Hon. David J. Kappos  
Under Secretary of Commerce for Intellectual Property  
via e-mail:  
IP.Policy@uspto.gov  
elizabeth.shaw2@uspto.gov  


Dear Mr. Under Secretary:

Please make of record these comments responsive to your notification dated October 14, 2009, as published in the Federal Register, 74 Fed.Reg. 54028 (2009), which are explained in the appended White Paper: Patent worksharing represents an important policy objective that can and must be promptly implemented.

Particular attention must be given to the right of domestic applicants to accelerate their home country application examination to permit rapid grant of overseas patent rights for Americans, while overseas applicants should be encouraged to have their initial examination conducted in their home offices.

Thank you for permitting me to share my views on this important subject. While the writer is a partner in Foley & Lardner LLP, the views here are submitted pro bono and do not necessarily reflect the views of any colleague, organization or client thereof.

Respectfully submitted,

Harold C. Wegner
P-PPH Patent Worksharing

A White Paper

key elements for the

Roundtable on Work Sharing for Patent Applications

United States Patent and Trademark Office

November 18, 2009

Harold C. Wegner*

October 2009

*see endnote at page 13

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P-PPH Patent Worksharing

White Paper

Reference Papers

Plurilateral Patent Prosecution Highway: 14-43
The P-PPH Model for Global Patent Worksharing
IP5 Global Patent Cooperation: 44-70
Pacific Rim Patent Leadership
**The Ultimate Downstream Goal**

- Ultimate patent worksharing involves each “home country” patent office conducting a prompt examination of local inventions, which would then result in a *pro forma* allowance of counterpart applications abroad – subject to safeguards of local quality control by examiners and/or an opposition system. Precious examiner resources would be focused upon “home country” applicants, while a local applicant could gain global protection through a single examination at his home office.
P-PPH Patent Worksharing

• A *de facto* “worksharing” exists where one patent granting authority goes first; the remaining parallel offices are able to “piggyback” off the results of the first examination. In a fair use of global resources, *each* of the patent granting authorities would take a fair share of cases for a first examination, to thus spread the examination load.

• Today, however, even *with* large backlogs in the United States, the U.S. PTO is often the “first” office so that all the other patent granting authorities can benefit from such “work sharing”, while the United States receives little reciprocal benefit.
P-PPH Patent Worksharing

- Realistic patent worksharing must be implemented as a two-way street:

- First, overseas patent granting authorities should accelerate examination of a fair share of their applications to be “first” so that the United States would have the reciprocal worksharing benefit.

- Second, the United States should have a system of deferred examination for some of its cases, so that it would be “second” in a greater number of cases – and receive the worksharing benefit of a second office.
(1) Increasing Importance of Foreign Protection:
While a *domestic* patent may be most important for a domestic business, protection for the majority of the global commercial marketplace requires patent coverage in Japan, China, Korea and (in Europe) *at least* Germany and the United Kingdom.

- Even if a domestic business is unable to expand to an overseas presence, obtaining overseas patents may be basis for licensing, joint ventures or other ways to exploit valuable patent rights.
P-PPH Patent Worksharing

• Patent coverage in China and other Asian markets is also important to block “me too” competition from manufacturing abroad for the purpose of importation into the United States and other major markets.

• **(2) Efficient global protection for Americans:** In an ideal patent worksharing model, American inventors will obtain immediate examination of their “home country” application, while deferring all foreign prosecution until after the American examination.

• Upon allowance of the American application, overseas patent granting authorities will issue a *pro forma* allowance without a separate prosecution.
P-PPH Patent Worksharing

- **(3) Efficient Use of U.S. PTO Resources**: Overseas applicants in parallel would have their own home country application examined immediately, while the U.S. counterpart application would be deferred until final resolution of the home country application for ultimate reciprocal *pro forma* allowance in the United States.

- Roughly fifty percent of all U.S. applications are now of foreign origin:
  Permitting the United States to focus its own resources on its domestic applicants in this manner would ultimate cut the domestic examination load by 50 %.
Realistic Patent Worksharing is within our Grasp

• Assuming that the United States makes significant steps toward true substantive patent harmonization by passage of *The Patent Reform Act of 2009*, then for the first time there will be substantial substantive harmonization of the patent laws of the major patent granting authorities: Here, true “patent worksharing” is feasible if there is an agreement amongst the major patent granting authorities to reach an agreement to fairly divide the case load for “first” offices and whereby “second” offices would give weight to the results of the examination of the first office.
P-PPH Patent Worksharing

• The April 2010 China summit of the IP5 patent granting authorities – which collectively account for 94% of United States filings – may well be the first opportunity for an agreement that would include the major Pacific Rim countries, including China.

