

REPORT

USPTO ISSUES FINAL RULES IMPLEMENTING THE PATENT LAW TREATY

November 7, 2013

The U.S. Patent and Trademark Office (USPTO) has published final rules implementing the Patent Law Treaty (PLT) under Title II of the Patent Law Treaties Implementation Act of 2012 (PLTIA).¹ The PLTIA was enacted in 2012 to amend U.S. law to implement: (1) the Hague Agreement concerning international registration of industrial designs in Title I; and (2) the Patent Law Treaty in Title II. The USPTO will implement the Hague Agreement aspects of the PLTIA in a separate rulemaking. The rules will go into effect on December 18, 2013 for many patent applications and patents.

Although the rules revise many standards of practice pertaining to the filing and processing of patent applications, there are several notable changes that will be the focus of this Special Report. In summary, the major rule changes related to the Patent Law Treaty pertain to: (1) filing date requirements for a patent application; (2) restoration of the right of priority to a foreign application or a U.S. provisional application in a subsequent application filed within two months after expiration of the normal priority period; (3) revival of abandoned applications and acceptance of delayed filings and maintenance fee payments; and (4) reduction

of patent term adjustment if an application is not in condition for examination within eight months of its filing date or the date of commencement of national stage of a PCT international application. We also discuss several other important, but less notable changes that will be implemented by the new rules.

I. Minimum Filing Date Requirements For A Patent Application

A. Claims and Drawings

The new rules provide that the filing date of a non-provisional patent application (other than for a design patent) is the date on which a specification, with or without claims or drawings, is received in the USPTO. Design patent applications still must contain one claim and any required drawings to be accorded a filing date.

In the event that a patent application is filed without claims, the applicant will be notified and given an extendible period of two months to file at least one claim and pay a surcharge of \$140 (\$70 for a small entity; \$35 for a micro entity) to avoid abandonment of the application. While this extendible period is available to avoid abandonment of the application, any application that is not complete (i.e., does not contain at least one claim) within eight months of the filing date will result in a loss of patent term adjustment, as discussed in detail below. Applications filed without at least one claim will not be published

¹ See our January 2, 2013 Special Report entitled "United States Implements Treaties Facilitating Design and Utility Patent Filings," available at www.oliff.com, for additional information on the PLTIA.

November 7, 2013

by the USPTO until the application contains at least one claim.

An application is no longer required to include drawings at the time of filing in order to be accorded a filing date. However, the law continues to require that an applicant furnish a drawing where necessary for the understanding of the subject matter sought to be patented. Thus, although the absence of drawings on the filing date of an application no longer raises a question as to whether the application is entitled to the filing date, the absence of drawings on the filing date could raise significant patentability issues during prosecution, particularly if submission of a required drawing would raise "new matter" issues.

The new rules regarding minimum filing date requirements will go into effect on December 18, 2013, and will apply to any patent applications filed on or after that date.

Although the new filing date requirements will provide safeguards for applicants, we (and the USPTO) strongly encourage our clients to include claims and drawings with their patent applications on filing to help ensure that the applications satisfy the disclosure requirements of 35 U.S.C. §112(a).

B. Incorporation By Reference

Non-provisional patent applications can now be accorded a filing date without even a specification if a previously-filed U.S. or foreign patent application is properly referenced. The new rule provides that, for the purposes of a filing date, the specification and drawings of a previously-filed patent application may be "incorporated by reference." Specifically, the reference to the previously-filed application must appear in English in the Application Data Sheet, indicate that the specification and any drawings of the application are "replaced" by the reference to the previously-filed application, and identify

the previously-filed application by application number, filing date, and the intellectual property authority or country in which the previously-filed application was filed. The reference to the previously-filed application will constitute the specification and drawings of the new U.S. application for purposes of a filing date. This approach can be used for original, continuation and divisional applications, but not for continuation-in-part applications.²

This new rule will go into effect on December 18, 2013, and will apply to any patent applications filed on or after that date.

Although the requirement for a specification and drawings will be met for purposes of a filing date, an applicant will be notified and given a period of time within which to pay a surcharge of \$140 (\$70 for small entity; \$35 for micro entity) and file the following items: a certified copy of the specification and drawings of the previously-filed application; and an English-language translation of the previously filed application with an additional fee of \$140 (\$70 for small entity; \$35 for micro entity) if the previously-filed application is in a language other than English. Failure to submit these items within the prescribed period of time will result in the application becoming abandoned. An application abandoned under this rule will be treated as having never been filed, unless properly revived. As a result, it will not be available as the basis for a priority claim and will not be published.

Because the certified copy of the previously-filed application is used to confirm a

² To incorporate an application or publication by reference for traditional purposes, the new rules require that an applicant, in the specification: (1) express a clear intent to incorporate by reference by using the words "incorporate" and "reference" (e.g., "incorporate by reference"); and (2) clearly identify the referenced patent, application, or publication.

