination request of the reexamination proceeding.

Reply: The suggestion in the comment to modify the language in § 1.555(a) has not been adopted. The rule refers to individuals who are substantively involved on behalf of the patent owner in a reexamination proceeding.

Comment 85. Two comments stated that the Office should consider fraud or other inequitable conduct issues in interference proceedings.

Reply: The suggestion in the comments has been adopted. The Office will consider inequitable conduct issues in interference proceedings as announced on November 19, 1991, in the Official Gazette of the Patent and Trademark Office at 1132 Off. Gaz. Pat. Off. 33.

Comment 86. One comment requested more examples with regard to proposed § 10.23(c)(10) of what alteration of combination of alterations in a declaration would be considered material.

Reply: It is not the function of the rules or the rulemaking process to provide a detailed listing of what alterations may be considered to be improper. This consideration will necessarily be made in view of the totality of the circumstances involved. Practitioners would be well advised to avoid filing applications which contain alterations which have not been initialed and dated.

Comment 87. Two comments stated that § 10.23(c)(10) should be amended to prohibit knowingly attempting to mislead the Office in the drafting or prosecution of a patent application. One comment stated that attempted fraud or inequitable conduct would not be prohibited by proposed § 10.23(c)(10) because such conduct would not be a violation of proposed § § 1.56 and 1.555.

Reply: No amendment is necessary to the language of § 10.23(c)(10). It should be noted that the duty of candor and good faith in dealing with the Office is included in § § 1.56 and 1.555. This duty includes a prohibition against knowingly attempting to mislead the Office.

Comment 88. Five comments stated that it would be unfair to impose the new disclosure requirements and fees on applications that are pending before the Office on the effective date of the new rule. Another comment stated that the rules should be immediately effective for all pending applications with some grace period for making the initial disclosure without penalty and without fee.

Reply: The Office will apply the new rules to all applications pending on, or filed on or after, the effective date of the rules. While this implementation may cause some burden on some applicants, other applicants will obtain benefits not otherwise available. This decision will also ease the administrative burden on the Office in implementing the new rules.

Other Considerations

The rule change is in conformity with the requirements of the Regulatory Flexibility Act, 5 U.S.C. 601 *et seq.,* Executive Orders 12291 and 12612, and the Paperwork Reduction Act of 1980, 44 U.S.C. 3501 *et seq.*

The General Counsel of the Department of Commerce has certified to the Small Business Administration that the rule change will not have a significant adverse economic impact on a substantial number of small entities (Regulatory Flexibility Act, 5 U.S.C. 605(b)) because the rules as adopted do not require individuals to submit information that they are not already aware of and are not already under an obligation to provide to the Office. The rules further promote the efficiency of the examination process by encouraging a timely submission of an information disclosure statement and by substantially eliminating rejections based on inequitable conduct, thereby reducing the costs to all patent applicants.

The Patent and Trademark Office has determined that this rule change is not a major rule under Executive Order 12291. The annual effect on the economy will be less than $ 100 million. There will be no major increase in costs or prices for consumers, individual industries, Federal, state or geographic regions. There will be no significant adverse effects on competition, employment, investment, productivity or innovation, or on the ability of the United States-based enterprises to compete with foreign-based enterprises in domestic or export markets.

The Patent and Trademark Office has also determined that this rule change has no Federalism implications affecting the relationship between the National Government and the States as outlined in Executive Order 12612.

This rule contains a collection of information requirement subject to the Paperwork Reduction Act, which has previously been approved by the Office of Management and Budget under Control No. 0651-0011. Each information disclosure statement is estimated to take approximately 30 minutes, including time for reviewing instructions, gathering and maintaining data needed, and completing and reviewing the collection of information. The time estimate has been reduced from that stated in the proposal since the requirement for a concise explanation of the relevance of each item of information cited in an information disclosure statement has been limited to information submitted in a language other than English. Send comments regarding this burden estimate to the Patent and Trademark Office, Office of Management and Organization, and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503. (Attention Paper Reduction Project 0651- 0011)

List of Subjects

37 CFR Part 1

Administrative practice and procedure, Inventions and patents, Reporting and record keeping requirements, Small businesses.