• Already, the “Plurilateral Patent Prosecution Highway”, the P-PPH, has been launched which provides a blueprint for true patent worksharing, as discussed in the first appendix, *Plurilateral Patent Prosecution Highway: The P-PPH Model for Global Patent Worksharing*, pp. 14-43.
P-PPH Patent Worksharing

• The driving force to create a uniform system to implement the P-PPH model is found in the IP5, an organization which may be considered an outgrowth of the “Trilateral” model, as discussed in the second appendix, *IP5 Global Patent Cooperation: Pacific Rim Patent Leadership*, pp. 44-71.

• To be sure, it must be recognized that for a variety of reasons the European Patent Office will *not* be able to subscribe to P-PPH, which has been frankly acknowledged by its President; *see* p. 35.

• Yet, both Germany and the United Kingdom have *already* participated in the PPH experiment and may be expected to provide a link to the major European markets for the PPH, even though bypassing the European Patent Office.

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P-PPH Patent Worksharing

• While the positive views of the Administration to progress in patent worksharing is appreciated, at the same time it must be recognized that legislation is very much necessary to make “patent worksharing” a reality.

• Downstream changes may well be needed to tweak the system that must be available to the Under Secretary without each time having to run to Congress for a legislative fix. Fee structure flexibility as well as certain rulemaking flexibility both are imperatives for an effective implementation of patent worksharing.

Harold C. Wegner
October 2009
PPH Patent Worksharing

Endnote

• Harold C. Wegner is the former Director of the Intellectual Property Law Program and Professor of Law, George Washington University Law School, and now partner, Foley & Lardner LLP.

• The comments are personal and do not necessarily reflect the views of any colleague, organization or client thereof.

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October, 2009

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• (II) IP5 – Pacific Patent Cooperation 20
• (III) American Reforms 27
• (IV) European Worksharing Realities 30
• (V) Reforming (or Bypassing) the PCT 38
• (VI) Conclusion 41

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(I)
The P-PPH Model for Major Country Worksharing

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The most advanced current form of patent worksharing is the Patent Prosecution Highway (PPH) that commenced several years ago with Japanese overtures to the United States and other patent granting authorities.

Under PPH in its original nation-to-nation format, an allowance of a patent application in a first PPH country permits a pro forma examination and usual allowance of the counterpart PPH application in a second PPH country.
Wegner, P-PPH Global Patent Worksharing

• *Plurilateral Patent Prosecution Highway (P-PPH)* is an expansion of the PPH system:

• Allowance in the first PPH country can lead to *pro forma* allowance in two or more (or all) PPH countries.
The PPH Grid Today

- Except for China, PPH covers the most active patent granting countries. A partial grid for Japan and the United States for PPH countries:

<table>
<thead>
<tr>
<th>JPO</th>
<th>USPTO</th>
<th>KIPO</th>
<th>UKIPO</th>
<th>DKPTO</th>
<th>CIPO</th>
<th>DPMA</th>
</tr>
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<tbody>
<tr>
<td>JPO</td>
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<tr>
<td>USPTO</td>
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</table>
Wegner, P-PPH Global Patent Worksharing

(II)
The IP5 as basis for Pacific Patent Cooperation

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Wegner, P-PPH Global Patent Worksharing

**IP5 Patent Cooperation**

- United States patent worksharing is directly tied to its leadership role in the “IP5”: the United States, China, Japan, Korea and the EPO.
- The IP5 represents the five largest patent granting authorities of the world that collectively accounts for 94% of all United States patent filings.

The IP5 represents perhaps the best vehicle for patent worksharing success because it encompassed all but six percent of United States filing activity.

Progressive Chinese leadership manifested at the previous Jeju Island Summit may be expected to continue as China is the only Pacific member with continuity of patent leadership.
P-PPH as part of the IP5 Agenda

- Crucial to the ongoing success of the P-PPH grid is the inclusion of China as the largest patent granting authority that is not yet included in the system.
- China’s participation in the IP5 Agenda is expected to be a crucial aspect for the expansion and success of the P-PPH grid.
Wegner, P-PPH Global Patent Worksharing

IP5/P-PPH Guarantee of the TRIPS:

• “With regard to the protection of intellectual property, any advantage, favour, privilege or immunity granted by a Member [State] to the nationals of any other country shall be accorded immediately and unconditionally to the nationals of all other Member [States].”

