

From: Simon, David
Sent: Thursday, February 26, 2009 9:54 PM
To: AC6/Comments
Cc: Bahr, Robert
Subject: Intel's comments on Deferred Examination

Attached, please find Intel's comments on Deferred Examination. Please feel free to contact me if you have any questions or concerns.

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February 24, 2009

Mail Stop Comments—
Patents, Commissioner for Patents, P.O.
Box 1450, Alexandria, VA 22313-1450

Attn: Robert W. Bahr, Esq.

Dear Sir:

I am submitting these comments on behalf of Intel Corporation in response to the Request for Request for Comments and Notice of Roundtable on Deferred Examination for Patent Applications published in the Federal Register on January 28, 2008.

As you may be aware, Intel Corporation is the largest manufacturer of semiconductors in the world and the building block supplier to the Internet economy. Intel has a long history of innovation. Our founders, Gordon Moore and Robert Noyce, respectively invented Moore's Law that has predicted the development of semiconductors for forty years and the planar integrated circuit. Intel's innovations include the first microprocessor and the co-invention of Ethernet and USB. More recent inventions include high-K dielectrics and trigate semiconductors that will lead to a revolution in Green Computing.

As a leading US innovator, Intel is proud of the many ground breaking patents that have been recognized over the years. At the same time, as a major user of the US Patent system, we are all too aware of the pressures that the system faces and the difficulties confronting the Office.

The Current Data Shows Deferred Examination is Unlikely to Work

We obviously have several concerns regarding the concept of deferred examination. First, and foremost, deferred examination should only be considered if it will truly help the PTO dispose of the backlog of pending patent applications. We note that the current deferred examination program has not met with success. Our understanding is that the program has only been used a few hundred times.

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While many point to the fee structure associated with current Rule 1.103(d) is a disincentive, we note that the fee associated with the rule (\$130), is a small part of the total cost of preparing, filing and prosecuting a patent application. We do not think that the fee is the disincentive here. Rather, we believe that the issue for many applicants is that the delay that is attained is not worth the cost, particularly when the backlog at the PTO often ensures a much longer delay. For example, hundreds of Intel's patent applications are not examined until five years after the filing date. In essence, Intel would not need deferred examination. Unfortunately, the system already provides deferred examination.

One approach would be to permit a longer delay than the current practice permitted under Rule 1.103(d). However, there are several drawbacks to this approach. First, with a twenty year limit on the life of a patent, a longer delay than those currently common in prosecution will erode much of the patent term, thereby providing questionable utility. Second, deferred examination that results in patents not issuing until perhaps ten years after filing could result in substantial claw back from the public domain when those deferred applications issue. Businesses will be surprised with patents suddenly issuing to preclude successful products. Third for the reasons sets forth below, the experiences in foreign jurisdiction that are often cited as showing the benefits of deferring examination – higher abandonment rates of patent applications – may not prove out in the United States.

Deferred Examination Leads to Higher Abandonment Rates in Other Countries Due to Inventor Compensation Statutes

As a company with a global presence, we have also tried to determine why deferred examination has led to an abandonment of applications in many countries while the program has had little success in the United States. We actually believe that the reason that deferred examination has had little success in the United States is due to the inventor compensation schemes that exist in many countries such as Japan, Germany and Korea.

In essence, under the regimes in these countries, if the company fails to patent the invention, the inventor has the right to file on his or her own behalf. Having inventors file on their own behalf is generally viewed as undesirable. As a result, the companies file disproportionately more applications in their home jurisdictions than normal prudence would otherwise suggest. Since they are filing these in part to pre-empt the inventor's rights and to avoid having additional inventor compensation

issues, we believe that this contributes to an inclination to avoid paying the examination fee and then to abandon the patent application.

However, outside their home jurisdictions, these companies have a tendency to file a fraction of the patents that they file in their home jurisdictions. Having filed in the home jurisdiction, they have little or no concern that the inventor has the right or will file the application overseas. Apparently, as a result, they do not appear to abandon nearly as high a percentage of the patent applications that they file outside their home jurisdictions as they file in their home jurisdictions.

Of course, the US does not have such inventor compensation statutes. Those foreign companies that file and abandon so heavily in their home jurisdictions exhibit radically different behavior in the US. They file less and abandon much less. Hence, we believe that this helps explain the disparate experience of deferred examination in other countries. It means that the practice in these other countries is not likely to be a good indicator for practice before the USPTO.

Protection of the Public Domain and Intervening Rights

Further policy and legal considerations dictate that the Office establish adequate procedures to ensure that any Office sanctioned delay in prosecution does not harm the public. Delaying prosecution for any extensive period permits patentees to see where the market goes and then attempt to patent where others have pioneered. This dictates two requirements.

First, any delayed prosecution should not be secret so the public can be advised of the presence of the application and the possibility that at a later date the public domain may be curtailed. For generations the public suffered from so-called submarine patents where patentees could delay issuance of a secret patent application and then surprise the industry with a belatedly issued patent. The public has a right to know whether the public domain is going to be curtailed. As Judge Moore has noted, “[t]here is no social benefit whatever to submarine patents.”¹ Hence, deferral of examination should be conditioned upon the publication of the application and its claims. This is consistent with current practice under section Rule 1.103(d).

¹ K. Moore & M. Lemlely, *Ending Abuse of Patent Continuations*, 19 http://papers.ssrn.com/sol3/papers.cfm?abstract_id=462404# (2003).

Second, the Office needs to be mindful of both Federal Circuit and Supreme Court precedent regarding intentional delaying of prosecution. Office policy should not be in contravention of these precedents. These cases make clear that intentionally delaying issuance of a patent should not deprive the public of what has become the public domain. This policy is currently embodied in the doctrine of prosecution laches. Allowing deferred examination to intentionally delay a patent is impermissible if the public is harmed. Any such delay is required to result in a forfeiture of the unwarranted patent protection that harms the public. See Woodbridge v. United States, 263 U.S. 50 (1923); Webster Electric Co. v. Splitdorf Electrical Co., 264 U.S. 463 (1924).

We believe that the PTO can only sanction intentional delay in prosecution by adopting the rules against broadening reexaminations and certain reissues to applications that undergo deferred examination. In particular, the case law requires that if there is any device no matter how hypothetical and impractical that would infringe such reissue or reexamination claims that would not infringe the original claims, such claims are invalid. Medtronic, Inc. v. Guidant Corp., 465 F.3d 1360, 1374 (Fed. Cir. 2006). And in fact, the historical antecedents for the rule now embodied in 35 USC § 251 come from the same risks policy goals outlined by the Supreme Court in the above cited precedents. See Wollensak v. Reiher, 115 U.S. 96, 100, 5 S. Ct. 1137, 1139, 29 L. Ed. 350 (1885). Therefore, we would suggest to meet the policies set forth in Woodbridge and Webster, any applicant for a deferred application must agree as a condition for attaining the benefit of deferred examination that the claims that ultimately issue from a deferred application or from an application that claims priority to a deferred application are in no way broader than any claim that was published. As a matter of express policy in asking for the extension, the patentee should agree that any claim that would be broader than the originally published claims in any aspect would be invalid.

Conclusion

In conclusion, while we are doubtful that deferred examination will substantially reduce the backlog at the PTO, we believe that deferred examination is permissible but only if the applicant agrees to have his or her application published and agrees that any claims that ultimately issue from such an application be no broader than the claims that are published.

Very truly yours,
/David M. Simon/
David M. Simon
Chief Patent Counsel