37 CFR Part 10

Administrative practice and procedure, Inventions and patents, Lawyers, Reporting and record keeping requirements.

For the reasons set forth in the preamble, 37 CFR parts 1 and 10 are amended as follows:

PART 1--RULES OF PRACTICE IN PATENT CASES

1. The authority citation for part 1 continues to read as follows:

Authority: 35 U.S.C. 6, unless otherwise noted.

2. In § 1.17, paragraph (i)(1) is revised and paragraph (p) is added to read as follows:

§ 1.17 Patent application processing fees.

* * * * *

(i)(1) For filing a petition to the Commissioner under a section of this part listed below which refers to this paragraph--$ 130.00.

§ 1.12 --for access to an assignment record.

§ 1.14 --for access to an application.

§ 1.53 --to accord a filing date.

§ 1.55 --for entry of late priority papers.

§ 1.60 --to accord a filing date.

§ 1.62 --to accord a filing date.

§ 1.97(d) --to consider an information disclosure statement.

§ 1.103 --to suspend action in application.

§ 1.177 --for divisional reissues to issue separately.

§ 1.312 --for amendment after payment of issue fee.

§ 1.313 --to withdraw an application from issue.

§ 1.314 --to defer issuance of a patent.

§ 1.334 --for patent to issue to assignee, assignment recorded late.

§ 1.666(b) --for access to interference settlement agreement.

* * * * *

(p) For submission of an information disclosure statement under § 1.97(c) --$ 200.00.

3. Section 1.28, paragraph (d)(2) is revised to read as follows:

§ 1.28 Effect on fees of failure to establish status, or change status, as a small entity.

* * * * *

(d)(1) * * *

(2) Improperly and with intent to deceive

(i) establishing status as a small entity, or

(ii) paying fees as a small entity shall be considered as a fraud practiced or attempted on the Office.

4. Section 1.51, paragraph (b) is revised to read as follows:

§ 1.51 General requisites of an application.

* * * * *

(b) Applicants are encouraged to file an information disclosure statement. See § § 1.97 and 1.98.

* * * * *

5. Section 1.52, paragraph (c) is revised to read as follows:

§ 1.52 Language, paper, writing, margins.

* * * * *

(c) Any interlineation, erasure, cancellation or other alteration of the application papers filed should be made before the signing of any accompanying oath or declaration pursuant to § 1.63 referring to those application papers and should be dated and initialed or signed by the applicant on the same sheet of paper. Application papers containing alterations made after the signing of an oath or declaration referring to those application papers must be supported by a supplemental oath or declaration under § 1.67(c). After the signing of the oath or declaration referring to the application papers, amendments may be made in the manner provided by § § 1.121 and 1.123 through 1.125.

* * * * *

6. Section 1.56 is revised to read as follows:

§ 1.56 Duty to disclose information material to patentability.

(a) A patent by its very nature is affected with a public interest. The public interest is best served, and the most effective patent examination occurs when, at the time an application is being examined, the Office is aware of and evaluates the teachings of all information material to patentability. Each individual associated with the filing and prosecution of a patent application has a duty of candor and good faith in dealing with the Office, which includes a duty to disclose to the Office all information known to that individual to be material to patentability as defined in this section. The duty to disclose information exists with respect to each pending claim until the claim is cancelled or withdrawn from consideration, or the application becomes abandoned. Information material to the patentability of a claim that is cancelled or withdrawn from consideration need not be submitted if the information is not material to the patentability of any claim remaining under consideration in the application. There is no duty to submit information which is not material to the patentability of any existing claim. The duty to disclose all information known to be material to patentability is deemed to be satisfied if all information known to be material to patentability of any claim issued in a patent was cited by the Office or submitted to the Office in the manner prescribed by § § 1.97(b)-(d) and 1.98. However, no patent will be granted on an application in connection with which fraud on the Office was practiced or attempted or the duty of disclosure was violated through bad faith or intentional misconduct. The Office encourages applicants to carefully examine:

(1) prior art cited in search reports of a foreign patent office in a counterpart application, and

(2) the closest information over which individuals associated with the filing or prosecution of a patent application believe any pending claim patentably defines, to make sure that any material information contained therein is disclosed to the Office.