TRIPS, Art. 4.

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To make P-PPH viable, it is essential that at least all the leading Pacific Rim countries take a leadership role in establishing this system:

With the four largest Pacific Rim patent granting countries as part of P-PPH, initiation of the system will mark a sea change in how patents are obtained.

Concurrently, however, the door should be open to all countries to participate in the P-PPH.
For applicants who seek global protection only within the framework of the P-PPH, a simplified system freed from the complexities and expense of the PCT should be devised.

With electronic documents and communication, a simple system bypassing the PCT can be set up by the largest IP5 offices that will be more efficient and cost-effective.
Wegner, P-PPH Global Patent Worksharing (III)

American Statutory and Regulatory Reforms

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American Statutory and Regulatory Reforms

- Greater harmonization of substantive patent law which is a critical part of The Patent Reform Act of 2009 will make the grant of a patent in any of the countries more meaningful due to a greater standardization of patent law principles.
- Rulemaking flexibility is necessary to deal with the nuances of ongoing IP5 and P-PPH agreements.
Wegner, P-PPH Global Patent Worksharing

- Fee flexibility is required to encourage foreign applicants to defer their American examination until after completion of their home country first examination.
- American applicants who do not need an immediate grant and want to opt out of P-PPH should also have flexibility to defer major fees until a later examination.

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Wegner, P-PPH Global Patent Worksharing

(IV)

European Worksharing Realities
The European Patent Office has numerous member nations with varying agendas:

- Germany and the U.K. (and others) seek a very strong patent system where industry favors stronger patent cooperation and simplification.
- Many more states seek a weaker patent system.
Wegner, P-PPH Global Patent Worksharing

- The organized patent profession in many countries without major domestic clients views P-PPH as a way that, through simplification of procedures for industry, will result in the elimination of much if not all of the work for the local patent profession.

- Patent professionals thus form a major negative component that blocks support for P-PPH.
Which group is stronger within the EPO, the major states supporting stronger patents or the other states where industry may wish weaker patents and the local patent profession is against P-PPH for obvious economic self-interest?
But, the question as to which group is stronger is not the relevant inquiry:

Each member state within the EPO has virtual veto power over major changes within the EPO.
Indeed, the EPO is not expected to join the P-PPH.

EPO President Allison Brimelow expressed unequivocal opposition to Plurilateral PPH at her October 15, 2009, AIPLA Annual Meeting keynote luncheon address.
The European salvation for P-PPH resides in the veto power of each member state which has resulted in a balkanization of the EPO:

Several member states now have their own patent offices operating in open competition with the EPO, including newcomer Denmark, joining the U.K. and Germany.

It is realistic to have major coverage for Europe within the P-PPH through national participation:
Wegner, P-PPH Global Patent Worksharing

- Germany and the U.K. are already participating in PPH.
- Coverage in Germany, the U.K. and one or two other states may be sufficient to protect Pacific Rim patentees’ interests in Europe.
Wegner, P-PPH Global Patent Worksharing

(V)

Reforming
(or Bypassing)
the PCT

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Wegner, P-PPH Global Patent Worksharing

- WIPO PCT Fee Diversion strips the PCT of user fees.
- WIPO’s fee diversion supports the lavish United Nations agency is unfair to the Progress of the Useful Arts.
Wegner, P-PPH Global Patent Worksharing

- WIPO fee diversion must stop!
- WIPO needs to shut down its massive PCT infrastructure operating in one of the world’s most expensive venues – Geneva, Switzerland – and delegate such work to national offices in lower cost Asian cities.
- "WIPO has given no reason for optimism that the necessary changes can be made."
Wegner, P-PPH Global Patent Worksharing

(Ⅵ)

Conclusion
P-PPH can provide global patent worksharing to embrace more than 90% of all American filings provided that provided (a) the United States enacts proper statutory and regulatory reforms starting with *The Patent Reform Act of 2009*; and (b) China through IP5 becomes a full member of P-PPH:

The patent world is on the cusp of major change that will for the first time make global patent protection a cost-effective reality.
Endnote:
Harold C. Wegner is the former Director of the Intellectual Property Law Program and Professor of Law, George Washington University Law School, and now partner, Foley & Lardner LLP. The comments are personal and do not necessarily reflect the views of any colleague, organization or client thereof.

