

The New Disincentive in the U.S. to File a U.S. National Application Prior to, and in addition to, a PCT Application, and the Increased Incentive to Elect KIPO as the ISA

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On February 16, 2007, the USPTO published in the Federal Register a notice of proposed rule making entitled "April 2007 Revision of Patent Cooperation Treaty Procedures", at 7583 FR 72. The proposed rules are in my opinion almost certain to be implemented. They include the following.

1. Elimination of the reduced search fee of only \$300, as now specified in 37 CFR 1.445(a)(2), for a PCT application, when there was a prior filed "corresponding" US application.
2. Increased USPTO ISA search fee for PCT applications, of \$1800, up from \$1000.

The net effect of these changes is an increase of either \$800 or \$1500 in the cost of requesting the USPTO to be the ISA.

A U.S. applicant may choose the USPTO, the EPO (except for business method patents), or KIPO, as the ISA. After these rules are enacted, the costs for an international search report from these three jurisdictions will be: USPTO \$1800; EPO roughly \$2100; and KIPO roughly \$250. Thus, there is now a very strong financial incentive to elect KIPO as the ISA when filing PCT applications. Moreover, KIPO has been providing search reports much faster than the USPTO.

In addition, there no longer is any financial incentive to prior file a U.S. application, relative to a PCT application.

Ironically, the motivation for this rules package had nothing to do with fees. Instead, as noted in the Notice, the motivation is to make U.S. regulations compliant with changes to the PCT regulations. The changes to the PCT regulations are intended to protect applicants against certain errors in filing PCT applications, specifically: (1) late filings and (2) incomplete filings.

The USPTO is incapable of implementing protection against late filings. Such protection would require extending the Paris Convention right of priority to 14 months from the Paris priority date. This is because the USPTO lacks the authority to do so. The USPTO has no authority to contravene the 12 month limits imposed in U.S. statutory law sections 35 USC 102(d) and the last clause of 35 USC 119(a).

The USPTO can and will implement the safeguarding provision against incomplete PCT filings by allowing an applicant to import disclosure from the priority document into an otherwise incomplete PCT application. The USPTO intends to do so by including in the PCT filing form an incorporation by reference statement.

Since these changes will be effective when the rules are implemented, it is important,

when filing PCT applications prior to the effective date, to make an appropriate ISA designation. Moreover, any applicant that can take advantage of the fee reduction specified in 37 CFR 1.445(a)(2), should do so prior to implementation of the new rules.

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