From: Hera Lee
Sent: Monday, August 23, 2010 1:25 AM
To: 3-tracks comments
Subject: amendment : Comments from KINPA on the Enhanced Examination Timing Control Initiative

Dear Mr. Robert A. Clarke,

This is Hera Lee, vice chairperson of International affair, KINPA (Korea INtellectual Property Association).

As you notice below, my US council (Ms. Joo Mee Kim at Rothwell) has sent you the KINPA written

comments on behalf of me last August 20, 2010.

Further to the first comments, please kindly take an slight amendmentof the KINPA written comments as

attached herewith.

For your reference, Mr. kuiwou kwun from Korean embassy in the U.S. will probably visit to the USPTO

and explain Korean applicants' view with regard to this draft. Again, the KINPA would appreciate the

opportunity to offer our comments and look forward to hearing the

USPTO feedback. If you have any questions, please do not hesitate to contact us.

Please kindly confirm receipt of this email and the attachment with a return email.

Sincerely yours,

Hera Lee
Vice chairperson of International affair, KINPA
On behalf of Mr. Jeong Hwan Lee, president of KINPA

* cc:

Mr. YongGu Lee, chairperson of Planning and Coordination, KINPA
Mr. Yongkwan LEE, chairperson of International affair, KINPA

Korea INtellectual Property Association
KIPS Centre 647-9
Yeoksam-Dong, Gangnam-Gu,

Seoul, Korea 135-980
Tel +82-2-3459-2804
ww.kinpa.or.kr
****

LG Chem, Ltd / IP Management Team

LG Chem Research Park, Daejeon

104-1, Moonji-dong, Yuseong-gu Daejeon,
305-380, Korea
T. 82-42-870-6438 / F. 82-42-863-2053 / M. 010-9942-2499

****
--- On Fri, 8/20/10, Joo Mee Kim wrote:
From: Joo Mee Kim
Subject: Comments from KINPA on the Enhanced Examination Timing Control Initiative
To: 3trackscomments@uspto.gov
Date: Friday, August 20, 2010, 8:58 PM
Dear Mr. Robert A. Clarke,

This is Hera Lee, vice chairperson of International affair, KINPA (Korea INtellectual Property Association).

I am also an IP manager for LG Chem.

It is very nice to contact you even through e-mail with respect to public written comments on “Enhanced Examination Timing

Control Initiative, so called 3 Track Examination System” noticed in Federal Register / Vol. 75, No. 107 on Friday, June 4, 2010.

This is being sent on behalf of Mr. Jeong Hwan Lee(jayh.lee@lge.com), president of KINPA.

Please find enclosed KINPA written comments.

We would appreciate the opportunity to offer our comments and look forward to hearing the USPTO feedback.

If you have any questions, please do not hesitate to contact us.

Please confirm receipt of this email and the attachment with a return email.

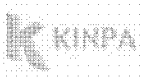
Sincerely yours,

Hera Lee

Vice chairperson of International affair, KINPA
On behalf of Mr. Jeong Hwan Lee, president of KINPA(jayh.lee@lge.com)

* Attention:
Mr. YongGu Lee, chairperson of Planning and Coordination, KINPA
Mr. Yongkwan LEE, chairperson of International affair, KINPA

Korea INtellectual Property Association
KIPS Centre 647-9
Yeoksam-Dong, Gangnam-Gu,
Seoul, Korea 135-980
Tel +82-2-3459-2804
www.kinpa.or.kr



Korea Intellectual Property Association

VIA E-MAIL
(Number of Pages: 11)

August 20, 2010

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

Re: KINPA Comments on the Enhanced Examination Timing Control Initiative

Dear Under Secretary Kappos:

In reference to the Federal Register Notice of June 4, 2010, the Korea Intellectual Property Association (KINPA) appreciates the opportunity to offer comments regarding the proposed "Enhanced Examination Timing Control Initiative," i.e., the so called "Three Track Examination System" (hereinafter referred to as the "Three Track Examination").

