

From: Matt Rainey  
Sent: Friday, August 20, 2010 3:20 PM  
To: 3-tracks comments  
Subject: Intellectual Ventures - Comments on USPTO on Enhanced Examination Timing Control Initiative, 75 Fed. Reg. 31763 (June 4, 2010)

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

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

Dear Under Secretary Kappos,

The attached Comments by Intellectual Ventures, LLC are submitted in response to the Request for Comments on the Enhanced Examination Timing Control Initiative published at 75 Fed. Reg. 31763-31768 on June 4, 2010.

Very truly yours,

--Matt Rainey

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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**

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**In re: Docket No. PTO-P-2010-0035**

**75 Fed. Reg. 31763  
(June 4, 2010)**

***Comments by Intellectual Ventures, LLC on  
Enhanced Examination Timing Control Initiative***

**Attention:**

The Honorable David J. Kappos  
Under Secretary of Commerce for Intellectual Property  
and Director of the United States Patent and Trademark Office  
Mail Stop Comments - Commissioner for Patents  
P.O. Box 1450  
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Attn: Robert A. Clarke, Deputy Director, Office of Patent Legal Administration

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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**

In re: Docket No. PTO-P-2010-0035 )  
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For: **Request for Comments on the** )  
**Enhanced Examination Timing** )  
**Control Initiative** )  
)  
**75 Fed. Reg. 31763** )  
**(June 4, 2010)** )

The Honorable David J. Kappos  
Under Secretary of Commerce for Intellectual Property  
and Director of the United States Patent and Trademark Office  
Mail Stop Comments - Commissioner for Patents  
P.O. Box 1450  
Alexandria, VA 22313-1450  
Attn: Robert A. Clarke

By email to: 3trackscomments@uspto.gov

Dear Under Secretary Kappos:

In reply to the Request for Comments on the Enhanced Examination Timing Control Initiative published June 4, 2010, at 75 Fed. Reg. 31763-31768 (the “Request”), Intellectual Ventures, LLC submits the comments below, including providing answers to the specific questions stated in the Request.

**I. Introductory Comments**

Intellectual Ventures, LLC, based in Bellevue, Washington, is in the business of creating and investing in new ideas. We create ideas in-house and seek to protect them through the patent system. We work with inventors both inside and outside of the company—some of the brightest minds of today’s inventive society—to create our new ideas. In addition, Intellectual Ventures also builds upon our own ideas by licensing and acquiring intellectual property from industrial, government and academic partnerships.

Our inventions span a diverse range of technologies, including software, semiconductors, medical devices and biotechnology. Intellectual Ventures is in the business of ideas, and we rely

on a strong patent system to protect the innovation our company fosters. In short, we create, and invest in, inventions with the mission to energize and streamline an invention economy that will drive innovation around the world. See <http://www.intven.com>.

We agree with the USPTO's concern that "traditional 'one-size fits all' examination timing" may not be adequate for some applications or applicants.<sup>1</sup> In various circumstances, either deferred or accelerated examination might be better suited to an applicant's strategic goals.

We appreciate the initiative and creativity the current leadership of the USPTO is demonstrating in considering its customers' needs and proposing programs to better address those needs. As a stakeholder, we also appreciate the opportunity to contribute our proposals to help the USPTO implement a strong, efficient, and flexible patent system.

## **II. Summary**

We agree that establishing a prioritized examination track (Track I) may provide applicants with a useful option for managing the prosecution of strategically important applications. However, we urge the USPTO to carefully study the fees and examination resources that would be needed to implement Track I in order to meet its performance goals without sacrificing quality or affecting the performance of traditional examination.

We believe that, depending upon its associated fees, a deferred examination track (Track III) may enable some applicants to better manage inventions whose strategic value may not be clear at the time of filing. However, if Track III is implemented, we believe that it should not discriminate between continuing and non-continuing applications, as does the current proposal. Moreover, we believe that regardless of how Tracks I and III are implemented, these new options must not reduce the quality or increase the pendency of traditional examination (Track II).

The proposed deferral of USPTO action on U.S. applications that are based on prior foreign-filed applications (referred to here as the "first foreign filed" or FFF proposal) addresses issues that are distinct from the Track I-III proposals, and should be considered separately. If such a deferral is implemented, we strongly disagree that it should be mandatory. Although work sharing may lead to more efficient use of examination resources under some circumstances, mandatory deferral of examination creates a risk that applicants who would otherwise choose to first file abroad will instead first file in the USPTO in order to promptly obtain U.S. patents, potentially reducing significantly the benefits from work sharing. Moreover, foreign patent authorities may retaliate by creating reciprocal mandatory deferral policies of their own, thereby reducing the ability of U.S. companies to obtain patents to protect their innovations in foreign countries. Finally, this proposal seems to run counter to the Paris Convention.

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<sup>1</sup> 75 Fed. Reg. at 31765.

