

From: Bart Eppenauer (LCA)
Sent: Friday, August 20, 2010 4:23 PM
To: 3-tracks comments
Cc: Richard Wilder (LCA)
Subject: Attn: Robert A. Clarke --- Microsoft: Three Track Proposal - Written Comments

Microsoft is pleased to provide the attached Comments on “Enhanced Examination Timing Control Initiative” - Federal Register/Vol.75, No. 107/June 4, 2010. Our comments are provided in both Word and PDF document formats. If you have any questions or need additional information, please do not hesitate to contact us.

Best regards,

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Attn: Mr. Robert A. Clarke

Re: Microsoft Comments on Enhanced Examination Timing Control Initiative (Three Track Proposal)

Microsoft appreciates the opportunity to offer input on the Request for Comments on Enhanced Examination Timing Control Initiative published in the Federal Register on June 4, 2010. We appreciated the opportunity to make remarks at the public meeting held by the USPTO on this topic on July 20, 2010, and also appreciate the opportunity of filing these written comments. We strongly support the objectives behind this request, namely to provide applicants with greater control over when their applications are examined and to enhance work sharing between intellectual property offices. To the extent this initiative can be implemented to help reduce application pendency in a cost-neutral manner, the patenting process in the U.S. will be enhanced to the benefit of the public.

From our perspective, the proposal, if implemented, would yield two main benefits: providing applicants with greater flexibility and control over the timing of examination, and potentially reducing pendency of patent applications. In the two sections that follow, we address these benefits in general as well as addressing the relevant issues raised in the questions posed in the Federal Register Notice.

Greater Applicant Flexibility and Control Allows Timely Focus on Important Cases

By allowing applicants greater flexibility and control over the timing of examination, the proposal allows applicants an opportunity to respond more effectively to changes in business plans, market conditions, and competitive strategy. Providing applicants with choice also provides a means for identifying and prioritizing the most urgent or important applications, based on the needs of the applicants themselves. This flexibility allows applicants the ability to delay costs by deferring examination and allows applicants who are unsure about the practicability or commercial potential of their invention to more fully consider whether to incur the full costs of prosecuting the application to issuance.

Microsoft strongly believes that a fee paid with a request to expedite examination of an examination (i.e., to place an application in the prioritized queue) should ordinarily only be required once, upon entry into the prioritized queue. Otherwise, disincentives to use the prioritized track may arise, such as making the total cost too high, or introducing an unacceptable level of uncertainty with regard to the real cost of the process to an applicant. Also, charging such a fee more than once might penalize an applicant for circumstances that are not under the applicant's control, such as a first office action that is based on an inadequate search or the like. That said, Microsoft would be amenable to charging a second fee to continue expedited examination upon the occurrence of a filing of a second RCE in the prosecution of an application. If a second fee were limited to such a situation, then it is more likely that the fee was incurred as a result of actions or inaction by the applicant and, therefore, is more likely to be equitable to the applicant.

Prioritized examination should be available at any time during the examination process or during an appeal to the BPAI. Because the applicant is not always aware of the factors that would make the applicant request examination at the time the examination is filed, the applicant should be able to enter the prioritized track at a time later than the filing of an application. This would further increase applicant's control over the timing of examination of an application.

A pre-condition for being able to obtain prioritized examination, publication of the application should be required eighteen months after the effective filing date of the application, thereby giving the public sufficient notice as to the subject matter of the application.

As an alternative to a prioritized track or a standard track, we agree with the proposal that the USPTO should provide an applicant-controlled queue of up to 30-months prior to docketing for examination as an option for non-continuing applications. This path would likely be chosen infrequently by Microsoft. If such a track is implemented, publication at eighteen months should be required for all applications in this queue, but we do not have a position as to whether a patent term adjustment (PTA) offset be applied to applications in this queue. It seems logical, as suggested by the USPTO, that any PTA be subject to some offset, given that the delay in docketing an application for up to 30 months would be at the election of the applicant and not a consequence of delays by the USPTO.

