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Commissioner for Patents
U.S. Patent and Trademark Office
United States Department of Commerce
P.O. Box 1450
Alexandria, VA 22313-1450
U.S.A.
Attention: Robert A. Clarke 3trackscomments@uspto.gov

Re: Comments on "Enhanced Examination Timing Control Initiative", 75 Fed. Reg. 31,763

Dear Commissioner Stoll:

Oblon, Spivak, McClelland, Maier & Neustadt, LLP (Oblon Spivak) is an Intellectual Property specialty firm, which last year obtained over 4,000 U.S. patents for its clients. We are the U.S. I.P. firm for many U.S. and foreign-based companies, a number of which being transnational corporations that use U.S. Patents to protect their R&D investments in the U.S. market.

Generally, we and our clients have been very satisfied with the cooperative approach taken by the new U.S.P.T.O. administration in reforming the U.S.P.T.O. as is strives to deal with difficult issues such as quality control and backlog management. For example, the U.S.P.T.O.'s statistical data on the effectiveness of interviews in obtaining notice of allowances early in the patent prosecution process has been helpful to our clients in developing more cost effective prosecution strategies. Also, our clients have been very pleased with the guidance provided by the U.S.P.T.O. in explaining how the Patent Prosecution Highway (PPH) programs are mutually beneficial to the U.S.P.T.O. and patent applicants. Likewise, our clients have been pleased with the efforts of Undersecretary Kappos in his renegotiation of the POPA agreement, which appears to have revitalized the Examining Corps by rewarding efficient prosecution.

Oblon Spivak also appreciates the objective of the U.S.P.T.O. in proposing the multi-track examination system to reduce pendency and provide options to our clients depending on their particular patenting needs. However, Oblon Spivak is particularly concerned about the discriminatory effect the proposal would have on foreign-first filing patent applicants. These

concerns are reflected in the following comments on the 33 questions posed in the subject Federal Register Notice.

Comments on Questions Posed in Federal Register Notice, 75 Fed. Reg. 31,763:

1. Should the U.S.P.T.O. proceed with any efforts to enhance applicant control of the timing of examination?

YES. Many of our clients expressed an interest in having some control over examination prioritization on a case-by-case basis. However, there is some hesitation due to concerns that examination of Track I applications would result in Track II applications being further delayed, and other concerns whether deferred examination (Track III) is damaging to the public interest.

Moreover, we are interested in how the U.S.P.T.O. would actually be able to deliver on its proposed acceleration of Track I applications, without delaying the examination of Track II applications. In particular, how will the U.S.P.T.O. compartmentalize its resources to guarantee it can meet the timing commitments for Track I applications and Track II applications? To the extent the U.S.P.T.O. adopts some form of multitrack examination, the U.S.P.T.O. should consider a phased approach so unforeseen problems are identified before the proposal is implemented in full. We are concerned that, unless fee diversion is ended, fees collected by the U.S.P.T.O. for Track I will not made available for use by the U.S.P.T.O. to pay for the additional examiners and support staff needed for Track I. Moreover, if the fees for Track I are set too low, the participation rates will challenge the U.S.P.T.O's available resources to timely examine Track II applications.

We question whether Track III is necessary or even desirable. Deferred examination casts a cloud of uncertainty over the U.S. market. Significant efforts have been made by U.S. courts, Congress and the U.S.P.T.O. to deal with "submarine patents", but Track III would endorse, to some extent, a submarine-like patent option. Furthermore, the Patent Cooperation Treaty (PCT) already provides up to 30 months of delay and so an additional delay selected at applicant's discretion may undermine the equal treatment effect of the PCT, as applicants decide whether to seek patent protection in certain countries. Under Track III, applicants could delay prosecution, thus handcuffing market participants and stifling investment in the United States by casting doubt on whether a newly introduced product would run afoul of filed, but unexamined applications that have purposefully been delayed.[1] With existing backlogs in the examination of patent applications producing a current form of *de facto* deferred examination, coupling 30

[1] See Nothhaft, H. R., et al., "The Biggest Job Creator You Never Heard Of: The Patent Office," Harvard Business Review, 05/06/10, http://blogs.hbr.org/cs/2010/05/the_biggest_job_creator_you_ne.html

month deferred examination and *de facto* deferred examination is unacceptable. Any form of deferred examination must be followed by prompt examination once examination is requested.

To the extent Track III is implemented, there should be a requirement for 18 month publication with an international style search report from the U.S.P.T.O., and the ability for a third party to request examination at any time.

