From: Winkler, Michael [e-mail redacted]
Sent: Monday, September 13, 2010 4:50 PM
To: 3-tracks comments

Subject: ABA-IPL Comments on Enhanced Examination Timing Control Initiative

Please see the attached comments from the ABA Section of Intellectual Property Law on the proposed Enhanced Examination Timing Control Initiative.

Mike Winkler
Section Director
Section of Intellectual Property Law
American Bar Association
321 N. Clark Street, 19th Floor
Chicago, IL 60654

tel: 312.988.5639
fax: 312-988-6800
[e-mail redacted]

www.abanet.org/intelprop

AMERICAN BAR ASSOCIATION

Section of Intellectual Property Law
321 North Clark Street
Chicago, IL 60654-7598
(312) 988-5598
FAX: (312) 988-6800
E-mail: iplaw@abanet.org
www.abanet.org/intelprop

Via Electronic Mail
3trackscomments@uspto.gov

September 13, 2010

The Honorable David Kappos
Under Secretary of Commerce for Intellectual Property
and Director of the United States Patent and Trademark Office
Mail Stop Comments – Patents
P.O. Box 1450
Alexandria, VA 22313–1450

Attn: Robert A. Clarke
Deputy Director
Office of Patent Legal Administration

Re: Comments on Proposed Initiative: *Enhanced Examination Timing Control Initiative*, 75 Fed. Reg. 31763 (June 4, 2010) (the "Proposed Initiative").

Dear Under Secretary Kappos:

I am writing on behalf of the American Bar Association Section of Intellectual Property Law (the "Section") to provide comments in response to the request the United States Patent and Trademark Office (the "Office") published in the Federal Register on June 4, 2010 (PTO-P–2010–0035). These comments have not been approved by the ABA House of Delegates or Board of Governors, and should not be considered to be views of the American Bar Association. We are aware that you are considering plans to revise the proposal, however we submit these comments for your information.

The Section is generally supportive of the Office's efforts to provide applicants with greater control over examination timing and to reduce the overall pendency of patent applications, as long as the resulting programs are in the public interest. In particular, the Section favors providing applicants with an opportunity to participate in accelerated examination without being confronted with the obstacles that are found in currently available accelerated examination proceedings. However, the Section has concerns with several aspects of the Proposed Initiative that relate to deferred examination, patent term adjustment, disparate treatment of applications based upon where they are first filed, and outsourcing of the searching function by the Office. The following comments highlight the Section's position on these and other issues raised by the Proposed Initiative.

1) The Section supports providing applicants the ability to control the timing of prosecution at the Office.

There are many different factors for an applicant to consider when filing a patent application and many different factors for an applicant to consider in managing the application's prosecution. The timing of the application's filing and its prosecution is one very

important factor. In considering timing, applicants are influenced by many factors, including what stage of development a project based on the invention is at. For example, is the development complete, or still ongoing with new data being generated and/or changes being made to the commercial embodiment? Another consideration is financing. Is the project a high priority project for the company? Are marketing decisions being made based on potential patent exclusivity such that knowledge of patent scope is important? Is the applicant looking for funding from investors looking for developed patent portfolios? Is the technology rapidly changing such that a patent will be outdated if granted after a long pendency? Because each industry, each company and each application represents a unique situation, the Section supports providing an applicant the opportunity and ability to control the timing of prosecution of an application.

The Section, however, is concerned regarding how an applicant may control prosecution. Each applicant should have the same opportunity to control prosecution, including non-U.S. entities. The fee structure should reflect the work done by the Office and time invested in the application; in this regard, the fee structure should be fair to both the applicant and the Office. The ability to control prosecution should be available at well defined times and should not result in duplicative or inefficient use of resources. As discussed further below, to efficiently control prosecution timing, the Section supports the Office taking advantage of processes already in place, such as the Patent Prosecution Highway and the Patent Cooperation Treaty (PCT). These programs can leverage work done by other patent offices and accelerate the U.S. prosecution for an applicant desiring expedited prosecution.

In addition, for a process to be used by an applicant, the burden and risks incurred by the applicant cannot out-weigh the benefits of expediting prosecution. There is no reason for the Office to waste resources developing and putting in place the infrastructure to support a system that simply will not be used by applicants. Therefore, any system put in place to control the timing of prosecution should include provisions for a timely review and, if necessary, revision to the system. Because there are many different considerations, formulating a process which is fair, efficient and helpful to both applicants and the Office is important and may take some time as well as various iterations. To assist in this process, the Office should periodically review current programs used to accelerate prosecution, consider applicants' comments regarding such programs, and change or discontinue programs of no value to either the Office or applicant.

