

From: Steenbeek, Leo
Sent: Thursday, August 19, 2010 11:47 PM
To: 3-tracks comments
Cc: Peters, Ruud
Subject: USPTO's Enhanced Examination Timing Control Initiative

Dear Mr. Clarke,

Royal Philips Electronics (“Philips”), a Dutch headquartered multinational health and well being company, welcomes the opportunity to provide comments on the USPTO’s recently unveiled Enhanced Examination Timing Control Initiative.

Please find enclosed our detailed comments. We hope that they are helpful. In case of any questions on our comments we will be happy to answer them.

Kind regards,

Leo Steenbeek
Principal IP Counsel
European patent attorney / octrooigemachtigde

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Ref: STBK
Date: 2010-08-20

Re: USPTO's Enhanced Examination Timing Control Initiative

Dear Mr. Clarke,

Royal Philips Electronics ("Philips"), a Dutch headquartered multinational health and well being company, welcomes the opportunity to provide comments on the USPTO's recently unveiled Enhanced Examination Timing Control Initiative.

As Philips has significant commercial and R&D activities and substantial patent holdings in the United States, we consider a well functioning patent system in the US as key importance for us. We have 242 sites and 60 factories in the US. In 2009 our sales in the US amounted to 12.5 billion US\$. We employ 20,000 people in the US, of which about 2,900 are in R&D. In 2009, we filed 1295 PCT applications designating the US, our US IP department with 55 employees filed 443 new patent applications, and we obtained 618 US patents. This demonstrates that through its US based activities Philips makes a relevant contribution to the US economy and that we are also a large user the US patent system. Our intellectual property activities support significant employment in the US (both in support of our research, manufacturing and product sales and by direct employment of in-house IP professionals).

In view of the serious challenges the various major patent systems are facing, we are very appreciative of the USPTO's initiative to provide applicants with greater control over as to when their applications are examined and to promote greater efficiency in the patent examination process. We are also appreciative of other USPTO initiatives to cope with its problems, such as increased efforts of hiring examiners and efforts to obtain additional funding for its activities and reducing the backlog of unexamined applications.

However, to prevent unintended disadvantages, we believe that certain issues should be clarified before the proposed system is introduced.



While a distinction based on where the priority application is filed may not violate the letter of the Paris Convention and TRIPs Agreement rules on national treatment, in view of the large correlation between where priority applications are filed and where a company is located, making such a distinction may easily violate the spirit of the Paris Convention and the TRIPs Agreement.

We also believe that while delayed examination has clear advantages, it also bears the risk of reduced legal certainty for companies active on the US market resulting from unexamined pending applications.

In light of the above remarks, we would like to propose that the below elements are introduced to the USPTO Enhanced Examination Timing Control Initiative in order to increase the effectiveness of the proposed system:

- The maximum length of the Track III delay in docketing for examination should be limited, as a period exceeding the currently envisaged 30 months from the priority date would jeopardize legal certainty for the US public too much. This also holds for applications claiming a non-US priority: an examination docketing delay that exceeds 30 months from priority would harm the interests of companies that need to know whether their competitors will get a US patent.
- To safeguard their legal certainty, third parties should be able to request that an application is moved from Track III to Track II or even Track I. This should also apply to applications that are allocated to Track III because of a non-US priority, irrespective of whether a search report or a first action by the office in which the priority application was filed has been issued or not.
- Indeed, all applications in Track III should be published at 18 months from the priority date.
- Applicants entering the PCT national phase in the US should be allowed to enter Track II based on the PCT international preliminary report on patentability (IPRP) and a US-style version of their reply thereto, e.g. a reply submitted to the EPO under Rule 161(1) EPC.
In case of a positive IPRP or a positive subsequent EPO communication, these applicants should continue to be entitled to use the (PCT-)PPH system to use Track I without any fee being due.
- Applicants who have not followed the PCT system should be allowed to enter Track II based on an EPO Extended European Search Report (EESR) and a US-style version of their reply to the EPO under Rule 70a EPC.
In case of a positive EESR or a positive subsequent EPO communication, these applicants should continue to be entitled to use the PPH system to use Track I without any fee being due.

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- As the USPTO is able to benefit from a non-US office action and an applicant's reply thereto, the USPTO should endeavor to ensure that its next action (which in view of the non-US office action is basically the second office action in that application) is provided in line with 35 U.S.C. 154(b)(1)(A)(ii), i.e. no later than 4 months from the submission of the non-US office action and the applicant's reply thereto.
- For PCT applications, the Patent Term Adjustment (PTA) system should be changed so that the 3 year period of 35 U.S.C. 154(b)(1)(B) starts from the PCT filing date.
- For applications claiming a non-US priority, the PTA system should be changed in that the aspect that checks whether the USPTO has provided a first office action within 14 months from filing is changed in a check whether the USPTO has provided an office action within 4 months from the date of submission of the non-US office action and the applicant's reply thereto.