KINPA is a non-governmental, cooperative body formed by Korean business enterprises to pursue their common goal of improving competitiveness in the Intellectual Property-related fields through collaborative activities with their expertise and experiences in Intellectual Property ("IP"). Established in June 2008 to A foster "growth and synergy" through strong partnerships and cooperation among its members, KINPA consists of representatives of corporation in all research-based industries that seek mutual benefits through IP. KINPA represents a wide and diverse spectrum of Korean companies, including LG Electronics, Inc., LG Chem Ltd., Samsung Electronics Co., and Hyundai Motor Co., all of whom are large users of the United States patent system as well as many other patent systems around the world. The incumbent president of KINPA is Jeong Hwan Lee, Vice President of LG Electronics, Inc.

As you know, a large number of patent applications have been filed worldwide

seeking global IP protection in this knowledge-based economy, particularly as the market environment intensifies with respect to accelerated global competition, expanded technology innovation, and the need to strengthen one's property rights through worldwide IP protection. As a result of this trend, most of the Patent Offices in major countries have faced a tremendous surge in patent applications driven by factors such as a rise in innovation, a move to a more technologically intensive society, growth of R&D in companies in the electrical and computing technology sectors, changes in companies' IP strategies, and the ever-increasing need for global patent protection.

Patent backlogs have resulted in increased costs to applicants. Longer patent prosecutions complicate planning and investment decisions, and creates extra costs to other innovators by delaying further innovation. For example, if a patent is ultimately not granted, the extended pendency of the underlying application due to a backlog delays or deters innovations that use the subject matter of the pending claims. Costs to both potential competitors and consumers may result from the lengthy pendency of a patent application because delays in rejecting applications result in fewer product varieties and thus higher prices to the market. The backlog also can have a negative impact on patent quality, and increased complexity of the subject matter of patent applications only makes the situation worse. Particularly, in fast moving technical fields it may become increasingly costly for the Patent Offices to maintain the resources such as the training of the examiners and the databases of prior art information that are essentially required for a thorough search and quality examination. This phenomenon certainly has made it more difficult to achieve the main goals of our patent system.

Given these difficult circumstances, KINPA recognizes and appreciates the USPTO's numerous and substantial efforts to address the backlog through avenues such as implementing the Patent Prosecution Highway with foreign patent offices such as Korean Intellectual Property Office ("KIPO"), hiring more U.S. examiners, implementing an e-office action system, the First Action Interview Pilot Program and so on. We fully understand that the Three Track Examination is likewise being advanced by the USPTO in order to help reduce the backlog problem, and it is with this understanding in mind that we offer our constructive comments below.

I. General Comments

KINPA understands that the basic idea behind the Three Track Examination is to provide applicants with options to choose the timing of obtaining patents, depending on their needs, by utilizing such procedures as prioritized examination. KINPA supports the objectives and general direction of this proposal and, as an organization representing applicants for large numbers of patents, we appreciate the USPTO's efforts to innovate new plans for streamlining patent examination.

However, we have deep and serious concerns regarding the Three Track Examination in terms of its discriminatory and disadvantageous effect on applicants, especially insofar as it imposes complicated procedures and unreasonable fees. Because of these concerns, we strongly object to the current proposal and urge to the USPTO to reconsider or revise it in view of our Specific Comments below.

II. Specific Comments (Objections and Proposals)

Today, virtually all nations of the world, including Korea and Japan, send an overwhelming number of outbound patent applications to the United States. In fact, according to published statistics, the number of U.S. patent applications filed by foreign applicants based on prior foreign-filed applications comprises more than 50% of the U.S. patent applications filed each year. As we understand the proposed new system, it unintentionally discriminates against the majority of filings from non-U.S. entities (via the Paris convention route) where a foreign office is the office of first filing and the USPTO receives a later, corresponding filing (i.e. the second filing in the U.S.). For the reasons discussed below, the provisions of the Three Track Examination that discriminate against applications that are first-filed outside of the U.S., which applies to the majority of the applications of our members, would inflict serious, far-reaching, and at times, effectively irreparable damage.