We believe that considerable study of the USPTO's proposals for Tracks I-III is needed prior to any final decision on their adoption. Our support for these proposals hinges on the outcome of such study. If Tracks I-III were to be adopted, we offer several proposals regarding their implementation. These proposals include:

1. The USPTO should institute a thorough study relating to: (a) the fees needed to implement Track I, (b) expected applicant demand, (c) USPTO resources needed over time, (d) projected effects of Track I operations on other USPTO operations, and (e) examination quality, pendency, and operations management.
2. The USPTO should seek statutory reform to permanently end fee diversion.
3. For the purposes of rulemaking, the USPTO should separate the proposed three-track examination system from the proposed system for deferring examination of applications that are based on prior-filed foreign applications. We oppose any deferral of USPTO action on applications that are based on prior-filed foreign applications. Further, to the extent that any proposed system for deferral is introduced, it should not be included as part of an enhanced examination timing initiative, but rather as part of a work-sharing initiative.
4. For a Track I application, the USPTO should amend its Rules of Practice to provide an opportunity, exercisable at the applicant's discretion, for an examiner interview prior to a first Office Action or an examiner's search.
5. During the pendency of an application (including Requests for Continued Examination (RCE)), an applicant should be entitled to transition into and out of Track I status at the applicant's discretion at any time during prosecution.
6. Re-election of Track I should not be required upon filing a Request for Continued Examination in a Track I application.
7. The number of claims in a Track I application should not be subject to a specific limit.
8. Election of Track III should be available to applicants at any time before an examiner has taken up an application for examination, and Track III applicants should be entitled to transition into and out of Track III status during the application's pendency.
9. For Track III applications, the point in time from which Patent Term Adjustment (PTA) calculations are measured should be delayed in a manner that corresponds to the applicant's chosen examination delay.
10. Third parties should be allowed to accelerate the search and initial examination of a Track III application by paying the search and examination fees. However, in this circumstance, the Track III applicant should be entitled to defer a reply to the initial examination until up to thirty months from the date of the application's filing. Track III should be available to continuing as well as original applications.

### III. Prioritized Examination (Track I)

The USPTO has proposed establishing a new procedure for prioritized examination of applications (Track I) as an alternative to traditional examination (Track II). Upon an applicant's request and payment of a cost recovery fee, an application entering Track I would be expected to receive a first Office Action on the merits within four months and a final disposition within twelve months. However, under the current proposal, any USPTO action on U.S. applications based on a prior foreign-filed application would be deferred until after a first action from the foreign office of first filing, thus significantly delaying access to Track I for such applications. We address the matter of prior foreign-filed applications separately in Section VI below.

We agree that Track I may offer applicants a useful tool for managing the more strategically significant applications in their portfolios. In particular, Track I is likely to be a more attractive option for applicants than the current accelerated examination program, since Track I does not include a requirement for either a pre-examination prior art search or an examination support document. Further, assuming they can be sustainably achieved, the timing goals for Track I examination potentially offer a meaningful improvement over current pendency that, in appropriate cases and depending upon the required fees, could be valuable to applicants. We offer the following comments and suggestions regarding particular details of proposed Track I.

#### A. USPTO Resources, Fees, and Fee Diversion

We note that the USPTO's proposal includes little guidance as to (a) the actual fees that would be required to achieve Track I's performance goals, and (b) how (and at what cost to applicants and requiring what resources for the USPTO) these goals could be accomplished without increasing the pendency of non-prioritized applications in Track II. We perceive the question of fees as being critical to the proposal's success or failure, and we propose that the USPTO institute a thorough study of operations management relating to:

- (a) fees necessary to implement Track I;
- (b) expected applicant demand;
- (c) USPTO resources (personnel, technical, space, etc.) that will be needed over time;
- (d) projected effects on other USPTO operations; and
- (e) examination quality, pendency, and operations management.

Absent any other barriers to Track I entry, the volume of applications for which Track I is elected will likely be affected greatly by the associated fee. If this fee is not sufficient to provide sufficient examination resources to ensure timely, high-quality examination at the promised accelerated pace, it is also likely that the fee will invite overuse of the option and a possibility that many applicants would choose Track I as their default filing option. This could cause a substan-

tial backlog to arise as demand for Track I examination outstripped the available resources. Moreover, such a backlog might not be contained to Track I: if examination resources were shifted away from Track II to address a Track I backlog, the existing backlog in Track II would be further aggravated.

Although we believe that Track I demand and utilization would be responsive to the level of Track I fees, we do not support setting Track I fees at particular levels specifically to affect or control that demand. Rather, we believe that the USPTO should study the likely relationship between Track I performance goals, resources, and fees, assess the resources needed to implement Track I according to those goals, and accordingly determine the fees needed to provide those resources.

We note that there exists a substantial body of knowledge concerning the problem of managing multiple service queues that have distinct operational goals. For example, this problem has been investigated with respect to the logistics of manufacturing, shipping, and transportation, among other fields, using such tools as operational modeling. We suggest that rather than adopting a purely experimental approach to determining Track I fees, the USPTO should leverage this body of knowledge and conduct thorough quantitative diligence to study the relationship between fees, USPTO resources, demand, and pendency.

