



**AMERICAN
INNOVATORS**
— for Patent Reform —

**Leading the Fight
for Meaningful
Patent Reform**



**Alec Schibanoff, Executive Director
USPTO Three-Tracks Presentation
July 20, 2010**

About AIPR



- ❖ Non-profit trade organization promoting innovation and a stronger U.S. patent system
- ❖ Representing inventors, small businesses, universities, patent practitioners, IP professionals, licensing executives, tech transfer managers and other stakeholders with an interest in keeping America the global leader in innovation.
- ❖ U.S. manufacturing base has gone South and East – and now many service jobs are going overseas as well – so to maintain leadership in a knowledge economy, America must be the leader in innovation.

Acknowledgement of Efforts by Kappos to Improve Efficiency of the Patent Office



- ❖ We acknowledge and salute Director Kappos' efforts to update and modernize the Patent Office and improve the efficiency of the patent application examination process.
- ❖ We are pleased to see an emphasis on expediency and efficiency – and improved services to inventors.

General Comments and Observations Regarding the Three-Tracks Proposal



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- ❖ Any effort to improve the quality and expedite the examination of patent applications is welcome and desperately needed, and the proposal itself displays a refreshingly innovative attitude on the part of the Patent Office.
- ❖ If "one-size-fits-all" (to quote the proposal) application timing does not fit the needs of all inventors, perhaps a one-size-fits-all patent also no longer fits the needs of third millennium technologies.

General Comments and Observations Regarding the Three-Tracks Proposal



Track I - Expedited Examination:

- ❖ The concept of paying a premium for expedited patent examinations offends some people (based on comments left at several blogs) and clearly favors major corporations over small businesses and independent inventors (whom AIPR represents).
- ❖ However, that is the nature of free enterprise and a market economy. Other agencies – the Passport Bureau, for example – charge a premium for expedited applications.
- ❖ For a patent applicant – be it a large corporation, small business, inventor, university or other entity – that intends to bring a product or service to market that uses the patented invention, the additional cost of Prioritized Examination is one of the many costs of getting to market and may be well worth it. For the patent applicant who specifically seeks patent protection for his or her or its invention, Tracks II or III provide that.
- ❖ Just as we are not offended by airlines that offer First Class and Business Class to those who are willing to pay extra, we are not offended by the USPTO offering an expedited examination to those who willing to pay extra for it, provided that (a) the surcharge for Large Entities will be pro rata greater than for Small and Micro Entities and (b) it will not slow down examinations for the rest of us.

General Comments and Observations Regarding the Three-Tracks Proposal



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Fee for Expedited Examination:

- ❖ The proposal states that the USPTO would need enhanced authority to set reduced fees for Expedited Examinations for Small Entity and Micro Entity applicants. *AIPR strongly endorses granting the Patent Office such enhanced authority!*
- ❖ To keep it fair, the surcharge should not be an absolute number, but a percentage increase based on respective filing fees then in effect. Because this proposal does favor large companies to the disadvantage of small companies and independent inventors, we advocate that the percentage increase should be less for Small and Micro Entities than for Large Entities.

General Comments and Observations Regarding the Three-Tracks Proposal



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Ex Parte and Inter Partes Examinations:

- ❖ Expedited examination should especially be available for *ex parte* and *inter partes* reexamination proceedings, particularly the *ex parte* reexamination proceedings that have been used by infringers to effectively assassinate patents by keeping them forever in reexamination.
- ❖ The current law, even the proposed Patent Reform Act of 2010 – *which AIPR opposes* – has no restrictions on the number of *ex parte* reexamination proceedings that could be brought or any estoppels that should be created as a result.
- ❖ Consequently, an infringer can forever keep a patent in reexamination by filing anonymous *ex parte* reexamination petitions. Enabling the patent owner to have a patent reexamined expeditiously helps a patent owner clear the cloud over the patent and bring infringers to justice.