(b) Under this section, information is material to patentability when it is not cumulative to information already of record or being made of record in the application, and

(1) It establishes, by itself or in combination with other information, a prima facie case of unpatentability of a claim; or

(2) It refutes, or is inconsistent with, a position the applicant takes in:

(i) Opposing an argument of unpatentability relied on by the Office, or

(ii) Asserting an argument of patentability.A prima facie case of unpatentability is established when the information compels a conclusion that a claim is unpatentable under the preponderance of evidence, burden-of-proof standard, giving each term in the claim its broadest reasonable construction consistent with the specification, and before any consideration is given to evidence which may be submitted in an attempt to establish a contrary conclusion of patentability.

(c) Individuals associated with the filing or prosecution of a patent application within the meaning of this section are:

(1) Each inventor named in the application;

(2) Each attorney or agent who prepares or prosecutes the application; and

(3) Every other person who is substantively involved in the preparation or prosecution of the application and who is associated with the inventor, with the assignee or with anyone to whom there is an obligation to assign the application.

(d) Individuals other than the attorney, agent or inventor may comply with this section by disclosing information to the attorney, agent, or inventor.

7. Section 1.63, paragraphs (b)(3) and (d) are revised to read as follows:

§ 1.63 Oath or declaration.

* * * * *

(b) * * *

(3) Acknowledges the duty to disclose to the Office all information known to the person to be material to patentability as defined in § 1.56.

* * * * *

(d) In any continuation-in-part application filed under the conditions specified in 35 U.S.C. 120 which discloses and claims subject matter in addition to that disclosed in the prior copending application, the oath or declaration must also state that the person making the oath or declaration acknowledges the duty to disclose to the Office all information known to the person to be material to patentability as defined in § 1.56, which became available between the filing date of the prior application and the national or PCT international filing date of the continuation-in-part application.

8. Section 1.67 is amended by adding a new paragraph (c) to read as follows:

§ 1.67 Supplemental oath or declaration.

* * * * *

(c) A supplemental oath or declaration meeting the requirements of § 1.63 must also be filed if the application was altered after the oath or declaration was signed or if the oath or declaration was signed:

(1) In blank;

(2) Without review thereof by the person making the oath or declaration; or

(3) Without review of the specification, including the claims, as required by § 1.63(b)(1).

9. Section 1.97 is revised to read as follows:

§ 1.97 Filing of information disclosure statement.

(a) In order to have information considered by the Office during the pendency of a patent application, an information disclosure statement in compliance with § 1.98 should be filed in accordance with this section.

(b) An information disclosure statement shall be considered by the Office if filed:

(1) Within three months of the filing date of a national application;

(2) Within three months of the date of entry of the national stage as set forth in § 1.491 in an international application; or

(3) Before the mailing date of a first Office action on the merits,

whichever event occurs last.

(c) An information disclosure statement shall be considered by the Office if filed after the period specified in paragraph (b) of this section, but before the mailing date of either:

(1) A final action under § 1.113 or

(2) A notice of allowance under § 1.311,

whichever occurs first, provided the statement is accompanied by either a certification as specified in paragraph (3) of this section or the fee set forth in § 1.17(p).

(d) An information disclosure statement shall be considered by the Office if filed after the mailing date of either:

(1) A final action under § 1.113 or

(2) A notice of allowance under § 1.311,

whichever occurs first, but before payment of the issue fee, provided the statement is accompanied by:

(i) A certification as specified in paragraph (e) of this section,

(ii) A petition requesting consideration of the information disclosure statement, and

(iii) The petition fee set forth in § 1.17(i)(1).

(e) A certification under this section must state either:

(1) That each item of information contained in the information disclosure statement was cited in a communication from a foreign patent office in a counterpart foreign application not more than three months prior to the filing of the statement, or

(2) That no item of information contained in the information disclosure statement was cited in a communication from a foreign patent office in a counterpart foreign application or, to the knowledge of the person signing the certification after making reasonable inquiry, was known to any individual designated in § 1.56(c) more than three months prior to the filing of the statement.