2) The Section favors providing a meaningful accelerated examination track that is less onerous than accelerated examination currently available.

Under existing Office procedures, applicants can request accelerated examination of their applications in the U.S. by filing a petition to make their application special. However, the current procedure is complex and requires applicants to make significant disclosure and statements of patentability prior to examination. Requiring more disclosure or statements of patentability from applicants substantially increases the potential for claims of inequitable conduct. As a result, many applicants are discouraged from participating in existing acceleration programs.

Indeed, the Section has strongly opposed requirements for additional materials, such as a requirement for an Examination Support Document, as a requisite to obtaining

meaningful examination of an application. The same holds true for timely examination: the Section supports an accelerated examination track that provides prompt examination of applications without requiring applicants to make significant disclosure and statements of patentability. The following comments set forth the Section's views on several other aspects that we believe would contribute to a meaningful accelerated examination track.

- The Section supports the implementation of reasonable additional fees that would aid in achieving a meaningful accelerated examination track. Specifically, we favor setting a fee for an accelerated examination track that is appropriate to cover a reasonable portion of costs for high quality examination while not being at such a level as to discourage participation.

- The Section has long recognized the nexus between adequate resources and prompt disposal of applications. However, Congress continues to divert millions of dollars of user fee collections each year to fund activities unrelated to the Office. If fee diversion is permitted to continue, such a practice would prevent increased fees for an accelerated examination track from being efficiently directed to the increased resources that will be necessary to achieve the goals set forth in the Proposed Initiative. Therefore, we continue to oppose diversion of user fee collections.

- As noted in the Section's Comments on Proposed Changes Strategic Plan for 2010-2015, the Section supports further review by the Office of the Patent Prosecution Highway (PPH) as a potential mechanism to reduce patent backlog in the patent offices. The Section believes that the Office should consider U.S. applicants' ability to request acceleration for the purpose of a PPH Program without the complex searching requirements that are currently required when filing a petition to make an application special. This will permit the PPH Program to be used by U.S. applicants so that they too can benefit from this program in obtaining expedited allowance in foreign patent offices.

- The Section fully supports the Proposed Initiative's stated goal of reducing the overall pendency of patent applications. However, we are concerned the creation of an accelerated examination track may divert resources from examination of applications that are not accelerated. We strongly urge the Office to review whether implementing the Proposed Initiative will, in any way, inhibit the reasonably prompt disposition of patent applications that are not accelerated.

3) The Section favors publication of all patent applications 18 months after first filing date.

The Section has long favored 18-month publication of all patent applications as an appropriate balance between the interests of the applicant and the public. Exceptions or variances from the 18 month publication policy create an entire category of prior art that is not available for review and evaluation. The public does not have benefit of considering any unpublished pending applications when making commercial decisions on new areas of economic endeavor or drafting patent applications that will be free of prior art rejections.

There is, in addition, an increased administrative burden on the Office in sorting the applications prior to publication. The Section supports timely, predictable publication of the all patent applications at 18 months after filing, particularly where the entire content of the U.S. application will serve as prior art once an application issues as a U.S. patent.

Equally importantly, once all pending applications are routinely published at the 18-month date, it provides reasonable assurance and greater certainty to all inventors as to all potential prior art that might exist based upon any earlier filed applications for patent. Thus, because all earlier-filed applications will already have published by the time an inventor's application reaches the 18-month publication date, the universal publication rule means that at the publication date no possibility will exist that any later-emerging prior art will prevent the patenting of a claimed invention. The Section acknowledges that an earlier inventor may "swear behind" the claimed invention unless the U.S. adopts a first-to-file system; however, consistent publication of applications minimizes the uncertainty for inventors.

4) The Section does not favor a system that includes a permanent deferred examination track.

Presently, while understanding the potential value of deferred examination to decreasing the application backlog, the Section has deep concerns about a deferred examination system for U.S. patent applications. We are not fundamentally opposed to such a system but rather are concerned that the proposed system has not been sufficiently defined for the Section to take a positive position. The Section would be likely to view deferred examination track more favorably if the Office is able to convincingly demonstrate that such a program can permanently reduce the current backlog of unexamined applications. However, our support would be limited to a deferred examination track that: (1) is enacted on a trial basis with an automatic "sunset" provision so that, after a set period of time, the success of the program can be reevaluated to determine whether in fact it has reduced the backlog; and (2) thoroughly addresses the Section's concerns regarding deferred examination. We offer the following comments to explain our concerns.