Contact information: [hwegner@foley.com]
IP5 Global Patent Cooperation:

Pacific Rim Patent Leadership

Sharon R. Barner, Jon W. Dudas & Harold C. Wegner

This presentation is an excerpt from a joint presentation to the 6th Annual Asia-Pacific In-House Counsel Summit: Finding Opportunities in a Year of Change, Intercontinental Hong Kong, Hong Kong, China, March 18-19, 2009. The authors were partners of Foley & Lardner LLP, while the first named author has subsequently resigned to take a position with the United States government.
IP5 Global Patent Cooperation

Pacific Rim Patent Leadership

Sharon R. Barner            Jon W. Dudas
Harold C. Wegner
Two Faces of Recent Patent reform initiatives

- An “open face” visible to all: domestic patent reform legislation.
- The “unseen face”: Global patent reform originally at the “Trilateral” – now going to more inclusive initiatives
The open face comprises the *domestic legislative* patent reform proposals introduced in each Congress starting in June 2005.

Domestic patent reform legislation has been gridlocked in the recent 109th and 110th Congress while an uncertain future looms for the current 111th Congress that runs until shortly before the November 2010 Congressional elections.
The Unseen Face is far more important in the long run:

- Patent-based innovations represent the key to a prosperous and healthy population and economy.
- Patent cooperation is necessary to undo the damaging flood of too many filings.
Patent harmonization and “patent worksharing” represent key areas for reform which have gone largely unnoticed, slipping underneath the patent radar screen.

The general knowledge of the patent public about “harmonization” is focused upon the failed efforts in Geneva at even the simplest levels of patent reform.
IP5 Patent Cooperation

The Global Imbalance:

- European countries account for a minority of world patent filings but dominate international patent discussions at the WIPO.
- The Reality, an ever more present Big Five –
  - China
  - Japan
  - the United States
  - Korea
  - European Patent Office
IP5 Patent Cooperation

The reality – a Top Three Pacific Rim leadership as measured by 2007 national applications:

- No. 1 China* 691,000
- No. 2 Japan* 443,000
- No. 3 United States 442,000

*Regular, design and utility models
"Big Five" = 94% of U.S. Patent Filings (2006)*

<table>
<thead>
<tr>
<th>Filings by Big Five Country or Region</th>
<th>U.S. Patent App’ns</th>
<th>% of Total U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>European Patent Convention**</td>
<td>61,300</td>
<td>18%</td>
</tr>
<tr>
<td>Asian Big Five</td>
<td>102,700</td>
<td>23%</td>
</tr>
<tr>
<td>Japan, China; Korea</td>
<td></td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td>236,000</td>
<td>53%</td>
</tr>
<tr>
<td>Other Countries</td>
<td>46,000</td>
<td>6%</td>
</tr>
<tr>
<td>Total</td>
<td>446,000</td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type</th>
<th>Total Applications</th>
<th>Foreign Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>828,000</td>
<td>13%</td>
</tr>
<tr>
<td>Regular</td>
<td>290,000</td>
<td>33%</td>
</tr>
<tr>
<td>Utility Model</td>
<td>226,000</td>
<td>&lt; 1%</td>
</tr>
<tr>
<td>Design</td>
<td>313,000</td>
<td>&lt; 5%</td>
</tr>
</tbody>
</table>

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United States original filings are now under 400,000 per year (statistics, here, are artificially inflated by counting continuing filings):

<table>
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<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Applications filed, total(^{1,2})</td>
<td>378,984</td>
<td>409,532</td>
<td>445,613</td>
<td>468,330</td>
<td>496,762</td>
</tr>
<tr>
<td>Utility(^{3})</td>
<td>353,319</td>
<td>381,797</td>
<td>417,453</td>
<td>439,578</td>
<td>466,147</td>
</tr>
<tr>
<td>Reissue</td>
<td>996</td>
<td>1,143</td>
<td>1,204</td>
<td>1,057</td>
<td>1,071</td>
</tr>
<tr>
<td>Plant</td>
<td>1,212</td>
<td>1,288</td>
<td>1,103</td>
<td>1,002</td>
<td>1,333</td>
</tr>
<tr>
<td>Design</td>
<td>23,457</td>
<td>25,304</td>
<td>25,853</td>
<td>26,693</td>
<td>28,211</td>
</tr>
<tr>
<td>Provisional Applications Filed(^{2,4})</td>
<td>102,268</td>
<td>111,753</td>
<td>121,471</td>
<td>132,459</td>
<td>143,030</td>
</tr>
</tbody>
</table>
IP5 Patent Cooperation