We believe that without the above-indicated modifications and additions to the USPTO Initiative, non-US applicants may indeed file US priority applications to an increased extent, thus reducing the USPTO's possibilities to benefit from the non-US office action and the applicant's reply. This would certainly not meet one of the main aims of this initiative to reduce the overall pendency of patent applications. We respectfully request you to positively consider the above proposals.

We have attached to this letter the questionnaire with our detailed answers to your questions.

In case of any questions on our comments we will be happy to answer them.

Yours faithfully,
Koninklijke Philips Electronics N.V.



R.J. Peters
Chief Intellectual Property Officer

Annex:

1. *Should the USPTO proceed with any efforts to enhance applicant control of the timing of examination?*

A: Yes. This ensures that applications that are commercially interesting within short are handled earlier than applications that may only become interesting later on, so that the USPTO's resources are most efficiently utilized.

2. *Are the three tracks above the most important tracks for innovators?*

A: It makes indeed sense to distinguish between a slow track, a normal track, and a fast track. Adding more tracks would make the system unnecessarily complex.

3. *Taking into account possible efficiency concerns associated with providing too many examination tracks, should more than three tracks be provided?*

A: No, this will only result in additional complexity.

4. *Do you support the USPTO creating a single queue for examination of all applications accelerated or prioritized (e.g., any application granted special status or any prioritized application under this proposal)? This would place applications made special under the "green" technology initiative, the accelerated examination procedure and this proposal in a single queue. For this question assume that a harmonized track would permit the USPTO to provide more refined and up-to-date statistics on performance within this track. This would allow users to have a good estimate on when an application would be examined if the applicant requested prioritized examination.*

A: This makes sense, as providing multiple kinds of fast-track processing will only result in more complexity.

5. *Should an applicant who requested prioritized examination of an application prior to filing of a request for continued examination (RCE) be required to request prioritized examination and pay the required fee again on filing of an RCE? For this question assume that the fee for prioritized examination would need to be increased above the current RCE fee to make sure that sufficient resources are available to avoid pendency increases of the non-prioritized applications.*

A: If the applicant has paid once for fast-track examination, he should get accelerated examination both the first time of normal examination and the first time when continued examination is requested. Thereafter, the case is apparently not suitable for fast-track examination. If the applicant appeals, and again pays for accelerated examination, the appeal procedure should be accelerated.

As regards the fee for prioritized examination, we support the abolition of the PPH petition fee, and we would regret any re-introduction.

6. *Should prioritized examination be available at any time during examination or appeal to the Board of Patent Appeals and Interferences (BPAI)?*

A: Yes.

7. *Should the number of claims permitted in a prioritized application be limited? What should the limit be?*

A: While no hard limitation to the number of claims is necessary or desired, it makes sense to consider influencing the number of claims by limiting the number of independent claims per category subject to certain exceptions (in application of the Section 112 requirement that the invention shall be distinctly claimed, which requirement is not met when a large variety of different independent claims is presented), and by claims fees. Such influencing of the number of claims could very well be generally applied, i.e. not restricted to prioritized applications.

8. *Should other requirements for use of the prioritized track be considered, such as limiting the use of extensions of time?*

A: If an applicant wants fast-track examination, his replies to office actions should be within the normal shortened statutory time limits. However, as the extension fees are already a sufficient incentive for not having to pay them, an applicant should not be kicked out of fast-track examination merely because he files his reply between 3 and 6 months.

9. *Should prioritized applications be published as patent application publications shortly after the request for prioritization is granted? How often would this option be chosen?*

A: No accelerated publication is necessary; the normal 18 months' publication suffices. Non-publication requests should be abolished anyway, so independent of this multiple track examination system.

Applicants will apply for prioritized examination whenever they see a commercial need for having a patent within short.

10. *Should the USPTO provide an applicant-controlled up to 30-month queue prior to docketing for examination as an option for non-continuing applications? How often would this option be chosen?*

A: The proposed 30 months' period is probably inspired by the PCT, and has thus proven to be acceptable. A longer period would adversely affect legal certainty for the public. A member of the public should be able to force an application out of the slow track subject to a small fee.

If the slow track does not result in additional costs, applicants will opt for slow-track examination whenever they do not see a need for a patent within the normal delays.

11. *Should eighteen-month patent application publication be required for any application in which the 30-month queue is requested?*

A: Yes, so as to prevent submarine patents and enhance legal certainty for third parties. In general, we believe that the current possibility to avoid the eighteen-month patent application publication should be abolished.

12. *Should the patent term adjustment (PTA) offset applied to applicant-requested delay be limited to the delay beyond the aggregate USPTO pendency to a first Office action on the merits?*

A: In case of applicant-requested delay, the PTA system should be adjusted in that the various periods that now start from the filing date, should start once the applicant requests the USPTO to become active.

