

JAPAN INTELLECTUAL PROPERTY ASSOCIATION

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The Honorable Michelle K. Lee
Deputy Under Secretary of Commerce for Intellectual Property and
Deputy Director of the United States Patent and Trademark Office
United States Patent and Trademark Office
Alexandria, Virginia

Re: JIPA Comments on "Optimum First Action and Total Patent Pendency"

Dear Deputy Under Secretary Lee:

We, the Japan Intellectual Property Association, are a private user organization established in Japan in 1938 for the purpose of promoting intellectual property protection, with about 930 major Japanese companies as members. When appropriate opportunities arise, we offer our opinions on the intellectual property systems of other countries and make recommendations for more effective implementation of the systems. (<http://www.jipa.or.jp/english/index.html>)

Having learned that the "Optimum First Action and Total Patent Pendency", published by the United States Patent and Trademark Office (USPTO) in the Federal Register, Vol.79, No.131, on July 9, 2014. We would like to offer our opinions as follows. Your consideration on our opinions would be greatly appreciated.

JIPA again thanks the USPTO for this opportunity to provide these comments and welcomes any questions on them.

Sincerely, yours,

Kazushi TAKEMOTO

President

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JIPA Comments on the “Optimum First Action and Total Patent Pendency”

As many of JIPA members engage in filing US patent applications, JIPA has closely and carefully examined the concepts of “Optimum First Action and Total Patent Pendency and questions concerning the seven relevant issues published in the Federal Register issued by the United States Patent and Trademark Office (USPTO) as of July 9, 2014. JIPA hereby presents its comments on this proposed amendment.

1. JIPA's basic stance

JIPA lauds the USPTO's efforts in recent years to speed up the patent examination process, and considers the prompt granting of rights to be desirable in principle. However, JIPA believes an ideal system would allow applicants to control the timing and procedure for obtaining rights to some extent.

Inventions are created in the earliest phases of a commercial endeavor. Applicants seek to obtain rights in light of the timing of commercialization and set the scope of the rights they seek in line with their future plans. The period of time from the creation to commercialization of an invention varies; in some cases it is less than a year and in others more than ten years. If the first action pendency and total patent pendency targets in relation to all applications are set at ten months and twenty months, respectively, rights would be established only about ten months from the filing of most applications. This would narrow options to take appropriate procedures in obtaining rights in anticipation of commercialization for technologies with greater potential and novelty.

The Japan Patent Office (JPO) has established a goal of reducing first action pendency and total patent pendency to ten months and fourteen months, respectively, by fiscal 2023. However, these periods begin upon the filing of a request for examination. JIPA requests that the USPTO take note of the fact that in Japan, applicants are permitted to adjust the pendency of their applications within a maximum range of three years by choosing the time at which their requests for examination are filed.

From this standpoint, JIPA agrees, with reservations, with the USPTO's plan to expedite the examination process. Specifically, JIPA requests that the USPTO introduce a new track for applicants who do not desire a speedy examination process to enable them to control the timing of the obtaining of rights to some extent. A good example of this is Track 3, which the USPTO proposed in 2010. JIPA considers the ten month first action pendency and twenty month total patent pendency to be reasonable targets provided that Track 3 is offered not only for national applications but also applications claiming priority under the Paris Convention. JIPA also considers that the new track should be available without any surcharge.

2. JIPA's comments on the USPTO's specific questions

Based on JIPA's above-noted basic stance, its comments on the specific questions raised by the USPTO are as follows.

Q1: Are the current targets of ten month average first action patent pendency and twenty month average total patent pendency the right agency strategic targets for the USPTO, stakeholders, and the public at large?

JIPA's comments: As mentioned above, JIPA considers the current pendency targets to be appropriate provided that the USPTO introduces a new track allowing applicants to control the timing of the obtaining of rights to some extent, and that the current targets are only applied to applications on the prioritized examination track and those not on this new track.

Q2: Should the USPTO have first action pendency and total pendency targets be met by nearly all applications (e.g., 90 or 95 percent of applications meeting the pendency target)?

JIPA's comments: As mentioned above, JIPA considers it more desirable for the current targets to be met by all applications provided that the USPTO introduces a new track allowing applicants to control the timing of the obtaining of rights to some extent, and that the current targets are only applied to applications on the prioritized examination track and those not on this new track.

Q3: Should all the technology areas have the same target? If different technology areas should have different pendency targets, how should they be determined?

JIPA's comments: The relationship between the time of an invention's creation and the time of its commercialization differs depending on the technology area, and it also differs within a technology area due to the specific circumstances of each case. JIPA considers it unrealistic to set different targets for each technology area.

Q4: Regarding the relationship between the current pendency targets and the patent term adjustment (PTA) provisions

JIPA's comments: JIPA believes the current first action pendency and total patent pendency targets should be independent from the PTA provisions.

Q5: Would the reduction of the first action patent pendency have any unintended consequences in connection with "hidden" prior art?

JIPA's comments: As the examination process would proceed more quickly, "hidden" prior art would necessarily have a greater impact. If "hidden" prior art is excluded from the scope of examination, patents granted would be unstable. Therefore, JIPA requests that the USPTO examiners make sure to check and take "hidden" prior art into account during the examination process.

In addition, third-party submissions of prior art which have been enhanced by the America Invents Act (AIA) in a sense serve as examination by the public. In order to make such public examination more effective, JIPA requests that the USPTO consider measures to provide sufficient time for third parties to make submissions. Post-grant review (PGR) and inter-partes review (IPR) impose greater procedural and financial burdens on petitioners, making it unrealistic to expect these proceedings alone to function as public examinations.

Q6: Are there any external factors that could lower the first action pendency?
(Examples: significant case law decisions, fees, global IP activities)

JIPA's comments: JIPA is very concerned about the possibility of a significant decrease in patent filings and delayed patent examinations caused by the "Guidance For Determining Subject Matter Eligibility of Claims Reciting or Involving Laws of Nature, Natural Phenomena, & Natural Products," published by the USPTO in the Federal Register, Vol.79, No.74, on April 17, 2014 ("Guidance"). If the Guidance is applied too broadly, there is a high risk of its leading to reduced patent filings relating to, for example, previously patent-eligible medicines derived from natural sources. The Guidance would generate many unexpected office actions against an invention resulting in longer than expected patent examination periods. As mentioned in JIPA's comments on the Guidance submitted to the USPTO on May 9, 2014, JIPA demands that the Guidance only be applied to technologies which have been determined not to be patent-eligible in recent court decisions, such as *Association for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. ___, 133 S. Ct. 2107, 2116, 106 USPQ2d 1972 (2013), and *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. ___, 132 S. Ct. 1289, 101 USPQ2d 1961 (2012).

Q7: In addition to the current metrics (e.g. first action pendency), are there any other metrics that should be measured?

JIPA's comments: JIPA considers the metrics currently displayed on the Data Visualization Dashboard of the USPTO's Internet Website to be sufficient.

If JIPA must mention at least one additional metric, it is currently difficult to predict the period until the issuance of an advisory action. If applicants could monitor this process, it would help them work out a schedule to decide how to respond to the action.

(EOD)