

December 4, 2013

Attn: Bonita Royall
USPTO Strategic Plan Coordinator
P.O. Box 1450
Alexandria, VA 22313-1450

Re: Comments on USPTO's Draft Strategic Plan for FY 2014-2018

Dear Ms. Royall,

Intellectual Property Exchange International, Inc., a Delaware corporation ("IPXI") and its parent company IPXI Holdings, LLC, a Delaware limited liability company ("Holdings") appreciates the opportunity to comment on the USPTO's Draft Strategic Plan for FY 2014-2018. As background, IPXI is the world's first financial exchange for licensing and trading intellectual property rights. Developed and supported by its more than sixty (60) members, including some of the world's largest IP holders such as Philips, Ford, Sony, Panasonic, Orange SA, Fraunhofer Institute, HP, Columbia University, and many others, IPXI is an open market alternative to the litigation-based bilateral licensing business models which are currently exploiting a lack of transparency.

One of IPXI's core objectives is to improve market transparency in relation to the commercial exchange of patent rights and to help level the playing field for innovators. First, IPXI makes publicly available all critical information related to identifying the owner of the rights and the direct beneficiary of their transfer through the Exchange, including publishing the terms of any rights transfer for purposes of offering the technology on IPXI. IPXI provides price and information discovery and standard terms to all potential licensees for each portfolio offering. Moreover, all of the completed analysis demonstrating quality of the assets and aggregate purchasing and trading data is made readily available for all market participants to review. "We strongly believe that IPXI will increase the transparency of the IP market place with fair market prices for the IP being exchanged. We are one of the first companies to have listed some of our IP on the exchange and expect more companies to follow shortly," stated Ruud Peters, Chief IP Officer of Royal Philips Electronics, a Founding Member of IPXI.

IPXI understands that information transparency is also a focus of the USPTO. As a result, IPXI believes it can aid the USPTO's goals of supporting innovation and accelerated technology adoption.

I. USPTO's Objective to Refine Optimal Patent Pendency

IPXI commends the USPTO for its continued focus on enhancing patent quality and optimizing pendency. IPXI is built on the tenets of increasing transparency and efficiency of IP markets, thus IPXI supports USPTO's practice of measuring and publishing statistics relating to its examination pipeline through the Patent Dashboard. Publishing such metrics will give applicants greater transparency into pendency of their applications as well as help the USPTO understand where efficiencies can be obtained.

Furthermore, IPXI supports the increase of USPTO staff as an effective way to handle patent application filing backlog.

II. USPTO's Objective to Continue to Enhance Patent Quality

Efforts to improve on patent application pendency should not take away from ensuring high patent quality. Developing innovative technologies requires significant investment. Without adequate high quality patent protection, investment confidence will wane and early stage innovation will be stifled. Furthermore, without standards set by a marketplace or reliable benchmarks related to quality, weak patent quality increases uncertainty in the patent market. As a result, weak quality patents are attributed a nuisance value relative to expensive litigation costs which may be exploited by certain market participants. IPXI's exchange-based model combats this by providing a standard process for vetting patent quality. The model relies on offering license rights to high quality IP only. IPXI engages in rigorous internal and external diligence that is supported by an independent committee review process to ensure that the patent portfolios it licenses through ULR Offerings have foundational strength. IPXI's process will be relied upon by the market to create course of dealing standards and patent quality benchmarks currently missing from the market. This goal will be bolstered by the USPTO's focus on patent quality. The USPTO's priority of emphasizing patent quality preserves the integrity of the patent system and theoretically should reduce the burden of firms and patent owners when they seek to evaluate and manage their patent portfolios.

III. USPTO's Objective to Maintain the Patent Trial and Appeal Board's Ability to Provide Timely and High Quality Decisions

IPXI supports the USPTO's objective of maintaining the PTAB's ability to provide timely and high quality decisions and believes that the initiative to increase the size of staff to address appeals and new AIA post grant proceedings is a helpful step in creating a more efficient process. The USPTO acknowledges that while there are statutory timeliness requirements for AIA proceedings and appeals, ex parte application do not have such requirements ensuring pendency management. Given the success of programs such as Track One Prioritized Patent Examination, IPXI believes that an accelerated ex parte reexamination process should be considered by the USPTO and proposes the creation of a pilot program for expedited reexamination for IPXI members.

IV. IPXI Proposes an Accelerated Reexamination Program Pilot for IPXI Members

IPXI originally proposed that an accelerated reexamination program be piloted with IPXI members in 2010 and again in early 2013. While discussions between IPXI and the USPTO were productive, it has remained a secondary consideration. However, in the last six months, IPXI has announced three ULR contract offerings on its Exchange and continues to gain support from industry thought leaders and well-respected minds in the intellectual property community. Notably, two months

ago, IPXI announced that former U.S. Federal Circuit Chief Judge Paul Michel has been appointed to IPXI's board.

Creation of an expedited reexamination program would have the effect of providing wider access to a licensing marketplace for startups, SMEs, and universities that have smaller clusters of intellectual property at higher risk for being subject to reexamination. In effect, an expedited reexamination program would ensure that the IPXI marketplace offers license rights to strong patent portfolios and that any uncertainty regarding a portfolio's validity or coverage would be resolved relatively quickly.

Furthermore, an accelerated reexamination program would provide an additional fee-based revenue stream for the USPTO. As mentioned, any proposed streamlined process could be tested in a pilot with IPXI's membership, where streamlined reexamination benefits the market greatly and is supported by IPXI's growing membership. Reduction of reexamination pendencies is already a stated goal of the USPTO. A pilot program with IPXI's members would be a focused and efficient way of trialing its benefits without over-committing USPTO resources.

V. Conclusion

IPXI supports the USPTO's Draft Strategic Plan focus on enhancing patent quality and managing pendencies through increased staff size and transparency of metrics. Furthermore, IPXI believes that an accelerated reexamination program would provide great benefit in providing patent owners clearer visibility on patent quality as well as creating additional revenue for the USPTO. IPXI suggests that a pilot program for IPXI members would greatly aid in the objectives and needs of the USPTO, IPXI, and the patent market generally.

Thank you again for the opportunity to comment and IPXI respectfully requests consideration of the above comments.

Sincerely,

Ian McClure

**Director
IPXI Holdings, LLC**