

January 8, 2010

The Honorable David J. Kappos
Under Secretary of Commerce for Intellectual Property and
Director of the United States Patent and Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450

Comments on: "Improvement of the USPTO's efficiency,
operation and utilization of the Patent Cooperation Treaty (PCT)"
74 Federal Register 65101 (December 9, 2009)

Dear Under Secretary Kappos:

The American Intellectual Property Law Association (AIPLA) appreciates the opportunity to offer comments regarding improvement of the USPTO's efficiency, operation and utilization of the Patent Cooperation Treaty (PCT) in response to the Federal Register notice of December 9, 2009.

AIPLA is a national bar association whose more than 16,000 members are primarily lawyers in private and corporate practice, in government service, and in the academic community. AIPLA represents a wide and diverse spectrum of individuals, companies, and institutions involved directly or indirectly in the practice of patent, trademark, copyright, and unfair competition law, as well as other fields of law affecting intellectual property. Our members represent both owners and users of intellectual property.

INTRODUCTION

AIPLA considers the PCT to be a key tool in dealing with USPTO backlog, as well as the cost and complexity of filing for patent protection internationally. In this light, AIPLA is pleased to note that the USPTO has announced the intention to focus on bringing the quality of PCT processing to world-class level. AIPLA fully supports the use of the PCT, and the USPTO's intention to bring the quality of PCT processing to world-class level.

In order to further the goal of achieving world-class quality in PCT processing, AIPLA offers first general comments on ways to improve PCT processing at the USPTO, and PCT operations in general. In addition, we offer a number of specific responses to the questions presented in the USPTO notice.

IMPROVING PCT WITHIN THE USPTO

QUALITY SEARCH AND WRITTEN OPINION; AVOIDING DUPLICATION OF WORK

A key area in need of improvement in the PCT is the quality of search reports and written opinions. AIPLA believes that the goal should be to make the work undertaken in the international phase as good in quality as USPTO's own domestic search and examination. To this end, AIPLA strongly favors improving the quality of international search and international preliminary examination to equal the quality of search and examination for national applications.

In order to assure that this goal is achieved in the most efficient and effective way possible, AIPLA recommends that the USPTO strive toward utilizing its PCT work in its own domestic examinations. Implicit in this would be that entry into the U.S. national stage thereafter should not require a full further search. International Search Reports provided under the PCT by the USPTO should be used as the national stage searches, subject only to additional work to address any amended or new claims and any intervening prior art. Any cost savings should be reflected in reductions in the patent search fees charged for such national stage searches.

While, at a very minimum, the USPTO should strive for a uniform quality for PCT searches and written opinions, the expectation is that the PCT can provide the most effective vehicle for reducing duplication of work and maximizing the exploitation of completed work by PCT authorities.

PROCESSING PCT APPLICATIONS EFFICIENTLY

AIPLA supports improvements in USPTO procedures that would result in the efficient processing of PCT applications under current rules. In particular, AIPLA would prefer the processing time for a PCT application entering the national stage to be the same as for a regular U.S. non-provisional application. AIPLA members report that, although improvements have been seen recently, PCT national stage applications still take significantly longer to enter the examination stream than regular U.S. applications. In short, AIPLA supports USPTO's processing of papers for entry into the U.S. national stage as promptly as USPTO processes the filing of ordinary domestic patent applications under 35 U.S.C. §111(a).

In addition, AIPLA urges the USPTO to effectively implement 37 C.F.R. §1.496, which provides for "out of turn" examination of applications which the USPTO has treated favorably in the international stage. Currently AIPLA members report that examiners do not often bring this benefit to the attention of applicants, and that in some cases applicants must go to great lengths to have this existing rule applied by the examiner. This could be remedied, for example, by enhancing the examiner docketing system to flag such applications so that the examiner will know to take them "out of turn." It would also be useful if such flags were visible in the Private PAIR system.

AIPLA further urges the USPTO to ensure that the Unity of Invention standard as set forth in PCT Rules 13.1 and 13.2 is applied consistently by examiners in both the international stage and the national stage, as required under 37 CFR §1.499 (see also MPEP §1893.03(d)). Failure to comply with this standard imposes enormous financial burdens upon filers, both in prosecution work and government fees.