Statutory limitations on the USPTO's ability to set and retain fees could also frustrate the successful implementation of Track I. In particular, fee diversion could neutralize the USPTO's attempts to allocate adequate examination resources to Track I. Also, unless fees are reduced for small entities, there is a significant risk the fees needed to achieve the goals of Track I would effectively exclude entrepreneurs and individual inventors. We would support Congressional action to permanently eliminate fee diversion and enable the USPTO to provide Track I fee reductions for small and micro-entities.

We note that several organizations who spoke at the USPTO's July 20, 2010 Public Meeting emphasized that a permanent end to fee diversion is crucial to this initiative—without this, applicants cannot be assured that the likely significant fees for Track I proceedings will actually be available for the Office to direct to needed resources.

#### B. Examination quality

As a threshold concern, we note that it is often difficult to expedite any procedure while maintaining its quality. A prioritized examination system that reduces the quality of issued patents—or improperly rejects applications that are entitled to be patented—ultimately serves neither applicants nor the public. As discussed above, we encourage the USPTO to conduct a study to objectively determine the resources needed to achieve Track I's performance goals while maintaining examination quality.

More particularly, we note that the aggressive timing goals for Track I increase the possibility that an examiner might fail to have sufficient time to fully study the contents of an application. If several rounds of office actions and applicant's comments or amendments were to be required before the examiner comes to fully understand the claimed invention, valuable time would be wasted, which would frustrate the central purpose of Track I.

To some extent, this concern may be reduced by ensuring that examination resource allocation provides examiners with sufficient time to fully consider Track I applications. However, we believe that creating opportunities for open communication between applicants and examiners is also important for examination quality. In particular, conducting an examiner interview prior to the examiner's prior art search and first Office Action may help focus the examiner's search and expedite the identification of allowable subject matter.

Under current USPTO Rules of Practice, an examiner interview prior to the first Office Action in an original application may occur only at the examiner's discretion.<sup>2</sup> We propose amending the Rules to provide an opportunity for such an interview in a Track I application at the applicant's discretion.

### C. Limitation on number of claims

The USPTO's proposal would limit Track I applications to four independent and thirty total claims, and specifically asks for comments on whether there should be any such limit at all. We urge that there be no specified limit on the number of claims in Track I applications. We believe that applicants should be allowed to file as many claims as are needed to protect their disclosed inventions, and to pay corresponding fees that are sufficient to support the examination resources needed to examine the excess claims.

We understand that the number of claims in an application is a rough proxy for the amount of work (e.g., time) required to examine that application. Further, we appreciate that one way to simplify resource allocation in a queue of tasks is to limit the resources any particular task might require, for example by limiting the number of claims.

However, the number of claims in an application is an imperfect proxy for the examination resources it requires. In some technologies, to obtain adequate protection for an invention, it may be necessary for an applicant to claim the same essential features from several different perspectives and/or in the form of different statutory classes. For example, to claim an invention related to client-server computing, it may be necessary to draft claims directed to both the client-side and server-side behavior (to avoid divided infringement issues) as well as claims directed to method, system, and computer-readable medium versions of the invention (to ensure that the claims apply to a variety of potential infringers). Such an application might contain six or more

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<sup>2</sup> "An interview for the discussion of the patentability of a pending application will not occur before the first Office action, unless the application is a continuing or substitute application or the examiner determines that such an interview would advance prosecution of the application." 37 C.F.R. § 1.133(a)(2).

independent claims, yet the same art might suffice to address all of the claims. In such cases, the number of claims overstates the amount of work needed to examine the application.

The USPTO already has several tools to control the examination resources demanded by an application. Excess claim fees offer an opportunity to recover the cost of examining additional claims. Further, when properly implemented, the USPTO's restriction practice provides for examination of the substance of claims (not merely their number) to determine whether different claims represent independent and distinct inventions that warrant separate examination.

We believe that these existing measures are adequate to address the allocation of examination resources, and that there is no need to limit Track I applications to a particular number of independent and/or dependent claims.<sup>3</sup>

#### D. Availability and election of Track I

The USPTO's proposal does not specifically indicate whether Track I will be available to reissue applications. We believe it should. We note that it is not uncommon for a reissue application to remain pending—leaving the ultimate scope of the originally issued patent in doubt—for several years prior to its first examination. The interests of both the patentee and the public would be better served by more quickly concluding reissue prosecution, which Track I would facilitate.

The USPTO's proposal also is silent as to whether Track I will be available to continuing applications. Again, we believe it should, since there is no compelling reason to disadvantage such applications relative to original applications. For example, business needs may prompt an applicant to elect expedited Track I examination for a parent application. The same circumstances may warrant expedited Track I examination for either a continuation or divisional application directed to claims that the applicant did or could not pursue in the parent application.

From an examination resource perspective, a continuing application represents an entry in the examination queue, as does an original application. Moreover, the volume of continuing applications tends to vary predictably relative to the volume of original applications. Accordingly, Track I resources can be allocated and priced based on the total anticipated workload in the queue, regardless of the nature of the application.