(f) No extensions of time for filing an information disclosure statement are permitted under § 1.136. If a bona fide attempt is made to comply with § 1.98, but part of the required content is inadvertently omitted, additional time may be given to enable full compliance.

(g) An information disclosure statement filed in accordance with this section shall not be construed as a representation that a search has been made.

(h) The filing of an information disclosure statement shall not be construed to be an admission that the information cited in the statement is, or is considered to be, material to patentability as defined in § 1.56(b).

(i) Information disclosure statements, filed before the grant of a patent, which do not comply with this section and § 1.98 will be placed in the file, but will not be considered by the Office.

10. Section 1.98 is revised to read as follows:

§ 1.98 Content of information disclosure statement.

(a) Any information disclosure statement filed under § 1.97 shall include:

(1) A list of all patents, publications, or other information submitted for consideration by the Office;

(2) A legible copy of:

(i) Each U.S. and foreign patent;

(ii) Each publication or that portion which caused it to be listed; and

(iii) All other information or that portion which caused it to be listed, except that no copy of a U.S. patent application need be included; and

(3) A concise explanation of the relevance, as it is presently understood by the individual designated in § 1.56(c) most knowledgeable about the content of the information, of each patent, publication, or other information listed that is not in the English language. The concise explanation may be either separate from the specification or incorporated therein.

(b) Each U.S. patent listed in an information disclosure statement shall be identified by patentee, patent number and issue date. Each foreign patent or published foreign patent application shall be identified by the country or patent office which issued the patent or published the application, an appropriate document number, and the publication date indicated on the patent or published application. Each publication shall be identified by author (if any), title, relevant pages of the publication, date and place of publication.

(c) When the disclosures of two or more patents or publications listed in an information disclosure statement are substantively cumulative, a copy of one of the patents or publications may be submitted without copies of the other patents or publications provided that a statement is made that these other patents or publications are cumulative. If a written English-language translation of a non-English language document, or portion thereof, is within the possession, custody or control of, or is readily available to any individual designated in § 1.56(c), a copy of the translation shall accompany the statement.

(d) A copy of any patent, publication or other information listed in an information disclosure statement is not required to be provided if it was previously cited by or submitted to the Office in a prior application, provided that the prior application is properly identified in the statement and relied upon for an earlier filing date under 35 U.S.C. 120.

§ 1.99 [Removed]

11. Section 1.99 is removed and reserved.

12. Section 1.175, paragraph (a)(7), is revised to read as follows:

§ 1.175 Reissue oath or declaration.

(a) * * *

(7) Acknowledging the duty to disclose to the Office all information known to applicants to be material to patentability as defined in § 1.56.

* * * * *

§ 1.193 [Amended]

13. Section 1.193(c) is removed and reserved.

14. Section 1.291, paragraphs (a) and (c), are revised to read as follows:

§ 1.291 Protests by the public against pending applications.

(a) Protests by a member of the public against pending applications will be referred to the examiner having charge of the subject matter involved. A protest specifically identifying the application to which the protest is directed will be entered in the application file if:

(1) The protest is timely submitted; and

(2) The protest is either served upon the applicant in accordance with § 1.248, or filed with the Office in duplicate in the event service is not possible.

Protests raising fraud or other inequitable conduct issues will be entered in the application file, generally without comment on those issues. Protests which do not adequately identify a pending patent application will be disposed of and will not be considered by the Office.

* * * * *

(c) A member of the public filing a protest in an application under paragraph (a) of this section will not receive any communications from the Office relating to the protest, other than the return of a self-addressed postcard which the member of the public may include with the protest in order to receive an acknowledgment by the Office that the protest has been received. The Office may communicate with the applicant regarding any protest and may require the applicant to respond to specific questions raised by the protest. In the absence of a request by the Office, an applicant has no duty to, and need not, respond to a protest. The limited involvement of the member of the public filing a protest pursuant to paragraph (a) of this section ends with the filing of the protest, and no further submission on behalf of the protestor will be considered unless such submission raises new issues which could not have been earlier presented.

15. Section 1.313, paragraph (b), is revised to read as follows:

§ 1.313 Withdrawal from issue.

