

From: Elizabeth Richardson  
Sent: Friday, August 20, 2010 8:26 AM  
To: 3-tracks comments  
Cc: Robin Muthig; Kirsten Zewers  
Subject: IPO comments on three-track examination proposal

Dear Rob,

Attached please see IPO's written comments on the three-track proposal, which supplement IPO President Doug Norman's oral presentation at the public hearing last month.

All the best,  
Liz

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August 20, 2010

The Honorable David Kappos  
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and Director of the United States Patent and Trademark Office (USPTO)  
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Attention: Robert A. Clarke

Via email: [3trackscomments@uspto.gov](mailto:3trackscomments@uspto.gov)

**RE: IPO Comments on Three-Track Examination Proposal (75 Fed. Reg. 31763)**

Dear Under Secretary Kappos:

Intellectual Property Owners Association (IPO) submits the following comments pursuant to the USPTO's Enhanced Examination Timing Control Initiative notice, 75 Fed. Reg. 31763 (June 4, 2010). These written comments supplement the presentation made by IPO President Douglas K. Norman at the public hearing on this initiative held on July 20, 2010. We appreciate the opportunity to comment.

IPO is a trade association representing companies and individuals in all industries and fields of technology who own or are interested in intellectual property rights. IPO's membership includes more than 200 companies and more than 11,000 individuals who are involved in the association either through their companies or law firms or as IPO individual members. Our members file about 30 percent of the patent applications filed in the USPTO by U.S. nationals.

Although IPO applauds the USPTO's continued efforts to improve the patent examination system, IPO has significant concerns and questions about this particular program. In the interest of brevity, our comments below are set forth in bullet format. In some instances we have posed questions for consideration by the USPTO without providing any discussion of possible answers, but we hope the questions will be helpful in further study of the issues.

**COMMENTS**

**I. *Threshold Issues***

The "prioritized examination" option is premised on the USPTO's ability to collect fees that will cover the costs associated with examining prioritized applications.

- How can the USPTO guarantee that these fees will be available to support this program, and not diverted by Congress for other uses?
  - Even in years in which Congress allocates sufficient funds to the USPTO, long-term uncertainty remains a problem.
- Given the USPTO's historic problems with examiner hiring and retention, how does it propose to achieve the substantial net positive gain in examiners that will be required to examine prioritized applications without further delaying "traditional" applications?
  - While the economic downturn has alleviated these hiring concerns to some degree, how does the USPTO plan to hire and retain a competent examining corps of adequate size in a more competitive labor environment?

The "foreign-based application" provisions would delay examination of applications that claim priority to a foreign application.

- These provisions may raise questions about whether such treatment of foreign-based applications would violate the Paris Convention, TRIPS, or other international treaties.
- These provisions may risk retaliatory measures by other patent offices that could disadvantage applications first filed in the United States.

## **II. *Prioritized Examination***

- The ability to pay a fee for prioritized examination is generally attractive, assuming that the USPTO can ensure that "traditional" applications do not experience further delays.
  - Fee diversion is a significant impediment to this plan.
  - How will the impact on small entities be addressed?
- How will the USPTO set the fee for prioritized examination? What assumptions and factors will be considered? What is the USPTO's current estimate for this fee?
- What assurances can the USPTO provide that it will be able to offer prioritized examination without further delaying examination of "traditional" applications?
  - What safeguards will be in place?
  - What metrics will the USPTO use to confirm that "traditional" applications are not being delayed?

- Will the USPTO refund the prioritized examination fee if the application is not examined in the promised time period(s)?
- If prioritized examination is adopted, it should be immediately open to all applications (including those with a foreign priority claim), particularly if the fee is set appropriately to cover the USPTO costs.
- The USPTO proposes to merge PPH, accelerated examination, and prioritized applications into one queue that will take priority over applications awaiting “traditional” examination. The USPTO must consider the impact of this practice on the ability of U.S. applicants to use PPH programs in other countries, which they cannot do until they receive an allowance in the U.S. This program may, in effect, force U.S. applicants to elect the more expensive “prioritized” route in order to be able to use the PPH. Thus, the net effect of these programs may be to disadvantage U.S. applicants over foreign applicants, who can obtain prompt examination inexpensively in their home country, and then obtain prioritized examination in the U.S., ahead of other U.S. applicants.

### **III. *Voluntary Delay of Original U.S. Applications***

- The voluntary delay of examination of original U.S. applications is generally opposed, for at least the following reasons:
  - Delayed examination is contrary to genuine public interest: the public has a right to know, within a reasonable time period, the scope of patent protection that will be awarded. Long-pending unexamined applications dampen competition and discourage introduction of new products and services – costing jobs for the U.S. economy – as competitors are inhibited by uncertainty and the risk of infringement liability.
  - Applicants already can delay examination by 30 months via the PCT (although this requires payment of higher PCT fees).
  - Applicants already can request deferral of examination under 37 C.F.R. § 1.103, for up to three years from the earliest priority date claimed (although a fee is required).
  - As an alternative, applicants could be encouraged to abandon applications by offering a refund of the search and examination fees if an application is expressly abandoned prior to examination.