The USPTO specifically asks whether a Track I applicant should be required to request Track I examination and pay the associated fee again upon filing a Request for Continued Examination (RCE). The USPTO has also suggested that the RCE fee for Track I would be higher than for Track II. We believe an applicant should have the option to remain in Track I under these circumstances, but should not be required to do so. Forcing an applicant to remain in Track I, par-

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<sup>3</sup> We note that other organizations have advocated higher limits on the number of claims permitted to Track I applicants than the USPTO has proposed. For example, the American Intellectual Property Law Association proposes raising the limit to six independent and forty total claims. As stated above, we believe there should be no limits.

ticularly when doing so requires an increased RCE fee as well as a substantial fee to re-elect Track I, is inconsistent with the USPTO's policy goal of offering the applicant choices that meet different strategic needs.

More particularly, filing an RCE (versus choosing to appeal) represents a significant decision point in an application's prosecution. In some cases, the fact that an RCE is even being considered may signal a shift in the strategic importance of the application (for example, if examination revealed prior art that would necessitate substantial narrowing amendments). These changed circumstances might not justify abandonment, but they also might not justify continued Track I prosecution.<sup>4</sup>

We note that the issue of changed circumstances is not limited to the context of filing an RCE. More generally, changed circumstances may warrant prosecution strategy changes at various times during an application's pendency. Accordingly, we propose that during the pendency of an application (including RCEs), an applicant be entitled to transition into and out of Track I status at the applicant's discretion at any time during prosecution.

#### **IV. Traditional Timing (Track II)**

Under the USPTO's proposal, if neither prioritized nor deferred examination is elected, an application will be processed traditionally (Track II), except that applications that claim the benefit of a prior foreign-filed application will be subject to the mandatory deferral discussed below in Section VI.

The USPTO's proposal indicates that a goal of implementing Track I is to avoid increasing the aggregate pendency of applications in Track II. We share this concern, and strongly agree that any benefits of implementing either Track I or Track III should not come at the expense of examination quality and timeliness in Track II.

#### **V. Applicant-Controlled Delay Prior to Docketing (Track III)**

The USPTO has also proposed establishing a procedure by which applicants may delay entry of an application into the USPTO examination docket for up to thirty months (Track III). Under the current proposal, Track III would not be available to continuing applications or to applications claiming foreign priority. Moreover, the USPTO has proposed to offset accrued positive Patent Term Adjustment (PTA) in a Track III application when the applicant requests examina-

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<sup>4</sup> Forcing applicants to remain in Track I, coupled with a prohibitively expensive combination of RCE and prioritized-examination fees, may also yield the unintended consequence of increasing the number of appeals. That is, if applicants perceive the cost of filing an RCE to be too high, they may simply elect to take their chances on an appeal.

tion after the “aggregate average period to issue a first Office action on the merits.”<sup>5</sup> The USPTO suggests that Track III would allow applicants more time to develop or market an invention before investing substantial resources in patent prosecution, while still preserving their priority dates. Additionally, the USPTO suggests that if given the opportunity to test the viability of an invention, some Track III applicants might elect to abandon less promising applications before substantial effort has been spent on such applications, freeing examination resources to be applied to other applications.

#### A. Election of Track III

We agree that in principle, Track III may prove useful to entrepreneurs, individual inventors, and others for whom scarce capital warrants careful consideration as to what innovations should receive patent protection. Although similar opportunities for delayed examination are available through the Patent Cooperation Treaty (PCT) process, the PCT track is considerably more expensive than a domestic application, rendering Track III (given appropriate fees) an attractive option for cost-sensitive applicants who do not wish to sacrifice patent rights.

Under the USPTO’s proposal, Track III would be available only upon filing or in reply to a notice to file missing parts. We propose that instead, a Track III election be available to applicants at any time before an examiner has taken up an application for examination (subject perhaps to the total docketing delay not exceeding the proposed thirty months from filing). We believe that delaying election under these circumstances would increase applicants’ flexibility without significantly burdening the USPTO.<sup>6</sup>

Additionally, we believe that it would be reasonable to allow third parties to accelerate the search and initial examination of an applicant’s Track III application by paying the search and examination fees, subject to the proviso that the applicant be entitled to defer a reply to the initial examination until up to thirty months from the date of the application’s filing. That is, third parties may effectively move a Track III application to Track II for the purposes of conducting the search and preparing the first Office Action. However, Track III applicants would still retain control over the timing of their responses (and thus, the timing of any ensuing prosecution).

This should allay any concerns of such third parties about uncertainty relating to the pending claims (since they will see the search and examination results), while providing the applicant the benefit of the flexibility that s/he desired (and paid for) in moving the application to Track III.

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<sup>5</sup> 75 Fed. Reg. at 31766.

<sup>6</sup> We note that even under the existing proposal in which election is required at filing or in response to a notice to file missing parts, some preliminary formalities review of a Track III application would be required to determine whether it is complete and to prepare it for publication. Thus, it does not appear that the amount of USPTO effort required prior to substantive examination is significantly correlated with the timing of the Track III election.

