

From: Lytle, Jay W.  
Sent: Friday, August 20, 2010 5:48 PM  
To: 3-tracks comments  
Cc: Weber, Cynthia C.  
Subject: Sughrue letter re multi-track initiative

Attached please find a letter from Sughrue Mion, PLLC with comments on the PTO's proposed Enhanced Examination Timing and Control Initiative.

Kindly confirm receipt.

<<Sughrue letter re multi-track examination initiative.PDF>>

Jay Lytle  
Sughrue Mion, PLLC  
2100 Pennsylvania Ave., N.W.  
Washington, D.C. 20037-3213  
T: (202) 663-7458  
F: (202) 293-7860

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J. Warren Lytle, Jr.  
Sughrue Mion, PLLC | 2100 Pennsylvania Ave., N. W. |  
Washington, DC 20037 | Office: 202-663-7458 | Fax : 202-293-7860  
jlytle@sughrue.com - www.sughrue.com

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2100 Pennsylvania Avenue, NW  
Washington, DC 20037-3213

T 202.293.7060  
F 202.293.7860

[www.sughrue.com](http://www.sughrue.com)

Cynthia C. Weber

August 20, 2010

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

Re: Sughrue Mion, PLLC's Comments Regarding the PTO's  
Proposed Enhanced Examination Timing Control Initiative

Dear Secretary Kappos,

Thank you for providing the opportunity to submit comments on the Enhanced Examination Timing Control Initiative proposed by the United States Patent and Trademark Office (PTO). I write on behalf of our law firm, Sughrue Mion, PLLC. Our law firm concentrates on intellectual property law and is one of the PTO's largest filers of patent applications, with clients ranging from independent inventors to large multinational corporations.

Based on the questions the PTO posed in the June 4, 2010 Federal Register Notice announcing the Enhanced Examination Timing Control Initiative ("the Initiative"), we informally surveyed a cross section of our clients requesting their views on the Initiative. From careful study of the proposed Initiative and based on our clients' responses, we find that the general concept of a multi-track examination timing control initiative is very pragmatic as it enables the PTO to strike a balance to meet the needs of applicants as well as making best use of the human resources capacity of the PTO. Multi-track examination, if crafted properly, will provide work sharing benefits by taking advantage of work performed in patent offices across the globe, while helping reduce the time applications are pending in the in the PTO.



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### **General Comments**

In general, the clients we surveyed support the concept of providing applicants with control over when their applications are examined. Based on our clients' comments, we believe the traditional "one-size-fits-all" examination timing may not work for all applicants, and that by allowing applicants greater control over the timing of the examination of their applications, the PTO will be able to better deploy its resources. Our clients agree in general with the concepts of allowing applicants to select a prioritized examination, a traditional examination, and an applicant-controlled delay for up to 30 months prior to docketing for examination, as set forth in Tracks 1-3 of the Initiative.

However, Sughrue Mion and our clients have great concern over the proposed treatment of applications that have been previously filed in a foreign country. We strongly feel that this aspect of the proposed Initiative would be onerous to our clients and would be detrimental to the interests of both applicants who first file in a foreign country, as well as to the PTO.

### **Specific Comments**

Turning to the treatment of the U.S. second-filed applications claiming foreign priority, the current proposed Initiative provides that an applicant who first files in a foreign country cannot, under any circumstances, have their application placed in the queue for examination until after they receive from the foreign patent office, a copy of the search report, if any, a copy of the first office action, and prepare a response to the foreign patent office. Where the foreign office action indicates the foreign-filed application is allowable, all that would be required is notice to the PTO. However, where the foreign office action contains one or more rejections, the applicant's reply in the foreign application might include an amendment, but the applicant's submission under the proposed Initiative would have to include arguments regarding why the claims in the U.S. filed application are allowable over the evidence relied upon in the foreign office action.



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Many of our clients usually first file their patent applications in a foreign country, such as Japan or Korea, which means that their U.S. patent applications which claim priority to those foreign applications will not be able to be placed in the examination queue until they receive an office action from the foreign patent office and have responded to that foreign office action. None of the larger foreign patent offices place such burdens on applicants who file first in the U.S. PTO. While this portion of the Initiative likely came about in a sincere attempt to reduce the backlog of unexamined applications at the PTO, we and our clients believe that it will have unfair and detrimental ramifications on applicants who file first in a foreign country. According to the PTO's own statistics, in 2009, foreign origin applications accounted for over 50% of the patents granted by the PTO.<sup>1</sup> It is these applicants who, through the patent fees they pay, provide much of the total funding of the PTO. These applicants are the last who should be put under such a burden.