Regardless of whether all or none of Tracks I, II, or III are ultimately approved, all U.S. patent applicants should be treated fairly and uniformly, regardless of whether a U.S. application makes a claim to priority under the Paris Convention.

2. Are the three tracks above the most important tracks for innovators?

Having accelerated examination for a fee, without estoppel and without discrimination based on where the patent application was first filed would be a desirable option, provided it does not further delay prosecution of other applications. Deferred examination on the other hand hurts competitors by creating longer periods of uncertainty.

3. Taking into account possible efficiency concerns associated with providing too many examination tracks, should more than three tracks be provided?

No.

4. Do you support the U.S.P.T.O. creating a single queue for examination of all applications accelerated or prioritized (e.g., any application granted special status or any prioritized application under this proposal)?

Yes, all expedited examinations should be handled the same way for simplicity and to reduce the risk of "gaming" to find a fastest queue. In particular, first actions should be available within 4 months of the grant to the petition to make the application special and prosecution should be completed with 12 months once examination has commenced.

5. Should an applicant who requested prioritized examination of an application prior to filing of a request for continued examination (RCE) be required to request prioritized examination and pay the required fee again on filing of an RCE? For this question assume that the fee for prioritized examination would need to be increased above the current RCE fee to make sure that sufficient resources are available to avoid pendency increases of the non-prioritized applications.

Yes, an applicant who requested prioritized examination of an application prior to filing an RCE should be required to renew the request for prioritized examination and pay a fee, but not necessarily the full fee, when filing an RCE. The U.S.P.T.O. should first identify the amount of the fee needed to cover actual costs for processing the RCE.

6. Should prioritized examination be available at any time during examination or appeal to the Board of Patent Appeals and Interferences (BPAI)?

Yes. The need for speed changes as circumstances change. If the subject matter of the application becomes commercially important, it may be necessary to seek speedier examination and appeals.

7. Should the number of claims permitted in a prioritized application be limited? What should the limit be?

Yes. The number of claims in a prioritized application should be limited to some extent, but before specifying a specific number, the U.S.P.T.O. should perform a cost analysis to determine the relationship between claim-count and cost. At least 6 independent claims and 40 claims total may suffice for the U.S.P.T.O. to meet its Track I timing requirements while maintaining adequate examination quality.

8. Should other requirements for use of the prioritized track be considered, such as limiting the use of extensions of time?

No. At a minimum, extensions of time should be available under 37 C.F.R. § 1.136(b).

9. Should prioritized applications be published as patent application publications shortly after the request for prioritization is granted? How often would this option be chosen?

No, it should not be the U.S.P.T.O's duty since applicants can request early publication if they wish. Moreover, since there exists a right to seek publication prior to 18 months for provisional rights purposes and to seek multi-publication, applicants should be required to make a request for early publication or multi-publication and be required to pay for such publication. Since the U.S.P.T.O. only collects the publication fee at the time of patent grant, it should not seek to publish applications earlier than necessary.

10. Should the U.S.P.T.O. provide an applicant-controlled up to 30-month queue prior to docketing for examination as an option for noncontinuing applications? How often would this option be chosen?

No. Over 100 countries have agreed via the PCT that filing a PCT application could be used to delay national stage entry up to 30 months. At least with PCT applications, search reports and written opinions are available prior to 30 months. Under the U.S.P.T.O.'s Track III proposal, less information would be available to the public.

11. Should eighteen-month patent application publication be required for any application in which the 30-month queue is requested?

Yes. 18-month patent application publication should be required. Applicants should not be permitted to opt out of publication when seeking deferred examination. However, third parties, known or anonymous, should be able to trigger examination at an earlier date by filing a request. Any third party request would serve only to place the application in Track II, not Track I.

12. Should the patent term adjustment (PTA) offset applied to applicant requested delay be limited to the delay beyond the aggregate U.S.P.T.O. pendency to a first Office action on the merits?

In general, PTA calculations should be consistent for foreign first filing applicants and US first filing applicants. PTA should be determined based on delay attributable to the U.S.P.T.O. or the applicant. "Delays" in examination in a foreign Patent Office is not a delay attributed to applicants and should not be deducted from accrued patent term adjustment.