1. Unfair Treatment to Foreign First-Filed Applications

A. Discrimination against Foreign Nationals

First, U.S. applications filed first outside of the U.S. ("foreign-first filed applications") receive unfair treatment in terms of an "early" securing of patent rights compared to those filed first in the U.S. (typically by U.S. entities) since the start of examination for these foreign-first filed applications is postponed until the completion

of the filing of required documents – regardless of the selection of Track 1 or Track 2. Furthermore, the foreign-first filed applications do not even qualify for Track 3. Therefore, foreign applicants are barred from strategically using the system to delay timing of obtaining a patent even when it would be advantageous or prudent in view of the relevant business circumstances. Accordingly, we respectfully suggest that this appears to be a discriminatory treatment that violates the principle of national treatment guaranteed by the Paris Convention and WTO/TRIPs.

In particular, the foreign-first filed applications in a standard examination track (Track 2) should be treated in the same way as under the current system. That is, the requirement of submitting foreign, first examination results (i.e., a copy of the first action on the merits issued by a foreign patent office and a copy of the reply including arguments for patentability of U.S. claims over the rejections by the foreign patent office) for the examination of the foreign-first filed applications is an additional burden that finds no precedent in other patent systems. The Three Track Examination is thus highly unreasonable in that it effectively imposes a new requirement ***only*** on the applicants of the foreign-first filed applications and unfairly passes the burden of examination – the USPTO's main responsibility – to such applicants in the first instance.

Under the current proposed Track 3 (Deferred examination), examination may be delayed up to 30 months, but this period should be extended from up to 36 months to 70 months to achieve parity with the systems available in other foreign offices such as the Japanese Patent Office and the Korean Intellectual Property Office.

B. Prosecution History Estoppel

The submission of the arguments for patentability of U.S. claims, imposed on the foreign-first filed applications only as a condition for the start of examination, creates the potential for additional prosecution history estoppel that will be borne only by foreign applicants. Again, this is in clear violation of the national treatment principle of the Paris Convention and WTO/TRIPs.

Consulting the patentability opinion of a foreign office to improve the efficiency of examining foreign first-filed applications may well be viewed as an attempt to accomplish work-sharing, but this work-sharing is one-way and works to the detriment of only foreign applicants . Moreover, such work sharing has been already implemented through such procedures as the Patent Prosecution Highway.

C. Raising Costs and Triggering Unnecessary Disputes

The potentially enormous additional costs in terms of time, expense and procedure for preparing the required documents, and especially the argument(s) for patentability of U.S. claims that address foreign Office Actions, will dramatically increase the burden on foreign applicants and their U.S. patent representatives. Moreover, there is a real potential for disputes between applicants and their U.S. patent counsel regarding the incomplete and/or inadequate preparation for the important U.S. filing documents mentioned above.

D. Worsening the Current Backlog

The practical effect of the proposed Three Track Examination is that it will effectively encourage (if not force) foreign applicants to file their applications first in the U.S., which will quickly lead to an even larger U.S. backlog.

E. Burdens and Risks Associated with Documentation

Simply put, the requirement for document submissions under the proposed system will be a crushing burden on foreign applicants. Indeed, the very reason that the accelerated examination ("AE") and Patent Prosecution Highway ("PPH") procedures are underutilized today is the burdensome submissions that they require. These submissions will in turn create additional prosecution history that inevitably increases the risk of unintended prosecution history estoppel and claim scope disclaimers. The enormously increased burden and accompanying risks to foreign applicants are no where addressed in the draft Three Track Examination.

F. New Strategy Required for Applicants and the Public as well as the USPTO

Significant differences in the requirements of patent applications depending on whether the applications are first filed in the USPTO would necessitate a revision of strategy and organization on the part of foreign applicants, causing confusion in the procedures and a significant swelling of economic costs to these applicants. Furthermore, anticipating the time window for obtaining a patent right becomes much more complicated for a third party that is seeking to legitimately design around issued

patent claims, which is one of the goals the U.S. patent system is designed to foster. Moreover, because the U.S. is such a large market for goods from around the world, such uncertainty in the U.S. patent regime would lead to additional worldwide economic costs to consumers and (indirect) costs resulting from dampened capital investment.[1]

In addition, the implementation of the Three Track Examination system as currently proposed would likely lead to altered application strategies, especially regarding the standard Track 2 examination route. In order to facilitate prioritized examination in the USPTO, more Korean applicants can be expected to forego filing first in Korea in favor of a direct first filling in the U.S. This would create more backlogs in the USPTO to impede final disposal of U.S. applications within 12 months, making it all but impossible for the U.S. system to work as intended.

