

The USPTO's Proposed Multi-Track Examination



Format, implications, legality, and policy issues

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Outline

- Format
 - PTO Notice
- Implications for foreign filers
 - The non-action provision
- Legality and Policy considerations
 - Paris Convention, TRIPs



Enhanced Examination Timing Control (EETC) Initiative

- Background:
 - On June 4, 2010, the USPTO published (75 *Fed. Reg.* 31763 (June 4, 2010)) a Notice of Public Meeting (held July 20, 2010) and Request for Comments (due August 20, 2010)
 - Notice seeks to solicit public opinion on a new initiative being considered by the USPTO to:
 - Give more control on timing of examination to applicants;
 - Rely more on the work product of other offices; and
 - Eliminate or reduce work that applicants currently do not want the Office to perform.



EETC Initiative

- 3-Track Options
 - Track 1 – Acceleration for a fee
 - Track 2 – “Traditional examination” timing
 - Track 3 – Deferred examination
- Switching of tracks
- Supplemental search report
- Patent term adjustment
- Handling of first-filed-foreign applications



Track 1: “Prioritized” Examination

- **Track 1 is as follows:**
 - Based on a simple request and cost-recovery fee (expected to be substantial, set to recoup cost of training, implementation, and processing).
 - Application will be put into either:
 - (i) a single queue with applications from other existing acceleration programs (Notice favors), or
 - (ii) in a separate “Track 1” queue.



Track 1: “Prioritized” Examination

- **Track 1 is as follows:**
 - FOA within **4 months** (target) from the grant of prioritized status (entry into the queue).
 - Final disposition within **12 months** (target) from the grant of prioritized status (entry into the queue).
 - Period for response to OA will be reduced.
 - Additional resources from fees deployed to meet these deadlines without delaying Track 2 applications (stated objective)



Track 1: “Prioritized” Examination

- **For Track 1 USPTO is also considering:**
 - Claim limits (4 indep. / 30 total)
 - If granted statutory authority, USPTO will reduce fees for small and micro entity applicants
 - Requiring early publication, earliest of
 - 18 months from earliest filing date claimed, or
 - “shortly after” request for track 1 granted



Track 2: “Traditional” Examination

- Continuation of current examination process as default process.
- In other words, no special requirements and/or fees.
- Stated that current timing should not be delayed by other aspects of proposal, in particular, accelerated examination under Track 1.



Track 3: “Deferred” Examination

- Track 3 would provide a PCT-style deferral of examination of **up to** 30 months
- Can only be requested at time application filed or in reply to notice to file missing parts
- Not available for continuing applications
- Application requesting Track 3 “must also be published as an 18-month patent application publication”.



Track 3: “Deferred” Examination

- Must (or abandoned) request examination and pay examination fee (with a surcharge) within 30 months of:
 - Actual filing date; or
 - Relied-upon provisional application
- Fees may be paid early with a request to automatically trigger examination at a defined date (safety net to avoid abandonment)



Track 3: “Deferred” Examination

- After request for examination and fee payment:
 - Application placed in queue for examination
 - Date of request is “date in queue”
 - “Date in queue” is taken as “actual filing date” for examination order (PTA?)



Switching Tracks

- If in Track 2, may elect to enter Track 1 at any time or, possibly, Track 3 (limit for entry to: filing or in reply to NTFMP).
- If in Track 3, may elect to enter Track 1 (request and fees) or Track 2 after requesting examination.
- According to Kappos' introductory comments to the public hearing, if in Track 1 appears that you can elect to move to Track 2 (possibly Track 3?)



Supplemental Search Report

- “The USPTO is considering negotiating with one or more intellectual property granting offices (IPGOs) to provide an optional service for applicants at the USPTO to request that the USPTO obtain from one or more IPGOs a supplemental search report.”
 - Will be considered by USPTO when preparing FOA
 - USPTO will also perform additional search
 - Considering permitting applicant opportunity to review search and make appropriate amendments and/or arguments before FOA



Patent Term Adjustment

- “[T]he USPTO is considering a rule to offset any positive PTA accrued in a Track III application when applicant requests that the application be examined after the aggregate average period to issue a first Office action on the merits.”



Patent Term Adjustment

- Offset (reduction) is measured starting on the aggregate average time to issue FOA and ends on the date request for examination filed
- Similar offset proposed for foreign priority applications (more later)



Handling of first-filed-foreign applications

- U.S. first-filed applicants are permitted to request any of the 3 tracks
- Foreign-based applications only permitted in Track 1 or Track 2



Implications for Foreign Filers

- Added Cost
- Estoppel effects
- Delays in prosecution
- Extension of patent term



Implications for foreign-based applicants

“For applications filed in the USPTO that are based on a prior foreign-filed application, **no action would be taken** by the USPTO until the USPTO received, in the U.S. application: (1) A copy of the **search report**, if any; (2) a copy of the **first office action** from the foreign office where the application was originally filed; and (3) **an appropriate reply** to the foreign office action.”