November 7, 2013

filing date, an "interim copy" of the previously-filed application cannot be filed in lieu of a certified copy. However, if the previously-filed application was filed in another country's intellectual property office that participates with the USPTO in a priority document exchange agreement, satisfaction of the priority document exchange requirements will satisfy the certified copy requirement.

In addition, because the specification and drawings of the application incorporated by reference constitute the specification and drawings of the subsequently-filed application, it is critical that the application number, filing date, and intellectual property authority or country of the previously-filed application be accurately specified. If the identifying information is mistyped, a petition would be needed to try to have the application accorded the filing date based on the correct application contents.

The new filing-by-reference provisions should not be the routine filing practice for an application having a previously-filed counterpart application. These provisions should be used only as a safeguard in the situation in which the due date for filing an application is approaching, and a copy of the specification and any drawings of the previously-filed counterpart application are not available. If these documents are available, they can simply be filed as the U.S. application if time does not permit preparation of a tailored U.S. application. This will avoid the dangers and additional requirements and costs inherent in the new "by reference" filing provisions.

II. Restoration Of The Right Of Priority To A Prior-Filed Application

The new rules provide for an additional two-month grace period (beyond the current deadlines) within which a non-provisional application claiming priority to a foreign application or a U.S. provisional application may be filed, but only if the delay in filing the non-

provisional application was unintentional. Thus, an applicant may still claim the benefit of the filing date of a foreign application or a U.S. provisional application by filing a non-provisional application with a petition to restore the right of priority within two months after the expiration of the twelve-month priority period (six months for design patent applications).

This rule will go into effect on December 18, 2013, and will apply to any patent applications filed before, on or after that date. As discussed below, it may even apply to reissue applications, thus permitting retroactive priority claims in some issued patents. Thus, a priority deadline that was missed in the past by no more than two months may be salvaged after December 18, 2013.

The petition to restore the right of priority must include: (1) a priority claim identifying the application to which priority is claimed; (2) a petition fee of \$1700 (\$850 for a small or micro entity); and 3) a statement that the delay in filing the application was unintentional. The USPTO may require additional information where there is a question whether the delay was unintentional.

Alternatively, for international applications, the right of priority for a subsequent application may be restored under PCT Rule 26*bis*.3. To restore the right of priority in an international application under that rule, an applicant must file a request with the Receiving Office within two months after the expiration of the priority period, stating that the failure to file the international application within the priority period (i) occurred in spite of due care required by the circumstances having been taken; or (ii) was unintentional.

It is not entirely clear whether a right of priority may be restored by filing a reissue application with a petition for restoration when a non-provisional application that has already issued as a patent was filed within two months

November 7, 2013

after the expiration of the priority period. U.S. courts have held that failure to claim priority or to timely submit a certified copy of a priority document is an error correctable by reissue. However, it is not clear that intentional failure to claim priority because a patent application was filed after expiration of the twelve-month priority period, when such a claim was not available under the then-existing law, would be considered an "error" for purposes of filing a reissue application. In response to our inquiry, the USPTO contact person for these new rules³ told us that the USPTO currently believes that reissue is available for this purpose.

The new rules also provide opportunities for late-filing a claim for priority and for delayed submission of a certified copy of the foreign priority document. The actual time period for filing a claim for priority and for submitting a certified copy of the foreign application remains the same (the later of (a) four months from the actual filing date of the application or (b) sixteen months from the filing date of the prior foreign application). A delayed claim for priority may be accepted if the claim was unintentionally delayed and the applicant submits a petition (accompanied by a fee of \$1700 for a large entity, \$850 for a small or micro entity) stating that the entire delay was unintentional. The USPTO may require additional information where there is a question whether the delay was unintentional. Delayed submission of a certified copy of the foreign application may also be accepted if the applicant submits a petition that shows good and sufficient cause for the delay (a much more difficult standard than the unintentional delay standard), accompanied by a petition fee of \$200 (\$100 for a small entity; \$50 for a micro entity). These petitions are available for non-provisional

applications, as well as for PCT international applications entering the national stage.

Like the new options for filing a non-provisional application, the new options for restoring the right of priority or late filing a claim for priority or certified copy are intended to be used only as safeguards. An applicant that intentionally delays filing the subsequent application beyond the normal priority period, or intentionally delays filing a priority claim or certified copy, will not be able to obtain priority to the involved prior foreign application or U.S. provisional application.