Generally, the "PTA offset" described in the Federal Register notice is confusing and appears to be applied differently, based on the country of first filing. The U.S.P.T.O.'s PTA calculation should not be applied differently based on the origin of an invention, or the Office of first filing. Such a system would be vulnerable to "gamesmanship," like forum-shopping where companies would choose their country of first filing to have the patent terminate at a latest possible date, or be enforced at an earliest possible date in the US. The U.S.P.T.O.'s proposal may have significant unintended consequences, and this complex PTA rule is one of the more likely areas to spawn unforeseen problems. The U.S.P.T.O. should ensure that it abides by Paris Convention Article 4^{bis} (5) in providing equal patent duration regardless of whether priority is claimed.

13. Should the U.S.P.T.O. suspend prosecution of non-continuing, non-U.S.P.T.O. first-filed applications to await submission of the search report and first action on the merits by the foreign office and reply in U.S.P.T.O. format?

Absolutely not. First, under the three-track proposal, foreign first filing applicants are treated disadvantageously compared with US first-filed applicants. It is almost impossible for applicants to control the time when they receive a first office action from the foreign patent office, and so foreign first filed applicants have less freedom to control the speed of US prosecution compared with US first-filed applicants.

The discriminatory effects on foreign first filed applicants not only violates the Paris Convention and TRIPS but might trigger retaliation in foreign patent offices. Based on our clients' feedback we have reason to believe that foreign first filed applicants will substantially

increase the number of the US first filed patent applications by filing all (or almost all) their patent applications first in the US. As a consequence, the U.S.P.T.O. may have an even larger backlog than present.

Not only does the suspension of U.S. prosecution for a foreign first filed application cause delay in prosecution for most foreign companies, this places an unreasonable cost burden on Applicants by requiring them to file the three documents discussed in the subject question. U.S. first filing applicants do not have these added costs, nor the added procedural obstacles, nor the delay that would be imposed on foreign first filed applicants. This difference in how U.S. first filed applications and foreign first filed applications are handled appears to be *per se* national treatment violations of the Paris Convention and the TRIPS agreement. Even the perception of a violation could trigger foreign PTO's to create their own procedural obstacles for applications originating in another country, which would be quite harmful to many of our clients.

By imposing an obligation on the foreign first filed applicants also creates another level of confusion and uncertainty for companies who seek patent protection in different countries. For example, what is a foreign first applicant supposed to do if it chooses to abandon the foreign priority document and thus never receives a search report, action on the merits, and reply in U.S.P.T.O. format? Also, has the U.S.P.T.O. considered that U.S. applicants may have an urgent need for a U.S. patent in the short term, but no similar urgent need in its home country?

14. Should the PTA accrued during a suspension of prosecution to await the foreign action and reply be offset? If so, should that offset be linked to the period beyond average current backlogs to first Office action on the merits in the traditional queue?

The concept of "offset" and how PTA will be calculated based on actions/delays of foreign PTO's is very unclear. The U.S.P.T.O. should first clarify the relationship between PTA/offset as it relates to foreign PTO delays and then seek further public comment.

The U.S.P.T.O. should not adopt a system where PTA depends heavily on prosecution in other countries because a foreign patent office delay is uncontrollable by the U.S.P.T.O. and applicants. Patent Term is already too difficult to understand, especially with the U.S.P.T.O. taking inconsistent positions with regard to the legislation and courts (e.g., the Wyeth decision). The present proposal would just compound the complexity and confusion. The U.S.P.T.O. should ensure that it abides by Paris Convention Article 4^{bis} (5) in providing equal patent duration regardless of whether priority is claimed.

15. Should a reply to the office of first filing office action, filed in the counterpart application filed at the U.S.P.T.O. as if it were a reply to a U.S.P.T.O. Office action, be required prior to U.S.P.T.O. examination of the counterpart application?

Absolutely not (see comments to Question 13).

16. Should the requirement to delay U.S.P.T.O. examination pending the provision of a copy of the search report, first action from the office of first filing and an appropriate reply to the office of first filing office action be limited to where the office of first filing has qualified as an International Searching Authority?

Absolutely not. The U.S.P.T.O. should examine all U.S. patent applications that have been properly applied for, and paid for, without favoritism or discrimination. The applicant should not be advantaged or disadvantaged based on whether the office of first filing is an ISA.

17. Should the requirement to provide a copy of the search report, first action from the office of first filing and an appropriate reply to the office of first filing Office Action in the U.S.P.T.O. application be limited to where the U.S.P.T.O. application will be published as a patent application publication?

The question is confusing. Applicants can only opt out of 18 month publication if they do not file in a foreign country that publishes patent applications or a PCT application. Otherwise, for patent application publication not to occur, the U.S. patent would have to be granted in 18 months or less. In such case, examination in the U.S. would have been completed before there is a foreign office action.

