PHILIPS

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To the attention of Karin Ferriter
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STBK
Date: 2010-01-08

Re: Patent Cooperation Treaty Task Force;
written comments

Dear Ms. Ferriter,

We hereby submit our written comments in response to the questions published at http://www.uspto.gov/news/fedreg/PCT_Notice.pdf.

Philips is one of the major users of the PCT system, and the USPTO is among the offices at which we carry out most national phase entries. We therefore thank the USPTO for offering the opportunity to present our comments so as to help improving the PCT system.

1. Please identify overall changes you recommend to the PCT system.

The PCT system as outlined in the current PCT Articles and Rules is basically fine. The most important improvement we would like to see is that all ISAs provide reports that not only meet the PCT requirements but also are of at least the same quality and extent as comparable national reports.
As regards 'at least the same quality', we believe this to be already mandatory in view of Article 15(4) PCT.
As regards 'at least the same extent', where in a national US application, the USPTO would certainly make objections under Section 112 whenever there is a problem as regards the description and/or claims of a US national application, we expect ISAs to make comparable objections under PCT Articles 5 and 6 and the corresponding PCT Rules in case the description and/or claims of a PCT application are objectionable under the PCT.

2. Please explain why you use the PCT system, as opposed to direct foreign filing via the Paris Convention. What benefits are applicants seeking by the use of the PCT system, in addition to the longer time to decide where to enter the national stage?

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The PCT offers the opportunity to reconsider whether it is worthwhile to spend more money on an application after receipt of a high quality search and examination report and before expensive translations need to be filed and foreign agents need to be hired.

3. The USPTO has been contracting out the international search of international applications that designate the USPTO as the International Searching Authority, so as to help the USPTO improve the timeliness of the international search. From the applicant's viewpoint, please identify the advantages and disadvantages from this contracting out of the international search.

In our capacity as members of the public, we certainly appreciate the significantly increased timeliness of the USPTO's PCT reports. However, as the USPTO is not outsourcing search and examination work for national US applications, we have some doubts as to whether these outsourced PCT reports meet the high standards the public expects from USPTO reports. If the USPTO itself has such hesitations about the quality that the USPTO does not employ its contractors for national US applications, we as members of the public have the same hesitations.

4. In addition, please explain whether applicants have concerns with the USPTO's use of contractors for the international search of PCT applications.

See our responses to the questions 1 and 3.

5. Please explain whether you support including PCT search and examination results in worksharing mechanisms, such as the Patent Prosecution Highway (PPH).

Yes, we do: we believe the PCT to be the No. 1 tool for international worksharing, and we are therefore extremely pleased with the latest PPH developments, which no longer exclude PCT reports from the Office of First Filing reports that allow an applicant to use the PPH. The previous exclusion of PCT reports implied somehow a discouragement of using the PCT system, which did not make sense in view of the clear need to improve efficiency.

6. Where the international search report and written opinion of the International Searching Authority are at least partially negative, please explain whether you would expect to request international preliminary examination under Chapter II of the PCT more often in order to get PPH benefit at the national phase?

PPH is a tool we would not use for all applications, but only when we need accelerated examination. In such cases, now that PCT reports can be used to allow us to use the PPH, we will certainly consider using PCT-II so as to get a positive PCT report.

7. Please explain whether you believe the USPTO should encourage early national stage entry when designated as an ISA or IPEA, and implement a system that combines the international and national phase.

We do not believe this to make sense. This perceived need to combine PCT work with parallel national work is based on the misconception that high standard work only needs to be performed for national applications, and that PCT applications can only get high quality reports if PCT work can be combined with national work. We believe that absent cases in which the applicant refrains from national phase entry because of the PCT report and/or commercial considerations, each ISA/IPEA will also be a designated office, so that it makes sense for an ISA/IPEA to provide high quality work itself can benefit from when acting as designated office once the national phase has been entered.
If 1 ISA produces a high quality job, and the national phase is entered before 5 IP offices, then 5 offices benefit from 1 good report, which clearly shows that on an international scale it simply does not make sense for an ISA to produce reports that are of low quality. If today, the USPTO is the 1 ISA that has to provide a high-quality report, tomorrow the USPTO may benefit from a high-quality report provided by another ISA, which shows that it is in all offices' interests that PCT reports are of a high quality.
This also shows that it is somehow strange if the USPTO only outsources PCT work: if the USPTO does not sufficiently trust its contractors so as to copy the PCT work results done on behalf of the USPTO for use in the national phase before the USPTO, there is a clear efficiency loss.

8. Please identify any changes you recommend to improve the quality of the work produced under the PCT system.

Simply: each ISA should instruct its examiners that without prejudice to the requirement that PCT reports meet the PCT standards, PCT reports should be at least of the same quality and extent as comparable national reports, so that upon national phase entry, the designated office that was the ISA can fully rely on its own PCT report, and that a supplemental examination should only be carried out if and to the extent the applicant's amendments and/or arguments necessitate a supplemental examination.