These requirements in the proposed Initiative would place applicants who first file in a foreign country in an onerous situation and at great economic and competitive disadvantage compared to applicants who first file in the PTO. In the proposed Initiative, applicants who first file in a foreign patent office would bear the additional burden of incurring the costs associated with translating and providing copies of such translations to the PTO. In addition to the translation costs, which may range from about \$500-\$1000 dollars per application, or even higher, these applicants also would incur the costs of hiring additional clerical staff, who likely would be employed outside the U.S., and additional attorney fees for both the U.S. attorneys as well as the attorneys in the foreign country. This can add up to a huge amount of money for

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<sup>1</sup> See Patents By Country, State, and Year - Utility Patents (December 2009), U.S. Patent And Trademark Office, Patent Technology Monitoring Team (PTMT).  
[http://www.uspto.gov/web/offices/ac/ido/oeip/taf/cst\\_utl.htm](http://www.uspto.gov/web/offices/ac/ido/oeip/taf/cst_utl.htm)

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applicants who file large numbers of applications in the PTO. In the current difficult worldwide economic environment, where budgets for IP departments are often fixed, these added costs are likely to come at the expense of reduced patent filings in the U.S., which means a reduction in innovative ideas coming into the U.S.

In addition, a likely non-intended consequence of implementing the requirements for applicants who first file their application in a foreign country; i.e., their home country, is that the term over which the patented technology can be licensed may be shorter than a similar application that was first filed in the U.S. This can occur due to the delay in placing the application onto the U.S. examiner's examination docket and the adjustment to the aggregate average period to issue a first Office action on the merits does not accurately adjust for the actual delay in examining the application. This unintended consequence would have an adverse economic impact on a number of our clients.

Another matter to consider concerns the practical effect of the added delay of examination of applications that are first filed in a foreign country. An applicant who files first in a foreign country may have to wait a long time before receiving a first office action in that foreign country, which under the Initiative is an added delay to the U.S. examination period that is not imposed on applicants who file first in the U.S. The delay in receiving that first office action might be so long that the patent to be granted may no longer have any economic value. For example, suppose an applicant files first in Japan, one year later files in the U.S., and waits 29 months for a first action in Japan.<sup>2</sup> The applicant prepares the translated documents, claim amendments, arguments, etc. and sends them to the U.S. PTO within a month of receipt. Under the Initiative, the applicant will have to wait until the U.S. examiner examines the application,

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<sup>2</sup> In 2008 the average pendency to receive a first office action from the JPO was 28.5 months. *See*, Four Offices Statistical Report 2008, ch. 4, table 4, <http://www.trilateral.net/statistics/tsr/statisticsreport/fosr08.pdf>.

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which could be, depending on the technology, another 26 months, for example.<sup>3</sup> This results in a delay of over 3.5 years from filing the application in the PTO before a first action is issued in the U.S. application. In rapidly evolving technologies, the economic life of the patent conceivably may be diminished or even gone due to this excessive delay. Such a reduction in the useful life of the patent can be economically ruinous for some smaller or startup companies.

As an additional point, because of the requirements in the Initiative for the applicant to comment on the patentability of the claims in the U.S. application in view of the foreign office documents, the claims in the U.S. application may be construed in view of those comments even though the claims in the U.S. application may never be rejected over art applied by the foreign office. Such a construction might result in a narrower scope of protection than an application that is first filed in the U.S. These comments that only applicants of first-filed foreign applications must make may also limit the range of any equivalents of the claims, or eliminate any range of equivalents altogether. On the other hand, an applicant who first files an application in the U.S. is not required to make such comments and therefore does not run the same risk of limiting the scope of the claims due to those comments.

The proposed burdens on applicants who file first in a foreign country may likely violate Article II of the Paris Convention. Also, such action conceivably could result in inadvertent economic retaliation by foreign countries who simply seek to protect their own companies and their own economy from economic harm.

A number of our clients do not generally disagree with the position that a loss of patent term adjustment (PTA) should result for an applicant who voluntarily chooses examination under Track III and controls the timing of the examination as that choice is wholly within the applicant's control and is an economic decision for an application that may turn out not to have

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<sup>3</sup> In 2008 the average pendency to receive a first office action from the U.S. PTO was 25.7 months. *Id.*



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much economic value. However, if the initiative is to be implemented as proposed, it is not clear whether there would be an increase in PTA if an applicant in a foreign country requests accelerated examination in the foreign country in order to have the foreign application examined quickly so as to have the U.S. application quickly placed on the examiner's docket.

In these difficult economic times where IP budgets often are capped due to economic pressures, companies may prefer to spend their limited budgets in their home country rather than abroad, which could be damaging to the U.S. economy. Even if applicants who file first in a foreign country decide to file first in the PTO, as some companies might do, the current backlog of unexamined applications in the PTO could be greatly increased, benefiting no one.

In view of the above points, we strongly urge you to reconsider and remove from the Initiatives those elements that cause disparate treatment of applicants who file first in a foreign country. Without such elements, the three track timing control initiative would be acceptable to many of our clients.

Sincerely yours,

A handwritten signature in black ink that reads "Cynthia C. Weber". The signature is written in a cursive, flowing style.

Cynthia C. Weber  
Managing Partner  
Sughrue Mion, PLLC