* * * * *

(b) When the issue fee has been paid, the application will not be withdrawn from issue for any reason except:

(1) A mistake on the part of the Office;

(2) A violation of § 1.56 or illegality in the application;

(3) Unpatentability of one or more claims;

(4) For interference; or

(5) For abandonment to permit consideration of an information disclosure statement under § 1.97 in a continuing application.

16. Section 1.555 is revised to read as follows:

§ 1.555 Information material to patentability in reexamination proceedings.

(a) A patent by its very nature is affected with a public interest. The public interest is best served, and the most effective reexamination occurs when, at the time a reexamination proceeding is being conducted, the Office is aware of and evaluates the teachings of all information material to patentability in a reexamination proceeding. Each individual associated with the patent owner in a reexamination proceeding has a duty of candor and good faith in dealing with the Office, which includes a duty to disclose to the Office all information known to that individual to be material to patentability in a reexamination proceeding. The individuals who have a duty to disclose to the Office all information known to them to be material to patentability in a reexamination proceeding are the patent owner, each attorney or agent who represents the patent owner, and every other individual who is substantively involved on behalf of the patent owner in a reexamination proceeding. The duty to disclose the information exists with respect to each claim pending in the reexamination proceeding until the claim is cancelled. Information material to the patentability of a cancelled claim need not be submitted if the information is not material to patentability of any claim remaining under consideration in the reexamination proceeding. The duty to disclose all information known to be material to patentability in a reexamination proceeding is deemed to be satisfied if all information known to be material to patentability of any claim in the patent after issuance of the reexamination certificate was cited by the Office or submitted to the Office in an information disclosure statement. However, the duties of candor, good faith, and disclosure have not been complied with if any fraud on the Office was practiced or attempted or the duty of disclosure was violated through bad faith or intentional misconduct by, or on behalf of, the patent owner in the reexamination proceeding. Any information disclosure statement must be filed with the items listed in § 1.98(a) as applied to individuals associated with the patent owner in a reexamination proceeding, and should be filed within two months of the date of the order for reexamination, or as soon thereafter as possible.

(b) Under this section, information is material to patentability in a reexamination proceeding when it is not cumulative to information of record or being made of record in the reexamination proceeding, and

(1) It is a patent or printed publication that establishes, by itself or in combination with other patents or printed publications, a prima facie case of unpatentability of a claim; or

(2) It refutes, or is inconsistent with, a position the patent owner takes in:

(i) Opposing an argument of unpatentability relied on by the Office, or

(ii) Asserting an argument of patentability.

A prima facie case of unpatentability of a claim pending in a reexamination proceeding is established when the information compels a conclusion that a claim is unpatentable under the preponderance of evidence, burden-of-proof standard, giving each term in the claim its broadest reasonable construction consistent with the specification, and before any consideration is given to evidence which may be submitted in an attempt to establish a contrary conclusion of patentability.

(c) The responsibility for compliance with this section rests upon the individuals designated in paragraph (a) of this section and no evaluation will be made by the Office in the reexamination proceeding as to compliance with this section. If questions of compliance with this section are discovered during a reexamination proceeding, they will be noted as unresolved questions in accordance with § 1.552(c).

PART 10--REPRESENTATION OF OTHERS BEFORE THE PATENT AND TRADEMARK OFFICE

17. The authority citation for part 10 continues to read as follows:

Authority: 5 U.S.C. 500; 15 U.S.C. 1123; 35 U.S.C. 6, 31, 32, 41.

18. Section 10.23, paragraphs (c)(10) and (c)(11) are revised to read as follows:

§ 10.23 Misconduct.

* * * * *

(c) * * *

(10) Knowingly violating or causing to be violated the requirements of § 1.56 or § 1.555 of this subchapter.

(11) Knowingly filing or causing to be filed an application containing any material alteration made in the application papers after the signing of the accompanying oath or declaration without identifying the alteration at the time of filing the application papers.

Dated: January 9, 1992.

Harry F. Manbeck, Jr., Assistant Secretary and Commissioner of Patents and Trademarks.

FOOTNOTES:
[n1] Footnote *. Source: LEGI-SLATE, which is a registered trademark of Legi-Slate, Inc.