E-FILING SOFTWARE

AIPLA would favor USPTO adoption of the WIPO e-filing software to enable the acceptance of electronic submissions using the PCT file manager software. The USPTO should work to simplify the PCT-SAFE forms manager software, and should keep the integrated electronic filing system current. This would increase the consistency and uniformity of processes for e-filing of international applications, and would enable the use of e-filing submission software that is already used for submitting applications to other Receiving Offices, including the International Bureau of WIPO. Specifically, AIPLA would favor acceptance by the USPTO of both international and national patent applications where the applicant provides the patent application in XML or PDF format according to Annex F of the Patent Cooperation Treaty.

SELECTION OF ISAs

AIPLA sees the availability of as many competent International Searching Authorities (ISAs) as possible as a benefit to the system, as it would allow PCT Applicants to select the most appropriate offices to act as International Searching and Preliminary Examining Authorities (ISA/IPEA). Consequently, AIPLA supports making available as many competent International Searching Authorities and International Preliminary Examining Authorities as agree to search and examine PCT applications in the English language, provided that the availability of any particular ISA does not produce extra work for the RO/US. This may occur, for example, where an ISA refuses to process the application because of subject-matter or other restrictions that it imposes, thereby resulting in added uncompensated work for RO/US.

IMPROVING PCT INTERNATIONALLY

There are a number of areas in which the international PCT system can be improved in order to process patent applications more efficiently, reduce burdens on offices and applicants, and reduce backlogs and duplication of work.

PCT SIMPLIFICATION; AVOIDING DUPLICATION OF WORK

AIPLA favors simplification of PCT procedures, both within the USPTO and internationally, in a manner that reduces administrative costs without adverse effect on the rights of applicants or the public. Specifically, AIPLA favors the harmonization and streamlining of

formal procedures in respect of national and regional patent applications and patents to make such procedures more cost effective, consistent and simple.

Further, as the case within the USPTO, AIPLA favors procedures that would reduce duplication of work among national offices and maximize the exploitation of completed work by PCT Authorities. AIPLA would further like to see mandatory recordation of the search strategy, query or logic by the International Searching Authority (ISA) in the international application file document so that Offices into which an Applicant enters the national/regional stage may benefit from knowledge of the searching criteria employed by the ISA.

AIPLA sees the PCT Roadmap and PCT-PPH as promising tools for achieving increased efficiency of the PCT, and has gone on record as supporting these initiatives (see comments of AIPLA Executive Director Todd Dickinson at the USPTO Work Sharing Roundtable on November 18, 2009, and comments submitted to the USPTO on December 11, 2009, http://www.uspto.gov/ip/global/patents/Comments_AIPLA_Dickinson.pdf).

SUPPLEMENTAL SEARCH

Obtaining the most complete information as early as possible in the patent application process is key to efficient processing and backlog reduction. Consequently, AIPLA favors increasing the effectiveness of patent searching in the international stage. One example would be to permit U.S. applicants to obtain timely supplemental searches from other International Searching Authorities that have the capacity to search English language international applications, during Chapter I of the international stage of PCT practice.

IP5 FOUNDATION PROJECTS

Finally, AIPLA believes that the IP5 process, involving the Trilateral Offices (JPO, EPO and USPTO) plus the patent offices of Korea and China, has the potential to make significant progress in streamlining the international process, including PCT. Thus, the USPTO should work toward prompt and effective implementation of the IP5 Foundation Projects for use in the PCT system.

ANSWERS TO SPECIFIC QUESTIONS IN THE FEDERAL REGISTER NOTICE

In order to respond to the specific questions in the Federal Register notice, AIPLA drew on the expertise and experience of its leadership, as well as the members of its committees that focus on international patent procedures and USPTO practice, who have the greatest experience with the PCT system. Where indicated, the informed reactions of AIPLA members are reported below.

1. **Please identify overall changes you recommend to the PCT system.**
8. **Please identify any changes you recommend to improve the quality of the work produced under the PCT system.**
[Combined answer]

See above.

2. **Please explain why you use the PCT system, as opposed to direct foreign filing via the Paris Convention. What benefits are applicants seeking by the use of the PCT system, in addition to the longer time to decide where to enter the national stage?**

AIPLA members report that they use the PCT for a number of reasons including:

- It is a convenient way to rapidly file in the desired member states. The preparations for filing are simplified, including the opportunity to file in English and eliminate or defer translation costs, as compared with direct national filings that require a certain lead time to be sure that the translations can be completed without heroic efforts by the associate attorneys.
- It permits the deferral of fees, and provides the chance to review an international search report and optional preliminary examination report prior to entering the national phase; thus, filers have the time required to determine the chances for success of the invention.
- It allows the early identification of prior art before prosecution in many different countries.
- Applicants have the opportunity to file one single application with the local Receiving Office, sometimes close to the Paris Convention deadline, without regard to time differences throughout the world
- The U.S. Receiving Office performs the required security review prior to transmittal of the record copy of the PCT to the International Bureau.
- The PCT provides an opportunity to obtain a preliminary indication as to the patentability of *all* of the claims presented, regardless of the number of inventions. Where this option is used, it may permit the filer, in the national stage, to avoid the cost of filing divisional patent applications directed to claims that are indicated as lacking patentability.