#### **IV. *Mandatory Delay of Foreign-Based Applications***

- The mandatory delay of examination of foreign-based applications is generally opposed, for at least the following reasons:
  - The system could be easily gamed where not prohibited by export control laws:
    - Applicants wanting prompt examination would file first in the U.S.
    - Applicants wanting delayed examination would file first in foreign countries having a long lag to examination.
  - Any effect on the application backlog would be temporary. While the provision will temporarily take foreign-based applications out of the examination queue, they will be restored after foreign examination commences. This will disrupt the USPTO workflow with any net impact on the application backlog (unless the USPTO is counting on applications being abandoned in the interim).
  - Alternatively, the delay will discourage foreign applicants from filing in the U.S. (particularly in technologies where applicants cannot wait 5 years for a patent: 2+ years for foreign examination followed by 2+ years for U.S. examination). This will result in a drop in the USPTO's revenue that will further hamper the USPTO from achieving its strategic goals.
  - The provision may provoke retaliatory measures by other patent offices, leading to delayed examination of U.S.-based foreign applications, to the detriment of U.S. applicants.
  - The provision complicates global patent strategies by imposing consequences in the U.S. for legitimate decisions made in a foreign application (such as when to file a Request for Examination in the original foreign patent office).
  - The provision is based on the assumption that the foreign office action and "response" filed in the U.S. application will meaningfully advance prosecution and lead to examination efficiencies. While some efficiencies no doubt will be realized U.S. examiners still will conduct their own search, and differences in patent laws, rules and practices will limit effectiveness as a work-saving measure.

- For U.S. national stage applications, U.S. examiners already can use the Search Report/Written Opinion as a starting point. Further delay of national stage applications until the priority patent office issues an office action is unwarranted, and in effect undermines the value of the PCT.
- Would the search and examination fees for foreign-based applications be due at the filing date, or only when the required foreign office action and “response” are filed? If all fees are collected at the filing date, would search and examination fees be refunded if the application is expressly abandoned prior to compliance with the requirements for examination?
- Once the foreign office action and response are filed, will the U.S. application enter the examination queue at the end of the line, or with other applications with the same U.S. filing date?

**V. *Patent Term Adjustment Provisions***

- IPO opposes any deduction from Patent Term Adjustment (PTA) due to delays that are beyond the applicant’s control.
- The effects of the deferral of foreign-based applications on effective patent term and PTA highlight the problems and unintended consequences of this program. The USPTO cannot defer examination of foreign-based applications without awarding PTA. It will be extremely difficult for the USPTO to distinguish between applicant delays and foreign patent office delays in the foreign application. Moreover, trying to apply the U.S. PTA provisions to foreign prosecution would impose an unreasonable burden on both applicants and the USPTO. On the other hand, having no PTA consequences for delayed foreign prosecution could encourage applicants to game the system and delay foreign prosecution to maximize U.S. PTA.

The Federal Register Notice references the “aggregate average time for the USPTO to issue a first Office action” as the baseline against which further PTA deductions would be measured.

- How will this baseline PTA delay be determined?
- Currently, delays vary significantly across Technology Centers (TCs). Will the baseline PTA delay be determined on a TC-by-TC (or group art unit -by-group art unit) basis?
- Will applicants be able to determine and contest the baseline PTA that applies to their application?

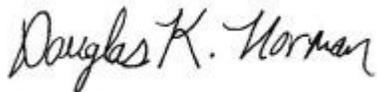
**VI. *Optional Search by IPGO***

- IPO questions the proposal to offer a search from an Intellectual Property Granting Organization (IPGO) that the examiner would consider when preparing the first office action on the merits. (The Examiner still would conduct his/her own search.)
- The USPTO should focus on its primary mission of searching and examining applications.
- Offering an IPGO search would raise questions about the quality of the examiner search.
- Offering an IPGO search would raise questions as to whether the examiner conducted an independent search or relied on the IPGO search.
- Offering an IPGO search might give rise to an inference that patents with the additional search are somehow stronger or received a better examination.

**CONCLUSION**

As the comments and questions above demonstrate, IPO has significant concerns regarding the USPTO's proposed three-track examination system. In particular, IPO is concerned with the scope and severity of unintended potential consequences of voluntary delay of original U.S. applications and the mandatory delay of foreign-based applications. IPO appreciates the opportunity to comment and looks forward to working with the USPTO to improve the patent examination system.

Sincerely,



Douglas K. Norman  
President