Delay in prosecution

Added Translation cost

Federal Register
Vol. 75, June 4, 2010



Implications for foreign-based applicants

“Where one or more rejections were made in the foreign office action, applicant’s reply could include an amendment but would have to include arguments regarding why the claims in the USPTO-filed application were allowable over the evidence relied upon in the foreign office action.”

Estoppel effects

Federal Register
Vol. 75, June 4, 2010



Implications for foreign-based applicants

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

Added cost

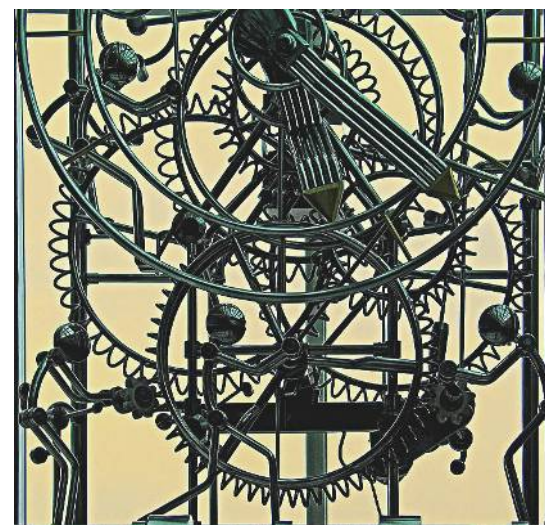
15. Should a reply to the office of first filing office action, filed in the counterpart application filed at the USPTO **as if it were a reply to a USPTO Office action**, be required prior to USPTO examination of the counterpart application?

Estoppel effects

Federal Register
Vol. 75, June 4, 2010

The view from France

- Concerns:
 - Too complex
 - Don't mess with the Paris Convention



The view from France

“... if the office of first filing has a practice of **not producing actions on the merits**, applicant would need to notify the USPTO that the application should be **treated for examination queuing purposes as if the foreign priority claim had not been made.**”

Federal Register
Vol. 75, June 4, 2010



The view from Germany

- Concerns:
 - Added cost
 - perceived discrimination against foreign applicants
 - Possible Paris Convention violations
 - Possible delays in US Examination (see next slide)

The view from Germany

German Patent Office Examination Guidelines

The request for examination may be filed by the patent applicant or by any third party until the expiration of a **period of seven years** from the filing of the application

3.4.1. First Official Communication

The first official communication - provided it concerns a first filing and **the applicant has filed the request for examination in good time** - should be issued early enough to be notified to the applicant **four months before expiry of the priority year**. This is an important service of the DPMA, which should provide assistance to the applicant in deciding whether it would be advisable to file subsequent applications abroad or at the international level.



The view from EPO (as Office of first filing)

Average pendency to FOAM at EPO: 23 months

PACE:

“For European patent applications claiming no priority (first filings), the Office **always performs an accelerated search**; no separate request is needed. In such cases, the Office ensures that as a rule applicants obtain their **extended search reports within six months** of the filing date.”



The view from Japan

- Concerns:
 - Delays in US prosecution
 - Deferred JP Examination of 3 years + Average JP FOAM of 28 Months = unacceptable delays for US examinations
 - Lack of control of foreign prosecution would result in lack of control of US application
 - perceived discrimination against foreign applicants



The view from Japan

- Ways to avoid or mitigate effects of the “no action” provision:
- Abandon JP application before JP FOAM
- First file in the U.S.
- Request early (JP-FIRST) or accelerated examination in Japan
- File PCT first



The view from Japan

“While it is believed that most applicants will continue to file applications first in their national or regional office based on business needs or costs of translation, comment is also requested on **whether the USPTO should anticipate a larger number of applications being filed at the USPTO first** rather than an applicant’s national office. Additionally, would this filing pattern change if (as proposed in various patent law reform bills) a foreign filing date could be used as a prior art date under US law?”

Federal Register
Vol. 75, June 4, 2010



The view from Japan

“In Tracks I and II, if the U.S. application claims the benefit of a prior filed foreign application, and **the relied upon foreign application is abandoned** prior to an action on the merits being made available, applicant must notify the USPTO and **request that the application be treated for examination queuing purposes as if the foreign priority claim had not been made.**”

Federal Register
Vol. 75, June 4, 2010



Patent Term Adjustment (PTA)

- USPTO Notice:
“the USPTO is considering a rule to **offset positive PTA** accrued in the application when applicant files the required documents . . . after the aggregate average period to issue a first Office action on the merits.”



Patent Term Adjustment (PTA)

- Paris Convention Article 4^{bis} (5)
“Patents obtained with the benefit of priority shall, in the various countries of the Union, have a duration equal to that which they would have, had they been applied for or granted without the benefit of priority.”