13. *Should the USPTO suspend prosecution of non-continuing, non- USPTO first-filed applications to await submission of the search report and first action on the merits by the foreign office and reply in USPTO format?*

A: Yes, but only if once 30 months from priority have passed, the USPTO starts its examination irrespective of whether the foreign office has produced its first action and the applicant has replied thereto, so as to prevent legal certainty for the public from being jeopardized too much. In line with 35 U.S.C. 154(b)(1)(A)(i), a USPTO first office action on the merits (FOAM) should be provided no later than 14 months from expiry of this 30 months' period absent a foreign office action and a reply thereto, while in line with 35 U.S.C. 154(b)(1)(A)(ii), a USPTO office action should be provided no later than 4 months from the submission of a foreign office action and a reply thereto.

Irrespective of whether a foreign office action and a reply thereto have been filed, a member of the public should be able to force an application out of the slow track subject to a fee sufficiently large to deter the use of this provision by competitors as a dilatory or nuisance practice.

For PCT applications entering the national phase, the USPTO should require applicants to submit a reply in USPTO format to the PCT report(s) within 2 months from the national phase entry deadline, irrespective of which ISA / IPEA has carried out the PCT search / examination. Immediately after receipt of the applicant's reply to the PCT report(s), the USPTO should start its own processing of the PCT national phase application. For PCT applications for which the EPO has acted as ISA / IPEA, this would provide the USPTO with optimal benefit from the work done by the EPO without additional burden to applicants, as under Rule 161 EPC they have to prepare a reply to the PCT report anyway. In line with 35 U.S.C. 154(b)(1)(A)(ii), a USPTO office action should be provided no later than 4 months from the submission of a reply to the PCT report(s).

14. *Should the PTA accrued during a suspension of prosecution to await the foreign action and reply be offset? If so, should that offset be linked to the period beyond average current backlogs to first Office action on the merits in the traditional queue?*

A: If the applicant has not caused any delay, the 3 year period of 35 U.S.C. 154(b)(1)(B) that currently starts from the filing date, should continue to start from the filing date. In this case, the delay is solely caused by the USPTO's wish to benefit from a foreign examination report and a reply thereto, so that the applicant should not be punished.

For PCT applications, the PTA system should be changed so that the 3 year period of 35 U.S.C. 154(b)(1)(B) that currently starts from the US national phase entry date, will start from the PCT filing date, as in the PCT system the international phase is used to obtain PCT report(s) that can be utilized by the USPTO, and should thus be taken into account for PTA calculation purposes. After all, for PCT applications, the filing date is the PCT filing date, and 35 U.S.C. 154(b)(1)(B) should be applied in line therewith.

15. *Should a reply to the office of first filing office action, filed in the counterpart application filed at the USPTO as if it were a reply to a USPTO Office action, be required prior to USPTO examination of the counterpart application?*

A: Yes, but if at 30 months from priority, the OFF office action has not yet been produced, the USPTO should not wait any longer and start its own examination so as not to jeopardize legal certainty for third parties. In line with 35 U.S.C. 154(b)(1)(A)(i), a USPTO first office action on the merits (FOAM) should be provided no later than 14 months from expiry of this 30 months' period absent a foreign office action and a reply thereto, while in line with 35 U.S.C. 154(b)(1)(A)(ii), a USPTO office action should be provided no later than 4 months from the submission of a foreign office action and a reply thereto.

For PCT applications, the reply should be a reply to the PCT report(s) instead of a reply to the OFF office action. In line with 35 U.S.C. 154(b)(1)(A)(ii), a USPTO office action should be provided no later than 4 months from the submission of a reply to the PCT report(s).

16. *Should the requirement to delay USPTO examination pending the provision of a copy of the search report, first action from the office of first filing and an appropriate reply to the office of first filing office action be limited to where the office of first filing has qualified as an International Searching Authority?*

A: No. Even an office that is not an ISA may produce useful results.

17. *Should the requirement to provide a copy of the search report, first action from the office of first filing and an appropriate reply to the office of first filing office action in the USPTO application be limited to where the USPTO application will be published as a patent application publication?*

A: No. Such an exception would have a limited application anyway, as most foreign patent offices publish applications at 18 months from the priority date, so that the corresponding US application will also have to be published at 18 months from the priority date.

18. *Should there be a concern that many applicants that currently file first in another office would file first at the USPTO to avoid the delay and requirements proposed by this notice? How often would this occur?*

A: No, not if (as highlighted above to protect third party interests) the USPTO docketed an application for examination no later than 30 months from priority. Also, several foreign applicants are prevented by their domestic laws from filing priority applications with the USPTO without permission from a domestic authority. Applicants who enter the US patent system via the PCT will have no reason for changing their priority application filing strategies if the PCT report plus a reply thereto suffice to immediately start the USPTO examination.

