

**From:** Hammond, Alan  
**Sent:** Thursday, February 26, 2009 9:40 PM  
**To:** AC6/Comments  
**Cc:** Hammond, Alan  
**Subject:** Deferred Examination Comments  
**Importance:** High

Attached please find comments from Life Technologies Corporation regarding deferred examination. Thank you.

Alan Hammond  
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February 26, 2009

The Hon. John J. Doll  
Acting Under Secretary of Commerce;  
Acting Director of the USPTO

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

Via e-mail to [AC6comments@uspto.gov](mailto:AC6comments@uspto.gov)

**Re:** Request for Comments and Notice of Roundtable on Deferred Examination for Patent Applications

Dear Acting Under Secretary Doll:

Life Technologies Corporation (LTC) appreciates the opportunity to participate in the USPTO's Roundtable on Deferred Examination. This submission complements LTC's statements made at the Roundtable and further explains our strong support for deferred examination in the U.S.

### **Perspective of a global, technology-driven company**

LTC (NASDAQ: LIFE) is a global biotechnology tools company dedicated to improving the human condition. Our systems, consumables and services enable researchers to accelerate scientific exploration, driving to discoveries and developments that make life even better. The company has historical annual sales of approximately \$3.5 billion, employs 9,500 people, has a presence in more than 100 countries, and possesses a rapidly growing intellectual property estate of more than 3,600 patents and exclusive licenses.

LTC is unique among most technology-driven companies in that we have attributes of both high-tech and biotechnology companies. As such, we have carefully studied the issue of deferred examination from multiple angles, and firmly believe our position represents a solution favorable to all stakeholders. In short, deferred examination offers a practical and simple solution to some of the most pressing problems facing the USPTO and its users. Deferred examination should be adopted in the U.S.

### **Deferred examination should be adopted, else the problems will worsen**

The USPTO is facing unprecedented challenges, primarily due to a lack of sufficient resources and a large backlog of pending applications. Due to high workload and production pressure in the USPTO, the quality of examination and newly-issued patents has deteriorated. Solutions are needed quickly, as otherwise the problems will only get worse.

Most of the solutions proposed to date by the USPTO and Congress have pushed for broad ranging, dramatic changes to our present system. These solutions have not been well-received by the

patent user community, as their effectiveness is questionable and they would create still more problems and burdens for the Office and its users.

A stepwise approach would be the most effective way to move away from the status quo, and begin to solve the serious problems we now face, with deferred examination being a critical first step. Deferred examination, a practical and simple solution, will avoid the near-universal resistance encountered by the previous solution packages.

### **Widespread international use of deferred examination**

Deferred examination has long proven effective and beneficial in numerous other countries. Of the top ten U.S. foreign trading partners, only Mexico does not have a deferred examination system. Drop-out rates (abandonment or withdrawal for failure to request examination) can be expected to range from at least 10-50% based on direct and significant experience in foreign jurisdictions, where deferred examination programs are the rule rather than the exception. Further, as evidenced in Japan, it is clear that the longer the deferral periods, the higher the drop-out rates. For applications filed in Japan up to 2001, when the deferral period was seven years, drop-out rates were as high as 45-50%. For applications filed since 2001, at which time the deferral period was reduced to three years, drop-out rates have been about 33%.

As discussed below, high drop-out rates are desirable, as they lessen the workload for patent offices and free up funds and resources for applicants to allocate toward critical R&D or other projects. As the source of drop-outs, deferred examination is the win/win solution we need to implement.

### **Benefits of deferred examination**

#### USPTO workload and patent quality

We anticipate a deferred examination program in the U.S. will provide a drop-out rate of at least 20%. Many patent applications, thus, will fall out of the now-mandatory examination queue. This will decrease the number of applications that the USPTO must act upon, and will allow more commercially important cases to move up in the queue, thereby reducing pendency. In addition, more examiner time and resources will be freed up to focus on those applications elected for examination, thereby increasing the quality of examination and issued patents.