## B. Patent Term Adjustment (PTA) for Track III applications

For Track III applications, the USPTO has proposed offsetting accrued positive PTA when an applicant requests examination after the aggregate average period of time to issue a first Office Action on the merits. The example provided by the USPTO states that if the aggregate average time to issue a first Office Action were twenty months and a Track III applicant requested examination occur at month thirty, the applicant would be subject to a ten-month reduction in PTA.

Although we agree that voluntary delayed examination under Track III creates PTA implications, we believe the USPTO's proposal fails to reflect the purpose and logic of PTA. As reflected by its implementing statute, PTA serves to protect patent term from being eroded by dilatory examination.<sup>7</sup> However, a Track III applicant is as susceptible to dilatory examination as any other application. Once examination begins, a Track III applicant should reasonably expect that the USPTO will promptly examine an application.<sup>8</sup>

As currently proposed, Track III essentially shifts the point in time at which examination of an application begins. That is, Track III operates as a simple applicant-controlled delay of examination. Accordingly, we propose that for Track III applications, the point in time from which PTA calculations are measured should be delayed in a manner that corresponds to the applicant's chosen examination delay. We note that under such an approach, the applicant still bears the loss of term resulting from the initial delay between the time of filing and the time at which examination begins.

For example, if an applicant chooses to delay examination by a full thirty months, the relevant date that forms the basis for PTA calculations should also shift by thirty months. No additional PTA offset is necessary to reflect the initial delay, because the effect of this delay would already be reflected by a shortened effective term for any resulting patent.

## C. Availability of Track III for continuing applications

We propose that if Track III is implemented, it should be available for continuing applications as well as original applications. As noted above in Section II.D, there is little reason to distinguish continuing from original applications from an examination resource perspective. Moreover, permitting Track III deferral of continuing applications may actually reduce total examination effort for the very reasons suggested by the USPTO with respect to non-continuing applications: given time to assess their potential, applicants may elect to abandon unpromising continuing applications before substantial examination has occurred.

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<sup>7</sup> See 35 U.S.C. § 154(b)(1)(A)-(B) (providing a "guarantee of prompt patent and trademark office responses" and a "guarantee of no more than 3-year application pendency").

<sup>8</sup> Of course, at their discretion, applicants may elect to incur extensions of time, file RCEs, or take other actions that prolong examination and correspondingly offset the PTA to which they are entitled (if any).

One concern raised against deferral of examination is that it can lead to increased uncertainty for potential competitors. That is, if such deferral is permitted, a greater period of time arguably must elapse before competitors can be certain whether or not a patent will issue, and thus whether or not their current or planned use of a particular technology would ultimately be infringing.

However, we believe that any problem of uncertainty is significantly mitigated by the publication of applications, as well as the limited term that applies to any patent resulting from a continuing application.<sup>9</sup> Disregarding the effect of term extension, any patent covering subject matter disclosed in a priority application must issue within twenty years of the filing date of the priority application. Thus, at the time of publication, the public has notice of the maximum period of time during which an application's subject matter could possibly be encumbered, assuming a patent does issue. Although this does not amount to perfect certainty, we believe it represents an acceptable balance between the public's interest in avoiding infringement and the applicant's interest in obtaining the patent protection to which it is entitled.

## **VI. Mandatory Deferred Examination for Applications First Filed in a Foreign Country (FFF proposal)**

As noted above, the USPTO's proposal for Tracks I and II would require deferral of any USPTO action on a U.S. application based on a prior foreign-filed application. The USPTO would act on such an application only after receiving a copy of the search report (if any), a copy of the first office action in the foreign-filed application, and a U.S. response to the foreign office action as to its effect on the claims in the U.S. application.

Preliminarily, we note that the FFF proposal is logically distinct from the proposed three-track examination process discussed above. Deferred examination under these circumstances does not result in "enhanced examination timing," but instead involuntarily delays examination (unlike voluntary election of Track III, as discussed above). Accordingly, we believe the two proposals should be separated for policy evaluation and rulemaking purposes. To the extent that a proposal for deferral of applications first filed abroad is introduced, it should not be introduced as part of a rulemaking proposal that purports to enhance examination timing, but instead as a proposal to enhance work sharing on a voluntary basis.

Although the matter of work sharing that underpins this proposal is distinct from the matter of examination timing discussed above, we do believe that if properly implemented, proposals that enhance work sharing may have merit. Under the current system, parallel examination of an application and its foreign counterpart necessarily involves some degree of redundant effort

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<sup>9</sup> Providing third parties with the opportunity to obtain early search and examination of Track III applications, as proposed above in Section V.A, would further mitigate uncertainty.

among examining authorities. Serializing examination may reduce this redundancy, freeing USPTO resources for other purposes.

However, we strongly disagree with the USPTO's proposal that deferral should be mandatory under these circumstances. Mandatory deferral is inconsistent with the policy goal of providing applicants a greater degree of choice and control over examination of their applications—a goal that the USPTO has characterized as a primary motivation for the Enhanced Examination Timing Control Initiative. Moreover, mandatory deferral creates a serious risk of unintended, counterproductive consequences. We instead propose that deferral occur at the applicant's discretion, and that the USPTO implement incentives to encourage applicants to choose whether or not to take advantage of work sharing on a per-application basis.