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Track II - Reuse of Foreign Search and Examination Work:

- ❖ Expanding the current "prosecution highway program" to shorten patent examinations by relying on the search report, the first office action from the foreign patent office, and the reply to the foreign office action, will clearly eliminate duplication.
- ❖ Once again, however, this procedure will put small entities at a relative disadvantage, because large companies file international patent applications much more often than independent inventors and small companies, who will not be able to avail themselves of the Prosecution Highway to the same extent as large corporations.
- ❖ Therefore, to be fair, this proposal should be coupled with other avenues that may help expedite patent examination for Small and Micro Entities who rarely file abroad. This speaks further in favor of reducing fees for Track I Expedited Examination for Small and Micro Entities.

General Comments and Observations Regarding the Three-Tracks Proposal



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Track III - Applicant-Controlled 30-month Queue:

- ❖ *AIPR also supports this proposal* as it will free up scarce resources to expedite patent examination for those who want it fast.

General Comments and Observations Regarding the Three-Tracks Proposal



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Publication of the Patent

- ❖ A patent is a quid-pro-quo for invention disclosure. So long as the patent application is published 18 months after filing, society benefits from the invention disclosure.
- ❖ If the applicant wishes to delay examination, thereby freeing up examiners to examine other applications, how could anybody object to that?!

Responses to Specific Issues Raised in the Three-Tracks Proposal



Should USPTO proceed with efforts to enhance applicant control of the timing of examination?

- ❖ *Absolutely!* For companies that have new products to bring to market, expedited processing of patent applications will make those companies more competitive. While the long-term objective should be shortening the patent application process for ALL applications, this initiative is an appropriate first step.
- ❖ On the other hand, for those inventors who are still experimenting with their inventions and wish to delay the examination, there is no reason not to do that, particularly as it benefits everyone else in the application queue.

Responses to Specific Issues Raised in the Three-Tracks Proposal



Would Three Tracks be beneficial to innovators?

- ❖ Adding new tracks to the examination process is certainly a step in the right direction. In fact, it's three steps in the right direction! Multi-tier patent examination will significantly improve the quality and expedience of patent examination and will benefit all inventors and assignees, large and small.
- ❖ However, what is also needed beyond different tracks for the patent examination process is a multi-tier patent system.

Responses to Specific Issues Raised in the Three-Tracks Proposal



Should more than three tracks be provided?

- ❖ As a starting point to improve – and, ultimately, shorten – the examination process, three tracks appears to be attainable and implementable. Once this multi-tier examination procedure is in place, we can examine its benefits and shortcomings and consider future improvement.
- ❖ Furthermore, beyond multi-tier examination, a multi-tier patent system needs to be discussed.

Responses to Specific Issues Raised in the Three-Tracks Proposal



Should priority be given to specific patent applications, such as green technologies?

- ❖ *AIPR believes they should not.* For example, should patent applications for green technologies be given priority over patents for new drugs and cures to dangerous diseases? Which specific diseases should be given a priority? What about anti-terrorist technologies?
- ❖ This may quickly erode into a political rather than substantive debate, and we may be well-advised to stay clear of it.

Responses to Specific Issues Raised in the Three-Tracks Proposal



Should prioritized examination be available at any time during examination or appeal?

- ❖ *AIPR believes it should.* If one of the primary reasons for creating Expedited Examination is to assist patent applicants, who have products or services they wish to quickly bring to market, then the entire examination process in all its stages – from initial examination, to Appeal to the Board of Appeals and Interferences, to reexamination and reissues – should have an Expedited Examination option.

Responses to Specific Issues Raised in the Three-Tracks Proposal



Should claims under the Track I Expedited Examination be limited?

- ❖ *AIPR believes not.* Applicants currently pay a premium for additional claims beyond three independent claims. Therefore, applicants who request expedited examination, and also want (and need) additional claims, should be able to pay for the additional claims as they can now, and also pay an increased fee to cover the cost of examining those additional claims on an expedited basis.

Responses to Specific Issues Raised in the Three-Tracks Proposal



**What limitations should be placed on
Expedited Examination patent
applications?**

❖ None

Responses to Specific Issues Raised in the Three-Tracks Proposal



Should the USPTO suspend prosecution of non-continuing, non-USPTO first-filed applications to await submission of the search report and first action on merits by the foreign patent office?