Examination Timing Control Has the Potential to Reduce Pendency

The proposal also has the potential to reduce pendency. For applicants in markets with rapidly evolving technology or short product cycles, the current delay between application and issuance can substantially diminish the strategic value of patenting. In sectors with short product cycles, the typical pendency period can exceed expected product life, precluding effective patent life for some products. In our view, the only realistic way to substantially reduce pendency to sustainable levels is through enhanced work-sharing among offices. In this regard, the proposal represents a major step toward effective work-sharing by putting into place a framework that will enlarge opportunities for examiners to benefit from the examination efforts of other offices.

To comport with the concept of expediting examination, Microsoft believes that the number of claims permitted to be filed in an application in a prioritized queue should be limited to a reasonable number. Although it is understood that there are a wide range of opinions in this regard, we believe that a limit of three (3) independent and twenty (20) total claims would be reasonable. An applicant requesting the prioritized queue for an application would likely have a good idea as to the scope and subject matter that is desired in a patent resulting from the application. Therefore, claiming subject matter as broadly as one might ordinarily do would not be required, nor would it be efficient for the applicant or the Office, and 3/20 will likely be sufficient for applicants' needs.

Other requirements for use of the prioritized track should be considered. For example, extensions of time should not be allowed for prioritized examinations. If the policy of having the prioritized queue is to reduce overall pendency and help applicants, then applicants should bear a burden of doing their part to accelerate the examination. A shortened statutory time period of three (3) months is sufficient to provide a response to the USPTO. If any extension is allowed, we believe that one 30-day extension should be the maximum allowed. Of course, the "penalty" for failing to respond during the shortened statutory period of three months would only be that the application would be moved from the prioritized to the standard queue. Thus, the full range of extensions of time for response to an office action could still be sought – but the application would no longer be prioritized. That said, and consistent with the point we made in the previous section, we believe that a prioritized application should be available at any time and, accordingly, the USPTO should consider allowing the applicant to re-enter the prioritized queue upon paying an additional the fee for reentry into the prioritized queue for examination.

Both to reduce pendency and also to promote international work sharing, we agree that the prosecution of non-continuing, non-USPTO first-filed applications should be suspended to await submission of the search report and first action on the merits by the foreign office. We have misgivings, however, about the requirement that the applicant submit to the USPTO a reply to the foreign office action. That foreign office action is based on foreign law and practice and we believe that the USPTO examiner should consider the foreign search report and office action

and formulate a rejection (if any) based upon U.S. patent law, rules and practice. Any such period of suspension should last no longer than 30 months from the foreign priority date and, if so limited, we do not believe that the PTA accrued during any such period of suspension should be offset. This would ensure that a foreign applicant, who is otherwise diligent, will not be penalized by having the prosecution of their application suspended – nor would they receive a windfall in terms of patent term adjustment. We also believe that any provision to suspend USPTO examination pending the receipt of a search report and first office action on the merits from a foreign office should be limited to situations where the foreign office is an International Searching Authority under the Patent Cooperation Treaty (PCT). This makes it more likely that the work of that foreign office would be of a quality that the USPTO examiner would find it worth waiting for – in the sense that she or he would take it into consideration in their examination of the application. Further, an application that is the national stage of an international application under the PCT that designated more than the U.S. should be treated as a non-USPTO first-filed application. This places applications filed under the PCT on even footing with those filed under the Paris Convention route. It should be noted that if the period of suspension is limited to 30 months from the foreign priority date, that most applications filed through the PCT system will enter the national phase in the USPTO at the end of that 30 month period and would not, therefore, be subject to a suspension.