G. Correlation with Other Systems (e.g., PTA and AE)

The foreign applicant who files a U.S. application based on a prior filed foreign application may request Track 2 examination only after the first examination results from the foreign patent office have been received. Here, though, the USPTO as the second office provides no patent term adjustment (PTA) to compensate for the delay in examination by the first office. This result seriously and unfairly penalizes those who file first outside the U.S. Without the compensation of PTA, the responsibility of examination is passed on to a foreign patent office while the applicant effectively loses years of patent term.

In addition, the proposed Three Track Examination does not mention whether there is a different treatment and result between the Track 1 (Prioritized examination) and AE (Accelerated Examination).

---

[1] According to a recent issue of the journal London Economics, the economic cost effect of a one-year increase in the pendency of application on the Trilateral Patent Offices is estimated to be 7.6 billion pounds. This estimate includes adverse effects on the incentives for innovation, costs wasted on applications unsuited for patents, increased costs for exclusive rights. Note that this estimate does not include (indirect) costs such as costs incurred by reduced investment due to uncertainties in patent rights. See, "Economic Study on Patent Backlogs and a System of Mutual Recognition", London Economics, 2010. 3.10.

H. Legal Conflicts with Other Countries

Some legal systems conflict with that of the U.S. such that first filing of applications in the U.S. is entirely impossible. The domestic first-filed application system (i.e., foreign filing license system) such as that of China is a prime example. However, no provisions addressing such legal conflict, for example, exceptions to this first filing rule are currently available in the proposed Three Track Examination. The discriminatory effect of the proposed Three Track Examination on applicants from such countries is thus insurmountable because they do not even have the option of filing first in the U.S. to overcome the discrimination.

I. Lack of Clarity

According to this draft, it is uncertain how the USPTO would handle an application that is filed first as a provisional application in the U.S., and then filed based on the first claiming a Paris priority before the non-U.S. office (e. g., KIPO), filing the same one as a non-provisional application in the U.S.

J. Possible Retaliatory Legislation by Other Foreign Governments

As can also be seen in the comments from the AIPLAR (American Innovators for Patent Reform), if other countries adopt, as a response, retaliatory systems similar or corresponding to the provisions of the Three Track Examination with respect to first-filed foreign applications, this will eventually result in unequal treatment of and disadvantages to all U.S. applicants and IP owners.

2. Limit on the Number of Claims and Requirement for Early Publication

While limiting the number of claims in a prioritized application can be explained as an effort to reduce the burden on search and examination, the mandatory request for "early publication," needs more explanation (although for the general public/potential infringer, such early publication can be beneficial). Additional surveys, studies and/or discussions should be conducted to ascertain whether the proposed limitation of the number of claims is proper.

3. Unreasonable Fees Considering Other Patent Office's Fee Schedules

The fees for Track 1 applications are prohibitively expensive ($4,000). For example, they are more than twenty times the fees for requesting prioritized examination from the KIPO (200,000 KWR, equivalent to $170). Also, the currently proposed fees are in stark contrast to those required for the request for super prioritized examination in the Japanese Patent Office ("JPO") which involves no extra fees. Likewise, there should be a provision for the refund of fees after abandoning the application or the request for examination, as is provided for in the KIPO and the JPO.

4. Alternative Legislative Proposals

Since the KIPO has led the world in starting and having established the Three Track Examination system, its performance would serve as a good benchmark.

Alternatively, another model would be the "conventional" system of examination currently implemented in other countries that allows an applicant to freely choose the examination timing. In this system, the applicant typically submits a request for examination within a certain period of time (e. g., 5 years from filing for KIPO and 3 years from filing for JPO). Notably, however, this would require institutional backing in terms of a guarantee of first action (FA) within a set time window (e.g., five months) to be effective.