III. Elimination Of The "Unavoidable" Standard For Late Filings Or Late Payment Of Fees

The rules adopt a single uniform standard ("unintentional" delay) for the revival of an abandoned patent application, acceptance of a delayed response by the patent owner in a reexamination proceeding, acceptance of a delayed claim for priority, restoration of the right of priority to a foreign or U.S. provisional application, and acceptance of a delayed maintenance fee payment. Thus, an abandoned patent application or lapsed patent can no longer be revived using the "unavoidable" standard, and instead may only be revived on the basis of unintentional delay.

A petition relying on the unintentional delay standard must include: (1) a reply to any outstanding Office Action or notice (or the relevant fee, priority claim, etc.); (2) a petition fee of \$1700 (\$850 for a small or micro entity);⁴ (3) any terminal disclaimer required; and (4) a statement that the entire delay from the due date for filing the reply (or fee, etc.) to the filing of the

³ Robert Bahr, Senior Patent Counsel, Office of Patent Examination Policy.

⁴ The USPTO will refund or waive the required petition fees in situations in which the failure to take the required action or pay the required fee was due to a widespread disaster, such as a hurricane, earthquake or flood.

November 7, 2013

petition was unintentional. For abandoned applications that have been accorded filing dates under the new "incorporation by reference" standard (discussed in detail above), the petition must also be accompanied by a copy of the specification and any drawings of the previously filed application.

These new rules will go into effect on December 18, 2013, and will apply to any applications and patents resulting from an application filed before, on or after that date.

For PCT international applications, the International Bureau processes requests for restoration of priority using both an unintentional delay standard and an "in spite of due care" standard. Thus, Applicants who know at the time of filing of the international application that the priority period has expired and desire treatment under the "in spite of due care" standard have the option of filing the international application with the International Bureau as the Receiving Office and proceeding under that standard.

The prior twenty-four month time limit for using the unintentional delay standard to make late maintenance fee payments is also deleted under the new rules. Delayed maintenance fee payments may be accepted by filing a petition at any time, if the delay is stated to have been unintentional. Previously, such very late payments were only possible upon satisfactory proof of having met the much more difficult "unavoidable" standard.

If the USPTO accepts the petition and late payment of a maintenance fee, the patent will be considered as never having expired. In other words, there is now no time limit restricting the late payment of a maintenance fee if the patentee files a simple, non-fraudulent statement that the delay was unintentional. We therefore encourage our clients to review their portfolios to determine whether any patents that unintentionally expired

for failure to pay a maintenance fee may be revived under this new more relaxed standard.

This rule change may also have significant implications with respect to right-to-use analyses. For example, any third-party patents that were previously considered to have safely expired after the twenty-four month time limit might be more easily revived at any time up until the end of the normal patent term. Thus, some patents that were previously considered safely expired might need to be taken into consideration and monitored.

IV. Revisions To Patent Term Adjustment Provisions

Failure to place an application in condition for examination within eight months from the date on which the application was filed (or the date of commencement of the National Stage in a PCT application) will now result in a reduction of patent term adjustment. The period of any adjustment will be reduced by the number of days, if any, beginning on the day after the date that is eight months from the date on which the application was filed (or the date of commencement of the National Stage), and ending on the date the application is in condition for examination.

The rules state that an application is in condition for examination when the application includes, among other things, a specification that includes at least one claim, and any required drawings. For applications that obtain a filing date under the "incorporation by reference" standard, a complete application also includes a certified copy of the previously filed application that has been incorporated by reference.

These changes apply only to non-provisional applications filed on or after December 18, 2013, and international patent applications in which the national stage commences on or after December 18, 2013.

November 7, 2013

We recommend filing complete applications as early as possible to avoid losing any possible patent term adjustment that would otherwise be available.

V. Miscellaneous Rule Changes

The final rules provide some additional changes that are noteworthy, which we briefly discuss below.

(A) *Patent Law Treaty Model*

International Forms: Applicants now have the option of using Model International Forms, which are currently available on the World Intellectual Property Organization (WIPO) website, in U.S. patent applications. There are eight different forms available for use: (1) Model International Request Form; (2) Model International Power of Attorney Form; (3) Model International Request for Recordation of Change in Name or Address Form; (4) Model International Request for Correction of Mistakes Form; (5) Model International Request for Recordation of Change in Applicant or Owner Form; (6) Model International Certificate of Transfer Form; (7) Model International Request for Recordation of a License/Cancellation of the Recordation of a License Form; and (8) Model International Request for Recordation of a Security Interest/Cancellation of the Recordation of a Security Interest Form.

Under the new rules, the Model International Request Form may be used in lieu of an Application Data Sheet. In addition, the Request for Recordation of a License, Certificate of Transfer, Request for Recordation of Change in Applicant or Owner and Request for Recordation of a Security Interest may be used in lieu of an assignment cover sheet, as applicable. However, although these forms may provide some options for international uniformity for our clients, they are relatively complex and the USPTO will be unaccustomed to dealing with

them. Thus, we recommend continuing to use the forms provided by us or the USPTO.