Microsoft also supports, in principle, the proposal by the USPTO to provide an optional service to applicants to request a supplemental search report from select intellectual property granting offices. While we are not sure if we would take advantage of such a service, we do see it as an additional and innovative option for applicants and potentially an advance in the area of work-sharing. Certainly, considerations of cost and speed would be taken into consideration by applicants in deciding whether to use such a service. In the event the USPTO is able to negotiate agreements with one or more Intellectual Property Granting Offices (IPGO) to produce such supplemental search reports, then the USPTO should make it easy for applicants to elect such an optional service. This election could be made either at the time of application or shortly thereafter so that the results of any supplemental search could be fully taken into consideration by the USPTO examiner. Moreover, the USPTO should provide a three-month period for applicants to review and make any appropriate comments or amendments to the application after the supplemental search has been transmitted, before the first Office action on the merits is prepared. This will provide a better set of original claims to the USPTO and will increase the chance that ultimate disposition is reached in a more timely manner.

A supplemental search should be of at least the same quality as a USPTO search and the USPTO should demand such quality in the supplemental search agreements they enter into with the IPGOs. The search should be conducted based on the U.S. prior art standards or International (PCT) prior art standards. The supplemental search should be recorded and transmitted, and should be conducted in English.

Final Comments and Conclusions

Overall, we believe that the flexibility to choose among three examination tracks will yield significant benefits for applicants and will also help the Office to address its workload and pendency challenges. And while we wholeheartedly support the Office's efforts, as with any procedural change of this magnitude, there are a few potential concerns with respect to actual implementation.

First, the proposal's effectiveness will require an appropriate fee structure that sets fees for the "Track 1" examination at a sufficiently high level to prevent overuse of prioritized examination. If Track 1 necessitates disproportionate resources that it does not provide substantially shorter pendency, this will obviously defeat the purpose of having differentiated examination tracks and obviate any beneficial effect on overall pendency. In particular, we would be concerned if the devotion of resources to processing Track 1 examinations led to longer pendency in the processing of traditional Track 2 applications.

Second, as we noted in our comments in an earlier USPTO-led discussion regarding deferred examination, we remain concerned that the time delays associated with docketing applications for examination could introduce additional uncertainty for third parties. We believe that it is appropriate to require publication of all applications requesting a delay in docketing of applications for examination, which will alleviate some of the uncertainty. Additionally, it has been proposed that third parties be given the ability to request examination of a published, but unexamined, application to obtain certainty as to whether a patent will issue and as to the scope of the final claims. In the event this option is provided, steps should be taken to ensure that the ability to make such requests is not abused. Such steps could include setting the fee for such third-party requests at an amount sufficient to cover all or significant parts of the examination fee. As a result, the incentive of third parties to make such requests as a matter of course is reduced.

Third, the proposal includes another potentially useful piece in the work-sharing puzzle, namely, the proposal that an application that claims the benefit of a prior-filed foreign application would not be docketed for examination in the normal, Track II, process until the search and examination report from the foreign office have been received in the USPTO. We discussed the merits of this proposal above. We urge the USPTO to take steps to ensure that this proposal is as useful as possible – not only by USPTO examiners, but also to promote international work sharing efforts. For USPTO purposes, this proposal will be useful only to the extent that the proportion of applications claiming foreign priority is significant and the work done by the offices of first filing and the reply by the applicant is useful in the USPTO examination. And certainly such applications should be consistent with any similar approaches taken by other patent offices – the IP5 offices in particular. Furthermore, the processing of applications in the USPTO can and should be subject to certain work sharing efforts underway – such as accelerated examination in the event the office of first filing is a partner in a Patent Prosecution Highway.

In closing, we would like to commend Director Kappos and the Office for advancing this proposal. As noted earlier, there is an urgent need to address the pendency problem, and this forward-looking proposal represents a significant and serious effort by the Office to do so in a manner that puts more choice in the hands of applicants. We strongly support the proposal and will be happy to assist the Office in whatever way we can to see it through to full implementation.

Respectfully Submitted,

A handwritten signature in black ink that reads "D. Bartley Eppenauer". The signature is written in a cursive, flowing style.

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