19. *How often do applicants abandon foreign filed applications prior to an action on the merits in the foreign filed application when the foreign filed application is relied upon for foreign priority in a U.S. application? Would applicants expect to increase that number, if the three track proposal is adopted?*

A: Some applicants file priority applications just to get a priority date, comparable to the US provisional patent application system. However, as many applicants enter the US patent system via the PCT, the USPTO may still benefit from foreign search and examination results even if the priority application has been abandoned.

20. *Should the national stage of an international application that designated more than the United States be treated as a USPTO first-filed application or a non-USPTO first-filed application, or should it be treated as a continuing application?*

A: As recommended above, for PCT applications, applicants should be required to submit a USPTO-style reply to the PCT report(s). In that sense, PCT applications should be treated as non-USPTO first-filed applications, even if the priority application was filed with the USPTO.

21. *Should the USPTO offer supplemental searches by IPGOs as an optional service?*

A: If applicants are willing to pay for an international-type search (Article 15(5) PCT), why not? In addition, the USPTO may decide to outsource searches by having an international-type search carried out instead of (part of) the USPTO search.

The willingness of other ISA's to provide extra services to the US will probably be related to the USPTO's willingness to provide extra services, e.g. by starting to act as SISA.

If this idea of having supplemental searches by foreign offices is based on the belief that the presence of foreign patent office reports results in a higher efficiency and quality of the USPTO examination, the USPTO may also wish to consider influencing applicants' behavior in that an increased percentage of applicants enter the US patent system via the PCT instead of by filing a US national application, so that to an increased extent, the USPTO can benefit from PCT reports. Such a change in applicants' behavior could e.g. result from lowering the issue fee (e.g. to zero), while the search fee is simultaneously increased by the same amount, as this will make it less attractive to directly file a US application rather than a PCT application without increase of the overall costs for successful applicants.

22. *Should the USPTO facilitate the supplemental search system by receiving the request for supplemental search and fee and transmitting the application and fee to the IPGO? Should the USPTO merely provide criteria for the applicant to seek supplemental searches directly from the IPGO?*

A: International-type search requests are usually sent by the domestic patent office to the ISA, and the ISA sends the search report to the domestic patent office.

23. *Would supplemental searches be more likely to be requested in certain technologies? If so, which ones and how often?*

A: Optional international-type searches are usually requested by applicants who consider filing a subsequent PCT application or a subsequent application in the jurisdiction of the ISA.

So, not technology-dependent, but dependent on the applicant's assessment of the desirability of patent protection abroad.

24. *Which IPGO should be expected to be in high demand for providing the service, and by how much? Does this depend on technology?*

A: We would expect the same offices to be popular that are currently popular ISAs for US applicants. The USPTO may moreover wish to consider contracting Scandinavian ISAs as they have access to the EPO's search tools, while the EPO itself may decide not to provide international-type searches to US applicants in view of workload issues. In view of the state of technology in IL, the IL patent office may also turn out to be interesting.

25. *Is there a range of fees that would be appropriate to charge for supplemental searches?*

A: The fee for an international-type search is entirely up to the ISA concerned.

26. *What level of quality should be expected? Should the USPTO enter into agreements that would require quality assurances of the work performed by the other IPGO?*

A: For international-type searches as meant in Article 15(5) PCT, one may expect the ISA to meet the PCT quality standards, and to comply with Article 15(4) PCT in that "The International Searching Authority referred to in Article 16 shall endeavor to discover as much of the relevant prior art as its facilities permit, and shall, in any case, consult the documentation specified in the Regulations." The output should be a PCT-I work product, i.e. a search report accompanied by a written opinion.

27. *Should the search be required to be conducted based on the U.S. prior art standards?*

A: No, an international-type search can only be expected to meet the PCT standards. Only rarely it will occur that prior art found in a PCT search cannot be applied under US law.

28. *Should the scope of the search be recorded and transmitted?*

A: If this is agreed in the PCT framework, yes.

29. *What language should the search report be transmitted in?*

A: English.

30. *Should the search report be required in a short period after filing, e.g., within six months of filing?*

A: When the applicant wishes the examination to start (which may be only after 30 months from priority in case of the slow track), he should indicate any wish for an international-type search.

31. *How best should access to the application be provided to the IPGO?*

A: In the same manner as under the PCT, by making a search copy available to the ISA.

32. *How should any inequitable conduct issues be minimized in providing this service?*

A: It is unclear how inequitable conduct issues could arise in the framework of an international-type search.

33. *Should the USPTO provide a time period for applicants to review and make any appropriate comments or amendments to their application after the supplemental search has been transmitted before preparing the first Office action on the merits?*

A: Applicants should be given the usual (shortened) statutory period for reply to the search report + written opinion.