(B) *Clarification of Issue and Publication Fees:* Under the new rules, the amount of an Issue Fee due will be identified on the Notice of Allowance. Thus, the amount due will not change even if there is an intervening rule change that modifies the amount of an Issue Fee. This should simplify Issue Fee payments when the period between issuance of a Notice of Allowance and the Issue Fee payment deadline bridges an overall fee change.

(C) *Fees for Third Party Submissions:* Third-party submissions of documents during examination of an application must be accompanied by a fee of \$180 (\$90 for small or micro entity) for every ten items or fraction thereof submitted. The fee was previously only \$45 for a micro entity.

(D) *Pro Se Signing of Documents:* The new rules provide that certain documents may be signed *pro se* by an assignee of an application, an applicant, owner, or other interested person. The documents that may be signed *pro se* include: (1) fee transmittal letters; (2) application transmittal letters; (3) requests for a filing receipt; (4) letters transmitting a copy of the specification and drawings from a previously filed application; and (5) maintenance fee transmittal letters. We do not recommend having non-U.S. patent attorneys or agents sign such documents *pro se*, as this may lead to errors.

(E) *Declaration Due Date:* In order to complete the requirements for an international application that has entered the national stage in the United States, a declaration (or Substitute Statement) must now be filed by the date on which the issue fee is paid. This is a change from the previous rule, which stated that the oath or declaration must be filed no later than the time period set in the Notice of Allowability (i.e., the date that the issue fee was due). Thus, care must

November 7, 2013

be taken not to pay the Issue Fee before filing a required declaration.

(F) *No-Cause Extensions of Time in Ex Parte Reexamination Proceedings*: The new rules allow for no-cause extensions of time for actions by patent owners in patent-owner-requested or Director-ordered *ex parte* reexamination proceedings. They are limited to extensions of up to two months after expiration of the time period set for reply in the Office Action, and require filing of a petition and a \$200 extension fee. This is a major change from the prior rule, which only allowed extensions of time in any reexamination proceedings for sufficient cause and for a reasonable time specified, and at the discretion of the USPTO. Thus, under the prior rule, extensions of time were not automatically granted, and were often granted only for very short times. The new rules continue to provide that any request for an extension of more than two months must be filed within two months after expiration of the time period set forth in the Office Action, and will not be granted in the absence of sufficient cause or for more than a "reasonable" time.

(G) *Changes to the Accelerated Examination Program*: Previously, the time period for responding to an Office Action under this program was set as a one-month, non-extendible time period.⁵ Under the new rules, the time period for reply will be at least two months, with possible extensions. However, the Accelerated Examination Program still has many drawbacks that minimize desirability of its use.

VI. Our Recommendations

(1) Treat the flexibility under these new rules only as a safety net, and not as setting new standards of practice; thus file timely and complete applications whenever possible.

(2) Be proactive in preparing patent applications (including the specification, claims, and drawings) as early as possible, and well prior to normal priority deadlines.

(3) Prepare and have available any information necessary for filing a claim for priority at the time that an application is filed. If necessary, have a certified copy of the previously filed application available so that it may also be submitted at the time of filing the application.

(4) File complete applications, including declaration, specification, claims, drawings, claim for priority and certified copies of priority applications on the date of filing the application.

(5) When filing an inventor Declaration after allowance, be sure to do so no later than the date the Issue Fee is paid.

(6) Be sure any late-filed application parts that are required for publication are filed within eight months after the filing or national stage commencement date.

(7) Review existing opinions that relied on "permanent" expiration of patents for failure to pay the maintenance fees within the old twenty-four month time limit. Consider monitoring such patents via the USPTO's Patent Application Information Retrieval (PAIR) system to determine whether they are revived under the new rules.

⁵ See Section III.B. of our April 6, 2011 Special Report entitled "New Prioritized Examination Procedure For U.S. Patent Applications ('Track I')" for more information about this program.

November 7, 2013

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(8) Review any existing patent applications and patents in which priority was not claimed to determine if the applications were filed within two months after the end of the applicable priority period. If so, consider trying to restore the right of priority by filing a petition (possibly in a reissue application) after December 18, 2013.

(9) Do not rely on *pro se* signature of USPTO documents under the new rules.

Oloff & Berridge, PLC is a full-service Intellectual Property law firm based in historic Alexandria, Virginia. The firm specializes in patent, copyright, trademark, and antitrust law and litigation, and represents a large and diverse group of domestic and international clients, including businesses ranging from large multinational corporations to small privately owned companies, major universities, and individual entrepreneurs.

This Special Report is intended to provide information about legal issues of current interest. It is not intended as legal advice and does not constitute an opinion of Oloff & Berridge, PLC. Readers should seek the advice of professional counsel before acting upon any of the information contained herein.

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