- The Section is concerned by the potential impact deferring examination would have on legal certainty. While publishing all applications at 18 months would address some of the uncertainty, we have a concern that deferred examination will result in an undesired number of patent applications for which the public has an extended period in which it cannot ascertain the limits of allowable protection.

- There presently is a mechanism in place where an applicant can get a thirty (30) month deferment of prosecution. It is the Patent Cooperation Treaty (PCT). If an applicant files a PCT patent application with the Office, the applicant gets the benefit of a search and preliminary examination report with the ability to defer responding to such until the nationalization of the PCT application in the Office. Although one might argue that the PCT route has added costs associated with it, the Proposed Initiative would also have added costs. Therefore, the Section is concerned that another route to the same end, i.e., the present deferred examination proposal, may have unplanned or inadequately thought-through consequences on the PCT.

- The concept of deferring examination only makes sense if the end results of the deferral mean that patent applications will be abandoned. The Section urges the Office to carefully statistically assess to what extent such abandonment would occur based on other patent offices' experience and the Office's experience with PCT applications. If a significant number of applications would not be abandoned, then taking a portion of the present pending applications out of the examination system would result only in temporary relief from the backlog. Unfortunately, these patent applications would return to the regular queue upon the end of the deferral and the backlog would return to its previous level.

- The Proposed Initiative does not address the ability to file divisional and continuation applications from deferred examination applications and whether deferral can be requested for those continuation or divisional patent applications further complicate the issue of the need for legal certainty. Depending on how the Office decides to address divisionals and continuations, an applicant may be given an overly long period to define the invention and an ability to redefine it in light of a post-filing marketplace.

- Presently, the Office has a statutory obligation to determine whether any patent application should have its term extended. The current patent term adjustment (PTA) provisions only make sense with one tract of examination. Accordingly, the Section urges the Office to closely review the possible effects deferred examination will have on PTA. In general, we believe applicants should not be able to extend patent term by requesting deferral. Our detailed comments on PTA are expressed later in this letter.

- The Proposed Initiative does not address the effect of deferrals on prosecution history laches.

- The Proposed Initiative does not address intervening rights for the public.

- Finally, but not exhaustively, the Proposed Initiative does not address the ability of a third party to accelerate examination and what rights that third party will have in the examination process.

5) The Section encourages the Office to review the effects of the Proposed Initiative on patent term adjustment (PTA).

The Section is concerned regarding the relative lack of guidance the Proposed Initiative provides regarding how the Proposed Initiative will affect PTA. The current rules and regulations regarding when and how much PTA should be granted do not make sense in a system where an applicant may voluntarily delay prosecution during the time following initial filing. However, once the application enters prosecution before the Office, the applicant should not lose patent term should the Office delay prosecution. In some industries, particularly those in which applicants are most likely to seek deferral, the life of the patent at the end of the patent term is very important. Such industries would not forgo the ability to get PTA and would not participate in any program that would deny them the ability to obtain PTA for Office delays. Effectively, due to the current backlog, examination in many Technology Centers is deferred. Applicants are compensated for that delay by the grant of PTA. An

applicant participating in an Office program for deferred examination should not be effectively prejudiced by not being able to obtain PTA for unreasonable delays in prosecution once the defined deferral time expires.

The Section acknowledges that specific rules and regulations will have to be developed to fairly compensate applicants participating in the deferral program. Similarly, applicants should not be unfairly benefited in terms of extra patent term as compared to applicants not participating in the program. Thus a PTA system should be developed and included in any plan for a multi-track examination program, such as that proposed by the Office.

The Proposed Initiative indicates the Office is considering rules to adjust PTA based on an "aggregate average period to issue a first Office action on the merits." Many of the Section's members have raised concerns that the introduction of such a calculation would create further uncertainty and encourage applicants to engage in gamesmanship in an attempt to increase patent term. Moreover, it is unclear how the "aggregate average period to issue a first Office action on the merits" will be calculated. For example, will this time period be calculated separately for each Technology Center? How often will the average period be calculated? What will be the effects on PTA if an applicant chooses to switch examination tracks. The Section strongly encourages the Office to consider each of these issues before implementing further rules relating to PTA.

6) The Section has serious concerns about the Proposed Initiative's disparate treatment of applications based upon where they are first-filed.

As noted in the Section's Comments on Proposed Changes Strategic Plan for 2010-2015, our Section is highly supportive of cooperation between patent offices. Examples of this cooperation include work with the Patent Trilateral and IP5, and participation in the Patent Prosecution Highway (PPH). We are concerned treating applications that are based on a prior foreign-filed application differently than those that are first filed in the United States runs counter to this spirit of international cooperation and may result in a number of far-reaching, unintended consequences. The following comments identify several of the concerns that members of the Section have raised.