In its proposal, the USPTO states that it “recognizes that the traditional ‘one-size fits all’ examination timing may not provide applicants much opportunity to choose the examination timing they need.”<sup>10</sup> However, forcing deferral upon applicants perpetuates the issue of lack of choice that the USPTO claims it is trying to solve. Moreover, we believe that as a matter of sound policymaking, the costs of instituting a universal rule that essentially discriminates against the entire class of applications first filed in a foreign country should be justified by correspondingly substantial evidence of the rule's benefits.<sup>11</sup> Although intuition suggests that work sharing may be beneficial, we believe that more evidence of these benefits is required to justify imposing mandatory deferral on all applicants who claim priority to a foreign-filed application.

It could be argued that applicants faced with mandatory deferral do in fact have choices—they may elect to file first in the USPTO in order to avoid delay. However, given the incentives of obtaining patent protection in the world's largest economy, applicants faced with this choice will often choose to file first in the USPTO (if permitted to do so by foreign law), even if they would otherwise have filed first in their own countries. That is, given the balance of costs and benefits it presents, mandatory deferral will substantially increase the number of applications first filed in the USPTO. Although this may benefit other countries that choose to share the USPTO's work product, it would not reduce the USPTO's workload at all with respect to those applications. Thus, although the USPTO's implicit goal of mandatory deferral is to increase work sharing for its own benefit, the unintended consequence of mandatory deferral is that in

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<sup>10</sup> 75 Fed. Reg. at 31765.

<sup>11</sup> Such discrimination may also be contrary to international treaty. Article 4bis(5) of the Paris Convention provides that “[p]atents obtained with the benefit of priority shall, in the various countries of the Union, have a duration equal to that which they would have, had they been applied for or granted without the benefit of priority.” See, e.g., [http://www.uspto.gov/web/offices/pac/mpep/documents/appxp\\_4\\_bis.htm](http://www.uspto.gov/web/offices/pac/mpep/documents/appxp_4_bis.htm).

The USPTO's proposal seems to violate this provision in at least two ways. First, mandatory deferral under the FFF proposal would delay the grant date of any resulting patent relative to a patent resulting from an application first filed in the USPTO. This delay would have the effect of shortening the term of the deferred application. Second, because the USPTO has proposed different rules for determining PTA for applications first filed abroad than for applications first filed in the USPTO, if such FFF PTA rules were adopted then an application claiming foreign priority would most likely not have a duration equal to the duration it would have had if first filed in the USPTO.

many instances, it will benefit only patent offices and entities other than the USPTO and its customers.

The FFF proposal also may encourage foreign patent authorities to implement reciprocal policies of delayed examination for applications not filed first in their offices. This would hurt U.S. economic interests by reducing the ability of U.S. companies to protect their innovations in foreign countries in a timely manner. If such reciprocal policies were adopted, applicants would be forced into serial examination regardless of whether they elect to file first in their home country or in the USPTO. Given the economic prominence of the United States, it is likely that applicants would elect to begin examination in the USPTO. As noted above, this tends to shift the primary benefit of work sharing away from the USPTO.

Finally, the FFF proposal would place administrative and expense burdens upon applicants with FFF applications, requiring them to file the enumerated documents in every such application. These additional filings, with associated foreign counsel and U.S. counsel costs in each instance, would add considerable processes and costs at multiple points in the prosecution of all FFF applications, for which there appears to be no justification.

We do believe that work sharing offers potential benefits for the USPTO and its customers.<sup>12</sup> However, we propose that any deferral of examination for applications (whether first filed abroad or in the U.S.) should occur only at the applicant's discretion. We further propose that the USPTO implement fee-based incentives to encourage applicants to choose work sharing and to share in its benefits. Specifically, the USPTO should offer reduced examination fees (including a reduced cost recovery fee for electing Track I) to applicants who choose to defer action in the USPTO until a first office action issues from a foreign office. A voluntary deferral system coupled with incentives for work sharing preserves flexibility for applicants who, for strategic reasons, may still wish to have their applications examined in parallel by the USPTO and a foreign office.<sup>13</sup>

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<sup>12</sup> In particular, we strongly encourage the PTO to continue its discussions with other high-volume intellectual property offices (e.g., the European Patent Office, the Japanese Patent Office, the Korean Intellectual Property Office, etc.) to facilitate efficient prosecution of one application in several countries at the same time. We note that another possible approach to promote work sharing while giving applicants choices during prosecution would be to expand Patent Prosecution Highway (PPH) proceedings to permit a USPTO examiner to consider claims in a PPH application that have not been allowed by a PPH foreign office, instead of only claims that have been allowed by the PPH foreign office.

<sup>13</sup> An alternative proposal would be to penalize those who choose not to defer by assessing an examination surcharge. However, this would create a situation in which two applicants may pay different amounts not because of any difference in the amount of work performed by the USPTO, but solely because one chose to file first in the USPTO and the other did not. That is, a penalty system benefits the USPTO without offering its customers a significant share of the benefit. By contrast, an incentive system based on fee reductions allows applicants to directly share in the savings generated by work sharing. As such, it is fairer and more likely to elicit the desired customer behavior than a penalty system.