5. Need for the Drive towards Rationalization/Concreteness

The system for examining applications should not be approached merely from the viewpoint of reducing the backlog of the USPTO. Rather, the system should be implemented with a view towards advancing the interests of applicants and the general public, as well as streamlining the U.S. patent regime and harmonization with the patent systems of other countries.

Thus, your insightful consideration for the main functions of the patent examination system would be greatly appreciated in implementing any draft initiative. These functions are (i) adjusting the timing of securing patent rights according to the market and business circumstances in the applicant's commercial field; (ii) allowing decision-making as to the timing for market entry through predictable patent right acquisition on the level of third parties, including the general public; and (iii) meeting the needs of the industrial policy on the national level. Therefore, allowing foreign applicants equal access to the patent examination system is clearly advisable for the

purpose of balancing these interests.

6. Need for Dispute-Preventing Provisions

The penalty and/or consequences of failing to comply with the procedures are not clearly presented. For example, would the failure to comply result in inequitable conduct, claim unpatentability and/or patent invalidity? What are the procedures for challenging such a determination? In the absence of clear provisions on the penalty, disputes between patentee and third parties over this matter will ensue.

7. Support from Other Official Functions

In the case of a Track 3 examination, entry on the patent docket may be postponed up to 30 months before initiating examination. To use this route effectively, an applicant needs to know accurately the time when the examination initiates before making a decision to pursue the Track 3 route. Improvements on the "First Action Prediction" service that allows a more accurate forecast than the current one should therefore be implemented.

Further, and especially when the first application is a foreign one, the standard examination route (Track 2) should proceed the same as the current one. An Additional requirement for the arguments for patentability of claims (as opposed to the current system) finds no precedent in other patent systems. This requirement is again highly unreasonable as it unfairly passes the burden of examination from the USPTO to the applicant and other non-US IPOs worldwide.

8. Proposals to Reduce the Current Backlog

The existing Patent Prosecution Highway system should be promoted and streamlined to relieve part of the backlog.

Furthermore, it may as well be premature to adopt the Three Track Examination in the U.S. where even a "conventional" system for requesting examination has not been available. We strongly recommend that priority should first be given to adopting an adapted version of the "conventional" system for the request for examination. We believe that a gradual adoption of three track systems successfully established in other

countries such as Korea or Japan would help provide all interested parties – including the applicant, user and service providers – due process, a balancing of interests and a "softer landing." Also, allowing a third party equal right to the request for examination is advisable in view of balancing public interest.

The USPTO could consider a pilot program with the KIPO to implement the three track system considering the KIPO's high quality of examination, a short period for examination and the number of patent applications filed in the two offices.

After all, any plans for reducing the backlog of the USPTO should focus not only on "speeding up examination" but also "improving the quality of examination".

III. Conclusion

The KINPA hereby voices a clear opposition to the currently proposed Three Track Examination based on its effective and multi-faceted discrimination against foreign applicants, including its complicated and unreasonable procedures, enormous financial burdens, and potential for legal repercussions such as prosecution history estoppel and penalties for failure to comply. We fully understand that the Three Track Examination is being desired by the USPTO in order to help reduce the long pendency and workload problem, and it is with this understanding in mind that we set forth our constructive comments. The KINPA appreciates the USPTO's attention to these comments and this matter.

In conclusion, we respectfully request the USPTO to remove the provisions of the currently proposed Three Track Examination that unfairly discriminate against the foreign applicants who constitute the majority of users of the USPTO, and to adopt an efficient and reasonable examination system that fully takes into account the needs of all applicants, users and the general public.

Thank you very much.

Very truly yours,

KINPA (Korea INtellectual Property Association)

(Jeong Hwan Lee, President of KINPA)

Korea INtellectual Property Association
KIPS Centre 647-9
Yeoksam-Dong, Gangnam-Gu,
Seoul, Korea 135-980
Tel +82-2-3459-2804
www.kinpa.or.kr
E-mail: jayh.lee@lge.com, ragekim@kipa.org (secretariat)

* cc: Mr. Robert A. Clarke (3trackscomments@uspto.gov)