- There is concern the Proposed Initiative's unequal treatment of applications that are based on prior foreign-filed applications violates several existing treaties, such as the Paris Convention and the TRIPS agreement. The Section cautions the Office to carefully review all applicable treaties and other international agreements of the United States when considering how to treat applications based on applications originally filed outside of the United States.

- The Proposed Initiative is vulnerable to abuse by applicants who desire to defer examination outside of established channels, such as the PCT. The variation in delays among the various patent offices may encourage some applicants to seek out the foreign office that takes the longest time to issue a first action. The resulting gamesmanship and forum shopping would increase uncertainty for business owners in the United States.

- The Proposed Initiative is burdensome for applicants who are interested in obtaining a patent in the United States as quickly as possible, but have traditionally chosen to first-file applications outside of the United States. The imposition of an increased burden on these applicants may cause them to change their filing strategy in a way that increases the backlog of patent applications pending at the Office. In particular, the uncertainty as to when a first action will be issued in the office of first filing may encourage an increased number of foreign applicants to file in the United States first, so as to be able to immediately participate in accelerated examination before the Office.

- Even if a large number of applications are removed from the examination queue in the near term by imposing additional requirements on applications that are based on a prior foreign-filed application, these applications will return to the queue at a later date when the applications satisfy these requirements. We are concerned that this approach does not address the problem of the current examination backlog at the Office, but merely shifts when the problem will need to be addressed.

- The Proposed Initiative does not include clear guidance as to when applications that are based on a prior foreign-filed application will be examined. For example, once such an application meets the requirements set forth in the Proposed Initiative, will the application be placed at the back of the line for examination, or will the date the application was originally filed in the United States have a bearing on the order in which the application is picked up for examination?

7) The Section opposes the outsourcing of the searching function by the Office if it separates the search and examining functions.

The Section recognizes the ongoing effort of the Office to streamline patent prosecution from the initial searching stages. For example, as discussed in the Office's Proposed Strategic Plan (Objective 2, Section F – Outsource Patent Cooperation Treaty Searching), the Office is considering outsourcing searching on Patent Cooperation Treaty (PCT) international applications in order to provide U.S. examiners with additional time to focus on the examination process of U.S. National applications. The Section has provided comments on this proposal indicating that, while recognizing the need to maintain timeliness of searching, such a process will result in duplicate searching effort and increased costs to the applicant, and should only be considered as a temporary solution to addressing the current backlog of cases. Further, the Section believes that the international search should be undertaken by the same Examiner that is or will handle the U.S. National application. (see Section Letter of August 20, 2010 – Comments on Proposed Changes Strategic Plan for 2010-2015). Such an approach will ensure that duplicate searching efforts that may lead to contrary results are avoided, thus leading to more efficient prosecution.

In particular, the Section has and continues to oppose the outsourcing of the searching function by the Office if it separates the search and examining functions without some demonstrated improvement in efficiency or quality. In providing the applicant with greater control over the examination process, the Initiative proposes an optional service to by which an applicant can obtain one or more supplemental search reports from an intellectual property granting office (IPGO). This supplemental search would be considered by the U.S. examiner

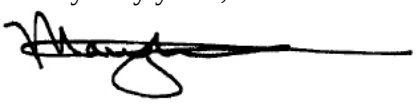
in preparing the first Office Action on the merits. While we generally support the concept of optional supplemental searches, we believe any program that includes optional supplemental searches should be also include a requirement that the U.S. examiner first complete his or her own search and Office Action. After the examiner issues the Office Action, he or she can take into consideration, possibly in a supplemental Office Action, any additional references that were cited together with the comments of the applicant on those references.

Otherwise, there is a risk the use of supplemental searches will result in a separation of the search and examining functions even if the U.S. examiner is required to conduct an independent search. For example, if the applicant obtains one or more supplemental searches, the results of these searches (and certainly the responsive actions of the applicant) could lead to a less aggressive initial search by the U.S. examiner, including the possibility that the U.S. examiner modifies his or her searching strategy and initial opinion, thereby inherently separating the search and examining functions. Therefore, the Section cautions the Office to carefully review whether the use of supplemental searches will result in a separation of the search and examining functions.

In closing, the Section appreciates the Office asking for input on how to provide applicants with more control over when their applications are examined and how to reduce the overall pendency of patent applications.

If you have any questions on our comments or would wish for us to further explain any of our comments, please feel free to contact me. Either I or another member of the leadership of the Section will respond to any inquiry.

Very truly yours,



Marylee Jenkins
Section Chairperson
American Bar Association
Section of Intellectual Property Law