Utility Model Applications

China is the world leader in utility model filings, including a significant increase over the past two years:

China Utility Model Filings

- 2008: 226,000
- 2006: 161,000
Utility model filings by patent office: selected offices, 2006

<table>
<thead>
<tr>
<th>Country</th>
<th>2000</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>68,815</td>
<td>161,366</td>
</tr>
<tr>
<td>Republic of Korea</td>
<td>32,908</td>
<td>37,183</td>
</tr>
<tr>
<td>Germany</td>
<td>19,788</td>
<td>22,310</td>
</tr>
<tr>
<td>Japan</td>
<td>8,587</td>
<td>10,988</td>
</tr>
<tr>
<td>Russian Federation</td>
<td>9,999</td>
<td>4,631</td>
</tr>
<tr>
<td>Ukraine</td>
<td>8,171</td>
<td>1,756</td>
</tr>
</tbody>
</table>

World Patent Report: A Statistical Review. p. 25 (WIPO 2008). Chart is modified to show only countries with more than 5000 filings per year.
IP5 Patent Cooperation

Pacific Big Four without China account for 50% of all Non-Resident Filings

- As China’s *domestic* patent growth transitions into an *international* patent growth, the rate of Pacific leadership will swell even further.

- The Top Five European countries account for 24% of non-resident filings
IP5 Patent Cooperation

TOTAL NON-RESIDENT FILINGS – SHARE BY COUNTRY (2006)

- United States of America: 21.9%
- Japan: 21.7%
- Switzerland: 3.0%
- United Kingdom: 3.1%
- Netherlands: 3.3%
- Germany: 10.8%
- Republic of Korea: 8.1%
- Others: 26.2%

Patent Family Filings including at Least One Foreign Counterpart


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The History of Patent Cooperation:

- Euro-centric global patent reform initiatives dating back to mid-nineteenth century efforts in Vienna, Berlin and Paris led to the 1883 Paris Convention.
- Pacific Rim implemented much delayed.
- The United States first domestically introduced Paris in 1903
IP5 Patent Cooperation

- The European Patent Office (EPO) is powerless to change any law because it is an international treaty organization and not a State.
- The EPO also cannot change any major provision without unanimous consent of the more than 25 nation members.
- European Union not the same as EPO.
The small step toward recognition of the Pacific Rim has been the creation of the “Trilateral” which joins Japan and the United States with the EPO.

The “Trilateral” has stubbornly resisted inclusion of China and Korea, despite the overwhelming importance of each country.
“Pacific Rim” without China and Korea is a Myth

A Simply “Trilateral” Existence Creates a Mythical World Picture

But, the patent world must deal with realities
The United States in 2007 hosted a meeting of the leaders of the Patent Offices of China, Korea and the Trilateral group of the EPO, Japan and the United States.

The objective of the Hawaii summit was to propose an IP5, a “Big Five” of the patent world that would for the first time include both China and Korea.
On October 27-28, 2008, the Jeju Island Summit was held on this picturesque Koran island to formalize the creation of the IP5 and the establishment of its first working agenda.
The Commissioner of the State Intellectual Property Office of the People's Republic of China, the Hon. Mr Tian Lipu (center) is flanked by the Commissioner of the Japan Patent Office, Mr Takashi Suzuki and Ms Alison Brimelow, President of the European Patent Office (EPO), with the host of the May 2007 Hawaii summit, the United States Under Secretary of Commerce and Director of the Patent and Trademark Office, the Hon. Jon W. Dudas (far right), with the Conference Host Dr. Jung-Sik Koh, Commissioner of the Korean Intellectual Property Office.
“Patent Worksharing”:
A Critical Tool to Combat the Global Backlog of Pending Applications
IP5 Patent Cooperation

- “Patent worksharing” represents one of the major opportunities for cooperation amongst the Pacific Rim offices, as more and more patent applications are filed in parallel in two or more Pacific Rim offices.

- “Patent worksharing” in its ultimate form should permit one examiner in one of the offices to do the work for all of the offices for one patent family.
India!

Clearly as India creates a more robust domestic patent system and commences greater numbers of international filings, the possibility of cooperation with India is open for discussion.

Cooperation with the EPO is important, while it is recognized that the EPO is largely unable to make changes in its substantive patent treaty.
IP5 Patent Cooperation

- IP5 success depends upon the strong leadership role of the Big Five countries, both between the leaders, and also to help with patent development amongst the emerging nations.