18. Should there be a concern that many applicants that currently file first in another office would file first at the U.S.P.T.O. to avoid the delay and requirements proposed by this notice? How often would this occur?

Yes. Many of our clients have indicated that they would be forced to greatly increase the number of U.S. provisional applications, bypassing the protections of the Paris Convention, due to the additional delay and additional requirements of the proposed multi-track examination process. Several of our clients are top filers at the U.S.P.T.O. and shifts in their filing strategy could have a profound negative impact on U.S.P.T.O. backlog. Therefore, we strongly encourage the U.S.P.T.O. to reconsider its proposed Track II requirements placed on foreign-first filed applications.

19. How often do applicants abandon foreign filed applications prior to an action on the merits in the foreign filed application when the foreign filed application is relied upon for foreign priority in a U.S. application? Would applicants expect to increase that number, if the three track proposal is adopted?

Our clients rarely abandon foreign filed applications relied upon for foreign priority in a U.S. application, prior to examination in the U.S. In Japan, for example, applicants have up to 3 years to request examination. Any decision not to request examination in Japan may take place just prior to the date that examination in Japan must be requested. At least in the context of a

PCT application, the PCT provides for a search report and written opinion prior to 30 months. It is unclear how the U.S.P.T.O. proposal would offer advantages over the PCT process, without harming the underpinnings of the PCT itself.

20. Should the national stage of an international application that designated more than the United States be treated as a U.S.P.T.O. first-filed application or a non-U.S.P.T.O. first-filed application, or should it be treated as a continuing application?

Yes, even if the PCT application itself makes a foreign priority claim to an earlier filed foreign patent application, the international application should be treated as a first filed U.S. patent application.

21. Should the U.S.P.T.O. offer supplemental searches by IPGOs as an optional service?

We urge the U.S.P.T.O. to act cautiously with regard to IPGO as an optional service. Our clients have concerns regarding the quality of IPGO's, consistency amongst the IPGO's, and the legal effect of a search performed by a IPGO as it relates to a U.S. application and the presumption of validity of an issued U.S. patent.

22. Should the U.S.P.T.O. facilitate the supplemental search system by receiving the request for supplemental search and fee and transmitting the application and fee to the IPGO? Should the U.S.P.T.O. merely provide criteria for the applicant to seek supplemental searches directly from the IPGO?

(See response to question 21.)

23. Would supplemental searches be more likely to be requested in certain technologies? If so, which ones and how often?

(See response to question 21.)

24. Which IPGO should be expected to be in high demand for providing the service, and by how much? Does this depend on technology?

(See response to question 21.)

25. Is there a range of fees that would be appropriate to charge for supplemental searches?

No comment

26. What level of quality should be expected? Should the U.S.P.T.O. enter into agreements that would require quality assurances of the work performed by the

other IPGO?

(See response to question 21.)

27. Should the search be required to be conducted based on the U.S. prior art standards?

Since Applicants are seeking a U.S. patent, it would seem essential that any search performed should be based on U.S. prior art standards. Once again this raises an issue of competence of an IPGO performing a patentability search for a U.S. patent, especially since the individual searcher may not be familiar, nor know how to adequately comply with U.S. prior art standards.

28. Should the scope of the search be recorded and transmitted?

Yes.

29. What language should the search report be transmitted in?

English.

30. Should the search report be required in a short period after filing, e.g., within six months of filing?

Any search should encompass prior art applicable to the claimed invention under 102(e). This may affect the timing of the search to ensure that all applicable 102(e) prior art has been searched. Also, the U.S.P.T.O. should consider the effect of allowing a supplemental search too much before the U.S. examiner's search so there is not a long period of time in which applicants might opt to file a preliminary amendment.

31. How best should access to the application be provided to the IPGO?

Electronic Dossier access system.

32. How should any inequitable conduct issues be minimized in providing this service?

Prior art and search reports from the supplemental search should satisfy the applicant's duty of disclosure and should be automatically considered by the U.S. Examiner.

OBLON SPIVAK

33. Should the U.S.P.T.O. provide a time period for applicants to review and make any appropriate comments or amendments to their application after the supplemental search has been transmitted before preparing the first Office action on the merits?

Yes.

Very truly yours,

OBLON, SPIVAK, McCLELLAND,
MAIER & NEUSTADT, L.L.P.

Richard D. Kelly

RDK:cbf