3. **The USPTO has been contracting out the international search of international applications that designate the USPTO as the International Searching Authority, so as to help the USPTO improve the timeliness of the international search. From the applicant's viewpoint, please identify the advantages and disadvantages from this contracting out of the international search.**
4. **In addition, please explain whether applicants have concerns with the USPTO's use of contractors for the international search of PCT applications.**
[Combined answer]

AIPLA members report the following:

- Contracting out the searching is acceptable if the results are useful, but some members report that currently the search reports are so incomplete and comments so unhelpful that some users no longer use the USPTO for their ISA.
- Some filers report that the USPTO rarely utilizes the work done by ISA/US contractors. It would be desirable for the work of the ISA/US to be of sufficient quality that the USPTO could and would use it when examining U.S. national stage applications. Toward these ends one may contemplate either (a) the USPTO causing its contractors to carry out work of sufficient quality, or (b) the USPTO ceasing the contracting-out and doing the work within the Examining Corps, causing its examiners to carry out work of such quality.
- Contracting to certain offices may provide more relevant search results than in other countries where they may have different views on patentability.
- All search contractors should be held to a high standard of quality, and should return English language references where available (either native English or translated to English, including machine translation).
- Timing can be a problem. When the USPTO acts in the capacity of the International Searching Authority, it has been the experience of some that Search Reports/Written Opinions are often issued beyond the prescribed time period. In addition, when agents contact the USPTO to inquire about the status of a late international search/opinion, at times the Office cannot offer any meaningful update as to the actual status of the reports.
- The contractors should perform searches from the viewpoint of an examiner. This is more difficult to do if the searcher has never been an examiner. This was an issue when the EPO did its searching at The Hague and its examinations at Munich, where the search reports frequently did not contain art that was applied by the examiner.

- The searches would likely improve in quality if they were used in the U.S. examination of the application during the national stage, as explained above.
- Some users would like to see more transparency in the listing of the search contractor that is doing the work (i.e., backgrounds of the searchers, how much they are paid, what qualifications the firm has, etc.)

5. Please explain whether you support including PCT search and examination results in worksharing mechanisms, such as the Patent Prosecution Highway (PPH).

AIPLA strongly supports including PCT work results in work sharing mechanisms such as PPH, but, as stated above, the ISA and IPEA work should be at the same level of quality as the national search and examination. Search strategies in international search reports should be made part of the file to achieve greater transparency and apply metrics that permit a better understanding of the search results.

6. Where the international search report and written opinion of the International Searching Authority are at least partially negative, please explain whether you would expect to request international preliminary examination under Chapter II of the PCT more often in order to get PPH benefit at the national phase?

AIPLA members report the following:

- The answer to this question depends upon whether the filer considers the ISA's conclusions to be well reasoned. If the filer believes they are well reasoned, the filer would be unlikely to demand a preliminary examination under Chapter II of the PCT. In some international applications, however, the filer may be of the view that the ISA's conclusions are in error, in which case the filer can be expected to demand a preliminary examination.
- Such a demand for preliminary examination may be motivated by a desire to get PPH benefit, although it may simply be motivated by a desire to get “out of turn” examination under 37 CFR §1.496. Or such a demand may be motivated simply by a desire to improve the prospects of favorable treatment in the national and regional stage in one or more Offices.

7. Please explain whether you believe the USPTO should encourage early national stage entry when designated as an ISA or IPEA, and implement a system that combines the international and national phase.

An important advantage of PCT filing is the extended time line and deferral of fees. During the extended time period, an applicant may review the international search report and make decisions regarding national stage entry in various countries. This would be lost if the ISA

and IPEA were combined with the national stage. The applicant is always free to decide on early entry to the national stage, if it is warranted.

If the USPTO were to implement a system combining the international and national stages, then this system must not in any event delay the progress of the ISA and IPEA work. Timely completion of ISA work (well in advance of the 18-month publication) and timely completion of the IPEA work (well in advance of the 30-month date) is extremely important so that filers may attend to national and regional stage filing decisions. Further, because the issues addressed in U.S. prosecution can require different strategies than the PCT or other jurisdictions, applicant strategies may well be different for the two procedures.