Treaty Implications

- TRIPS Article 3.1: “National Treatment”
- “Each Member shall accord to the nationals of other Members treatment no less favourable than that it accords to its own nationals with regard to the protection of intellectual property.”



National Treatment

- The Multi-Track proposal is **less favorable to applications** that claim priority.
- Applications claiming priority require:
 - (1) A copy of the search report, if any;
 - (2) a copy of the first office action from the foreign office where the application was originally filed; and
 - (3) an appropriate reply to the foreign office action.”



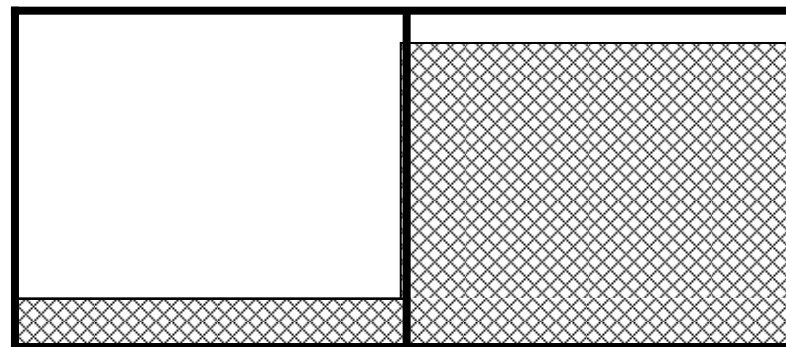
National Treatment

- There is an extremely close fit between nationality of the **applicant** and the nation the **application** is first filed.

National Applicant Foreign Applicant

National Application

Foreign Application



National Treatment Multi-Track

- A “close substitute criteria” cannot be used to avoid TRIPS obligations.
- Therefore, the Multi-Track system proposed by the USPTO is in violation of TRIPS because Nationals of other Members are accorded “less favourable” treatment.



Unanswered Questions Raised at Public Hearing July 20, 2010 (PH 7/20/10)

- The EETC Initiative as proposed raises more questions than it provides answers.



PH 7/20/10 Track 1: “Prioritized” Examination

- Track 1 concerns:
 - Is it possible without consequential delays for Track 2 applications?
 - Should be available for all applications, including Paris Priority applications.
 - Claim Limits



PH 7/20/10 Track 1: “Prioritized” Examination

- Cost-Recovery Questions
 - Magnitude of the acceleration fee may discourage use (proposal made to tie to a percentage/factor of basic fees).
 - PPH: Possible detrimental effect on U.S. applicants who want to use PPH in other offices.
 - Impact of small and micro entity discounts.



PH 7/20/10 Track 3: “Deferred” Examination

- Support lukewarm. Many legacy concerns voiced.
- Specific comments/criticisms included:
 - Mandatory 18-month publication
 - Search timing, preferably prior to publication (e.g., PCT)
 - Possibility of third party requests for examination, perhaps including the option of accelerated examination
 - A timely first office action after the deferral period ends
 - Clarification of patent term adjustment
 - Intervening rights



PH 7/20/10 Track 3: “Deferred” Examination

- Additional issues raised:
 - Will this actually lead to a backlog reduction?
 - Duplicative of or in conflict with PCT.
 - Gaming?
 - More filing of questionable applications?
 - Switching between tracks.
 - Continued uncertainty.



PH 7/20/10

Patent Term Adjustment

- In general, there was no criticism of reducing PTA for delayed examination via Track 3, but two themes emerged:
 - 1) What does “aggregate average period to issue a first Office action on the merits mean”?
 - Will they vary based on tech center? Based on art unit? Will it be recalculated daily, monthly, etc.?
 - 2) How will PTA be calculated?



PH 7/20/10

Patent Term Adjustment

- Concerns that applying PTA reduction specifically to foreign-based applications is possibly discriminatory?
- Bottom line was that more time and details are needed to determine the impact and propriety of the PTA provisions



PH 7/20/10 Provisions Affecting Foreign-based Applications

- All presenters, one exception, were very skeptical of this provision
- AIPLA indicated that they have had discussions with their sister IP associations abroad and there is strong opposition to this aspect of the initiative.
- Biggest concern is the retaliation risk from other offices, with detrimental effects on US patent owners.
- Contrary to harmonization principles.



PH 7/20/10 Provisions Affecting Foreign-based Applications

- Will this proposal lead to a reduction of workload at the USPTO?
 - Possible actual increase in USPTO workload, i.e., foreign applicants may choose to file first in the USPTO, or to file simultaneously with their home filing, in order to avoid “mandatory deferral,” and also to benefit from the availability of accelerated examination under Track 1.



PH 7/20/10

Supplemental Search Report

- In principle, very little opposition.
- Issues/concerns raised included:
 - Commitments from other offices?
 - How will it be used by USPTO?
 - Effect on legal issues (presumption of validity, IC, etc.)
 - Undesirable outsourcing by other office?
 - Reciprocal commitment by USPTO increasing workload?
 - Pricing?



Thank You