## VII. Responses to Questions in the Request

In the Request, the USPTO provided a list of thirty-three questions on which it sought comment. Our comments above discuss a number of these questions at length. For the USPTO's convenience in evaluating and tracking public comments, we present summary responses to the original questions below, referring where appropriate to sections of the more detailed discussion above.

Question 1. Should the USPTO proceed with any efforts to enhance applicant control of the timing of examination?

A: Possibly. However, we believe that permanently ending fee diversion is a prerequisite to any such efforts. As noted above in Sections III and V above, increasing applicant control of examination timing would allow applicants greater flexibility in managing their applications. However, we believe that any new USPTO examination programs should not come at the expense of traditional examination, including in particular examination quality and pendency.

Question 2. Are the three tracks above the most important tracks for innovators?

A: Probably yes. The proposed tracks, which provide for traditional examination as well as faster and slower options, seem to be the most logical choices. However, as we discuss in Section VI above, the FFF proposal of mandatory deferral seems unrelated and undesirable, and should be excluded from the proposed tracks.

Question 3. Taking into account possible efficiency concerns associated with providing too many examination tracks, should more than three tracks be provided?

A: No. We believe that the proposed three tracks offer an adequate array of options for applicants. Given the logistical and resource challenges that will already be presented implementing these tracks, we do not favor adding additional tracks (and thus additional complexity) to the proposal.

Question 4. Do you support the USPTO creating a single queue for examination of all applications accelerated or prioritized (*e.g.*, any application granted special status or any prioritized application under this proposal)? This would place applications made special under the "green" technology initiative, the accelerated examination procedure and this proposal in a single queue. For this question assume that a harmonized track would permit the USPTO to provide more refined and up-to-date statistics on performance within this track. This would allow users to have a good estimate on when an application would be examined if the applicant requested prioritized examination.

A: Possibly. Harmonization of prioritized applications may enhance overall examination efficiency. However, just as “one size” may not fit all applications generally, it is possible that “one size” may not fit all prioritized applications. We would not favor a proposal that would reduce the USPTO’s ability to respond to future needs and concerns regarding prioritization. A study of the likely effects of such a unified approach should be conducted before considering whether to implement it; for instance, such an approach could hinder green-tech innovation efforts with broad social and policy implications.

Question 5. Should an applicant who requested prioritized examination of an application prior to filing of a request for continued examination (RCE) be required to request prioritized examination and pay the required fee again on filing of an RCE? For this question assume that the fee for prioritized examination would need to be increased above the current RCE fee to make sure that sufficient resources are available to avoid pendency increases of the non-prioritized applications.

A: No. As we discuss in Section III.D above, an applicant in Track I should not be required to remain in Track I on filing of an RCE.

Question 6. Should prioritized examination be available at any time during examination or appeal to the Board of Patent Appeals and Interferences (BPAI)?

A: Yes. As discussed in Section III.D, Track I should be available at any time during the pendency of an application, and should also be available to reissue and continuing applications.

Question 7. Should the number of claims permitted in a prioritized application be limited? What should the limit be?

A: No. Section III.C above notes that restriction practice and excess claim fees already serve to limit the number of claims to be examined. Applicants should be free to file the number of claims necessary to protect their disclosed inventions, and can pay corresponding fees sufficient to support the required examination resources.

Question 8. Should other requirements for use of the prioritized track be considered, such as limiting the use of extensions of time?

A: We do not believe that an applicant’s use of extensions of time should be limited for Track I. Many factors may arise during prosecution that may justify taking more time to prepare a response (e.g., the discovery of especially pertinent or complex prior art, a need to provide test results, etc.). In general, once an applicant has paid the fees for prioritized examination, the applicant should be entitled to prosecute an application at a pace appropriate to the specifics of the search and examination.

Question 9. Should prioritized applications be published as patent application publications shortly after the request for prioritization is granted? How often would this option be chosen?

A: No. We see no reason to accelerate publication of prioritized applications vis-à-vis other applications.

Question 10. Should the USPTO provide an applicant-controlled up to 30-month queue prior to docketing for examination as an option for non-continuing applications? How often would this option be chosen?

A: Possibly. As we discuss in Section V above, Track III may be useful to certain applicants for certain applications. However, if Track III is implemented, we believe it should be available to continuing as well as non-continuing applications.

Question 11. Should eighteen-month patent application publication be required for any application in which the 30-month queue is requested?

A: No. Under current USPTO practice (which would correspond to Track II under the current proposal), applications filed with a nonpublication request are effectively published at issuance. We do not see a rationale for publishing Track III applications *earlier* than Track II applications. For instance, if a Track III applicant does not choose earlier publication, then it would be reasonable to publish the Track III application no earlier than (for example) the average time of publication for a Track II application in that technology center. In any case, there seems to be no justification for publishing Track III applications (which by design are on a delayed schedule) *in advance of* regular Track II applications.