- ❖ If an applicant files an application in the U.S. (regardless where this application originated) and paid application fees, the applicant is entitled to as efficient an examination as anyone else.
- ❖ We should not discriminate against foreign filers or they could retaliate by doing the same to U.S. applicants.

Responses to Specific Issues Raised in the Three-Tracks Proposal



What level of quality should be expected? Should the USPTO enter into agreements that would require quality assurances of the work performed by international patent granting offices?

- ❖ It would be hypocritical of us to require a higher quality of examination than we have in our own country, which has much room for improvement. It seems to be the consensus of patent practitioners in the U.S. that the quality of examination in the European Patent Office today is higher than that of the USPTO. So long as the IPGO is acceptable to the EPO, it should be acceptable to the USPTO.

Responses to Specific Issues Raised in the Three-Tracks Proposal



What language should the search report be transmitted in?

- ❖ It should be transmitted in the language in which it was originally produced, and the applicant should be responsible for providing a valid, third-party certified English translation.

Alternate Concept for Shortening – and Improving – the Examination Process



A One-Size-Fits-All patent?

- ❖ Just as the Three-Tracks proposal is based on the conclusion that "one-size-fits-all" patent examination does not meet the needs of all patent applicants, *AIPR believes that a "one-size-fits-all" patent does not meet the needs of all inventors nor all inventions!*
- ❖ We advocate a multi-tier patent system with three classes of patents – junior, senior and regular (as we know it today). Such systems exist in many European countries, Australia and other places, and it has proved to be very efficient.
- ❖ First proposed in an OpEd in the May 25 Washington Times.

Alternate Concept for Shortening – and Improving – the Examination Process



New classes of patents would reduce the examination backlog.

- ❖ A "junior" patent, for example – that is a minor improvement over a prior art – would only need to be examined for novelty and not for obviousness. This would reduce the workload of patent examiners and shorten examination time.
- ❖ Such patents would receive a shorter term – say five years from the date of issue – and not have any exclusionary rights, only the right to collect reasonable royalty.

Alternate Concept for Shortening – and Improving – the Examination Process



Other countries offer "junior" patents.

- ❖ Germany offers a "Gerbrauch" patent. Australia offers a "petty" patent. In some European and Far East countries, these are called "industrial models." They allow inventors to protect improvements on their products and free up patent office personnel to focus on other patent applications. Examination of such patents for novelty may become automated over time.

Alternate Concept for Shortening – and Improving – the Examination Process



Senior patents for significant breakthrough inventions.

- ❖ These would be subject to more rigorous examination and peer review. Senior patent might also include automatic exclusionary rights (such as we thought all patents had before the Supreme Court decision in eBay) and the longest term.

Alternate Concept for Shortening – and Improving – the Examination Process



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Three classes of patents ... and their relative benefits

❖ Junior patent

- Minor improvement over existing patent (no non-obviousness issue), so shorter examination period.
- Lower filing fee may encourage many small entities, particularly independent inventors, to opt for a junior patent further decreasing the backlog at the PTO.

❖ Standard patent

- Similar to current U.S. Patent with reduced examination period thanks to reduced workload for junior patents.
- Could still offer Expedited Examination for a fee.

❖ Senior patent

- Limited to major breakthrough inventions, possibly longer examination period, but only for the small number of applications that are for senior patents.
- Could also offer Expedited Examination for a fee.

Summary



- ❖ Three-Tracks is a step in the right direction. Patent examination needs to be shortened and the application backlog needs to be reduced. America’s global competitiveness depends on it!
- ❖ A “one-size-fits-all” patent examination process clearly does not meet the needs of all inventors.
- ❖ Expedited Examination is a good idea, but it must be priced to make it fair and affordable for Small and Micro Entities. And USPTO needs enhanced authority to do that.
- ❖ Just as “one-size-fits-all” patent examination does not meet the needs of today’s complex innovation-to-invention-to-patent-to-market continuum, does a “one-size-fits-all” patent meet the needs of the complex technologies of a “Future Shock” 21st Century?



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Contact AIPR at:

244 Fifth Avenue, Suite A253
New York, NY 10001-7604

Tel: (212) 726-1114

Fax: (212) 726-3114

Email: info@aminn.org

url: www.aminn.org

Alec Schibanoff
Executive Director