9. Please explain whether delaying the issuance of the International Search Report until after publication of the international application has any significant impact on your use of the PCT?

PCT reports should be prepared at such a time that all PCT 18-months' publications can include the PCT search report, for the following reasons:

- The public should be able to know what a competitor application is worth when the public has to take that application into account for its investments decisions.
- If the primary PCT-I report is late, it is not possible to carry out a meaningful PCT-II examination before the 28 months' deadline, and the applicant cannot consider the primary PCT-I report before requesting any supplementary PCT search.
- The applicant should have sufficient time to consider the PCT report before entering the national phase, so that the applicant is able to file amendments and arguments upon national phase entry that show that the application (as amended) is patentable notwithstanding the objections raised in the PCT report.

10. Please explain whether you believe that the PCT would benefit from a third-party observation system (including submission of prior art) and/or more efficient means for applicant-submitted prior art.

It would not hurt, but we believe that it is far more important that all ISAs provide high-quality PCT reports that meet all PCT requirements and that are at least of the same quality and extent as comparable national reports.

11. Please explain your primary reasons for choosing an ISA.

As a European company, we can basically only choose the EPO as ISA. We could only use the USPTO as ISA in case of a US co-applicant (e.g. a US inventor acting as applicant for US only). However, we prefer that all our PCT applications are handled by the same ISA.

12. Please explain how the USPTO could improve its processing as a receiving Office.

We have no comments. We currently use WIPO as receiving office, so that we can use the same receiving office for all our PCT applications processed by our IP departments all over the world.

13. Please explain how the USPTO could improve its processing as a designated/elected Office.

We believe that the USPTO could make better use of the PCT system so that more advantages are offered as regards workload, quality, pendency and finances, by means of the following 3 steps:

1. Prompt foreign applicants to file PCT applications rather than direct US applications.
2. Ensure that PCT reports are at least of the same quality and extent as comparable national reports, and meet all PCT requirements.
3. Incentivize PCT applicants to submit arguments and/or amendments upon national phase entry so as to show that the application (as amended) meets all US requirements notwithstanding the objections in the PCT report.

<u>Advantages</u>
Workload would go down significantly, as a double-digit percentage of PCT applications never enters the national phase, and will thus not add to the USPTO's workload, while with direct US national applications there is no comparable double-digit drop-out. The remaining applications can thus be processed quicker, thereby improving pendency and legal certainty.

Output quality would go up, as US patents granted on PCT applications result from an examination both by the ISA and by the USPTO rather than from an examination by just the USPTO.

The average input quality of applications entering the US patent system would go up, so that

- a higher percentage of those cases can be granted, so that for a higher percentage not only procedural fees but also maintenance fees will be collected, thereby improving the USPTO's financial situation; and
- on average, it takes less time to reach a final decision, thereby again improving pendency and legal certainty.

Step 3 would simplify the job of the US examiner, as the first USPTO office action can then build on the work done by the ISA, while without arguments and/or amendments on national phase entry, the USPTO in preparing its first office action basically has to repeat the work done by the ISA, which clearly is a waste of resources.

How
Step 1: foreign applicants will file PCT applications rather than US national ones to an increased extent if the entry costs of a US national application are no longer significantly lower than the entry costs of a PCT application. This can be achieved e.g. by increasing the search fee of US national applications by US$ 1510, while reducing the issue fee by the same amount. The combination of these two fee adjustments would not result in any increase for successful applicants, but would certainly prompt foreign applicants to use the PCT system rather than directly filing a US application.

Step 2: while the USPTO can directly control the quality and extent of its own PCT reports, the USPTO can work with other ISA to convince them that it is in everybody's interest that PCT reports are of a high quality and also cover description and claims.

Step 3: PCT applicants can be incentivized to submit arguments and/or amendments on national phase entry by providing that the national search fee will only be reduced in case of a fully responsive submission on national phase entry. The USPTO is well equipped to handle the notion "fully responsive" as currently responses to US national office actions that do not address all issues raised in a USPTO report are also objected to for not being fully responsive.
A reduction of the national search fee by e.g. 20% would be a reasonable incentive, if – as suggested above - the national search fee is increased by US$ 1510 to reach US$ 2050, so that 20% thereof is US$ 410. This reduction is entirely justified in view of the benefits the USPTO has from a high-quality PCT report and the applicant's full response thereto on national phase entry. Currently, the USPTO reduces the national search fee on national phase entry irrespective of the applicant being cooperative.

In case you have any questions as to our comments, please do not hesitate to contact us.

Yours faithfully,
KONINKLIJKE PHILIPS ELECTRONICS N.V.

Leo Steenbeek
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