Question 12. Should the patent term adjustment (PTA) offset applied to applicant-requested delay be limited to the delay beyond the aggregate USPTO pendency to a first Office action on the merits?

A: No. As discussed in Section V.B above, the point in time from which PTA calculations are measured for Track III applications should be delayed in a manner that corresponds to the applicant's chosen examination delay.

Question 13. Should the USPTO suspend prosecution of non-continuing, non-USPTO first-filed applications to await submission of the search report and first action on the merits by the foreign office and reply in USPTO format?

A: No. As we discuss in Section VI, the FFF proposal (including its specific implementation details that are addressed in questions 14-17 below) should not be implemented.

Question 14. Should the PTA accrued during a suspension of prosecution to await the foreign action and reply be offset? If so, should that offset be linked to the period beyond average current backlogs to first Office action on the merits in the traditional queue?

A: No. See questions 12 and 13. The FFF proposal should not be implemented.

Question 15. Should a reply to the office of first filing office action, filed in the counterpart application filed at the USPTO as if it were a reply to a USPTO Office action, be required prior to USPTO examination of the counterpart application?

A: No. See question 13. The FFF proposal should not be implemented.

Question 16. Should the requirement to delay USPTO examination pending the provision of a copy of the search report, first action from the office of first filing and an appropriate reply to the office of first filing office action be limited to where the office of first filing has qualified as an International Searching Authority?

A: No. See question 13. The FFF proposal should not be implemented.

Question 17. Should the requirement to provide a copy of the search report, first action from the office of first filing and an appropriate reply to the office of first filing office action in the USPTO application be limited to where the USPTO application will be published as a patent application publication?

A: No. See question 13. The FFF proposal should not be implemented.

Question 18. Should there be a concern that many applicants that currently file first in another office would file first at the USPTO to avoid the delay and requirements proposed by this notice? How often would this occur?

A: Yes. As we discuss in Section VI, we are concerned that such applications would choose to file first at the USPTO quite often.

Question 19. How often do applicants abandon foreign filed applications prior to an action on the merits in the foreign filed application when the foreign filed application is relied upon for foreign priority in a U.S. application? Would applicants expect to increase that number, if the three track proposal is adopted?

A: We do not have adequate information to answer this question. However, we note that both the filed claims and the standards for search, examination and allowance may differ in many foreign jurisdictions relative to the U.S., so reasons for abandonment of a foreign application will often not be applicable to the corresponding U.S. application.

Question 20. Should the national stage of an international application that designated more than the United States be treated as a USPTO first-filed application or a non-USPTO first-filed application, or should it be treated as a continuing application?

A: Because we believe that (a) the FFF proposal should not be implemented and (b) continuations should not be treated differently than other applications for Track I-Track III purposes, and because there seem to be no remaining bases in the present proposals for considering treating the named categories of applications differently, we believe this question is moot. However, as a general matter we would oppose treating an application differently from other applications merely upon the basis that it designated more than one country. This could disadvantage applicants merely for deciding to pursue invention protection as broadly as they are entitled. Moreover, it would be easily (though expensively) worked around simply by filing more than two PCT applications on the same day, one designating only the U.S. and the other designating the remaining countries. So the proposal would likely be both inadvisable and ineffective.

Finally, this proposal would likely invite similar discriminatory treatment by other countries targeting U.S.-based applications.

#### Questions 21-33: Supplemental Searches

These questions address details on implementing potential processes relating to supplemental searches, which were mentioned briefly at the end of the Request. We find it difficult to offer meaningful answers to these questions in the absence of a proposal that sets forth the goals of such a program and the proposed implementation specifics.

We also believe that the issues pertaining to a supplemental search program are substantially distinct from those pertaining to enhanced examination timing, and should be considered on their own merits as part of a separate proposal.

Finally, we note that numerous third parties already provide prior art search services. Based on the limited information provided in the Request, we do not understand how a USPTO-provided supplemental search service would be different from such third-party services.

## VIII. Conclusion

In summary, we believe that if properly implemented, some features of Tracks I and III would provide valuable flexibility for certain applicants and applications. Before putting such features into practice, we believe that the USPTO should study the above issues and proposals in detail, in order to maximize the likelihood of successful implementation.

We agree that by taking advantage of work sharing, the USPTO may be able to apply its examination resources more efficiently. However, we believe that the FFF proposal should be separated from the present initiative and considered on its own merits. In any circumstance, the USPTO should not disadvantage those who happen to first file their applications in countries other than the United States by mandatorily deferring action on their counterpart United States applications. Instead, the USPTO should encourage such applicants to voluntarily participate in work sharing through a system of fee-based incentives that encourage deferral in appropriate cases.

We appreciate the USPTO's efforts to improve patent prosecution processes. We especially appreciate the manner in which current USPTO leadership is engaging the public in order to craft programs that address applicants' diverse needs. We look forward to working with the USPTO to shape these programs in ways that streamline patent prosecution, improve efficiency, and increase the quality of issued patents.

Consideration of the above comments is respectfully requested.

Respectfully submitted,  
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