Lastly, no new system is needed to obtain the benefit of a streamlined U.S. national stage entry that a favorable finding of the ISA/US or IPEA/US would provide. Section 1.496 of 37 CFR, which has been in effect since 1987, already provides for an “out of turn” examination when the U.S. national stage is entered after a favorable finding by ISA/US or IPEA/US. This “out of turn” examination permits the examiner to examine (and presumably to allow) the national stage application while it is fresh in mind after the favorable ISA or IPEA findings. As already stated, flagging these applications in the examiner docketing software would be beneficial. The result would be even further achieved by having the same examiner perform the international search and preliminary examination, and the national examination.

9. Please explain whether delaying the issuance of the International Search Report until after publication of the international application has any significant impact on your use of the PCT?

One important advantage of performing the international search after publication of the international application is that the search would reflect secret prior art, i.e., applications that were filed prior to the filing date of the application under examination but not published or granted until after that filing date.

On the other hand, the PCT as designed calls for the filer to have an opportunity to amend the claims under Article 19 in the timely publication at 18 months. For this opportunity, it is necessary that the ISA establish the ISR and WO at least three months in advance of the 18-month publication. This three-month period permits the filer to take up to two months to make decisions about Article 19 amendments, and permits the International Bureau to include any Article 19 amendment in the 18-month publication. Delaying the establishment of the ISR until after publication removes the opportunity for publication of the amendment under Article 19, unless special provision is made for a supplemental publication of the amendment. Further, the early arrival of the ISA allows the applicant time to plan the strategy for national patent applications. In addition, the presence of a search report in the PCT publication of an application is very useful to third parties.

10. Please explain whether you believe that the PCT would benefit from a third-party observation system (including submission of prior art) and/or more efficient means for applicant submitted prior art.

While third party observations are often very useful, such a procedure may complicate the PCT process. The PCT, first and foremost, is a *filing* mechanism; examinations take place in individual countries. Any prior art submission should be made consistent with U.S. practice to have a seamless system that is applicable no matter the style of application submitted. In the U.S., the IDS process should be applicable to any non-provisional application. Further, any art submitted by third parties should be considered by the examiner at both the international and national stages.

11. Please explain your primary reasons for choosing an ISA.

AIPLA members report the following:

- ISAs are often chosen on the basis of familiarity, or on the basis of special competency to handle certain areas of technology.
- Some filers take into account cost, quality of work, and timeliness of work. The selection of an ISA may impact subsequent search fees at the national stage.
- Filers may also take into account the prospect that later national stage examination in the chosen Office may benefit from the work of the ISA.

12. Please explain how the USPTO could improve its processing as a receiving Office.

AIPLA members have made the following observations:

- At an earlier time, RO/US was willing to receive character-based PCT filings (XML filings) compliant with internationally recognized standards (Annex F). More recently, RO/US has ceased accepting such filings. It would be helpful if RO/US were to resume its willingness to receive character-based PCT filings compliant with international standards, and if RO/US were to cooperate fully with other ROs and with filers in further development of such international standards.
- Automation and use of the EFS has made PCT filing very easy. The PCT SAFE software is not always intuitive, but after learning the system it is easier to use.
- Many users feel that RO/US does not always process international applications accurately and quickly. If this is due to staffing and training, these need to be addressed.

- When the USPTO is closed on a work day due to weather and other reasons the USPTO should post a notice explaining what PCT documents may be filed on the next day without penalty. For example, delayed filing of a new PCT application in the U.S. receiving office may result in loss of Paris Convention priority in a country that considers the application could have been electronically filed at the International Bureau.
- Some have noted that the RO/US exhibits some inconsistency in their review of drawings in new PCT applications, for meeting formal requirements.

13. Please explain how the USPTO could improve its processing as a designated/elected Office.

As set out above, the main areas for improvement include:

- Prompt formal review of all DO/EO filings (as promptly as the Office carries out formal review of domestic patent applications – some users have reported that it could take more than a year for these application documents to be made available in Public PAIR);
- Workflow flagging of applications which, pursuant to 37 CFR §1.496, are required to be examined “out of turn”; and
- The USPTO taking steps that will promote compliance with the PCT Unity of Invention standard. Failure to comply with this standard when examining a U.S. national stage application imposes enormous financial burdens upon filers, both in prosecution work and government fees.

Thank you again for the opportunity to comment on this important issue.

Sincerely,



Alan J. Kasper
President, AIPLA