#### Efficient and flexible use of resources

Deferred examination will allow applicants more time to evaluate the feasibility of their innovations, and allow them to better synchronize patent prosecution with development and commercialization of their technologies. Furthermore, it will enable them to eliminate those claims or applications that are, over the course of the deferral period, deemed unnecessary and not worth patenting. Achieving these benefits, and maximizing their value, positively correlates with the length of the deferral period. A long deferral period (e.g., seven years) is, therefore, desirable.

A business-rational patent applicant will not pursue cases that are not expected to provide a return on investment. Under a deferred examination program, applicants will not be forced to incur the front-loaded costs of the present U.S. patent system on all of their patent applications. Time and money will be saved, and companies can put the dollars saved to work in the manner they deem most beneficial



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for their business; e.g., to move existing innovations further along the commercialization pipeline, create entirely new innovations, conduct critical market research, and the like.

On the other hand, deferred examination will continue to allow companies to use the patent system to attract investment or enhance their value as an acquisition target; due to the years-long option it gives them to elect examination and obtain patents. Investors will value the options to pursue patent protection and at the same time desire that their investment dollars be allocated to the success of the business and to obtaining commercially relevant patents.

To create and grow businesses, and reinvigorate our economy, entrepreneurs, start-ups, and mature companies must be given choices and options on how to allocate their resources. Such choices and options will naturally flow from a well-designed deferred examination system.

### **Elements required for a successful deferred examination program**

Key components for a successful deferred examination program in the U.S. include:

Eligibility: All U.S. patent applications would be eligible for deferred examination.

Opt-in: Upon filing, the USPTO would not take up a patent application for examination until a request for examination is made.

Deferral period: Applicants would be allowed a period of at least seven years, in which to request examination of their patent applications, with failure to do so resulting in abandonment or withdrawal.

Term of the patent: The term of any patent that issues after deferral would not be shortened by the deferral period.

Publication: Deferred cases would be published eighteen months after filing.

Activation rights: Optionally, a third party may be permitted to activate examination. However, there should be a cost to the third party to so activate, which should be sufficiently high to avoid having entities simply activating every case in their field as a standard practice. The latter would render a deferred examination program meaningless and deprive everyone of its benefits.

### **Case study: patent and business strategies of LTC**

The patent practice of LTC as contemplated under a U.S. patent system having deferred examination, and as presently being conducted in foreign jurisdictions having a deferred examination program, exemplifies how such a program can and will be used, its effects, and benefits.

LTC is a heavy user of the U.S. patent system. We anticipate drop-out rates for our patent applications filed in the U.S. under a deferred examination program will range from 20-25%. This is consistent with the use of deferred examination by LTC outside the U.S. Our drop-out rate in foreign jurisdictions having deferred examination is about 20%. In almost all of our cases, we utilize deferred examination wherever available, and do not generally file a request for examination until the end of the deferral period. This gives us flexibility; for example, the opportunity to wait and see how the technology at issue will perform in the marketplace, or allows us additional time, when needed, to further develop it, and appropriately align our patent strategy with our business objectives.



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The practices of LTC, thus, provide real-world examples of deferred examination in regular use to benefit patent and business strategies.

### **Conclusion**

Deferred examination has been successfully utilized outside the U.S., and it can be a success in the U.S. Both patent applicants and the USPTO will benefit—deferred examination will provide a workload management tool for the USPTO and it will facilitate the efficient use of resources by all applicants. Moreover, deferred review will achieve the long-standing goals important to the patent user community and the USPTO: decreased pendency and increased quality. A well-designed deferred examination program, implemented as one component of a set of limited, measured adjustments to the current U.S. patent system, will provide much needed practical solutions to the problems we face today.

A handwritten signature in black ink, appearing to read "Alan Hammond", written over a horizontal line.

Alan Hammond  
Chief Intellectual Property Counsel