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August 2, 2010

The Honorable David J. Kappos  
Under Secretary of Commerce for Intellectual Property  
and Director of the United States Patent and Trademark Office (USPTO)  
Via Email: [strategicplan@uspto.gov](mailto:strategicplan@uspto.gov)

## RE: IPO Comments on USPTO draft Strategic Plan for FY 2010-2015

Dear Under Secretary Kappos:

Intellectual Property Owners Association (IPO) submits the following comments pursuant to the Office's request for comments on the USPTO draft Strategic Plan for FY 2010-2015. We appreciate the opportunity to comment.

IPO is a trade association representing companies and individuals in all industries and fields of technology who own or are interested in intellectual property rights. IPO's membership includes more than 200 companies and more than 11,000 individuals who are involved in the association through their companies or as IPO law firm or individual members. Our members file about 30 percent of the patent applications filed in the USPTO by U.S. nationals.

### INTRODUCTION

- IPO supports the efforts to improve patent and trademark operations
- IPO recognizes that the USPTO is facing numerous challenges
- IPO supports the three strategic goals (optimize patent quality and timeliness, optimize trademark quality and maintain timeliness, provide domestic and global leadership to improve IP policy, protection and enforcement worldwide), and the management goal (achieve organization excellence); here IPO confines its comments to Strategic Goal I
- IPO supports the strategic objectives/priorities
- IPO notes the assumptions about external factors including patent reform legislation and funding and generally supports patent reform provisions and an adequate level of funding, but does not support fee-setting authority for the USPTO

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- IPO believes the plan lacks details on some initiatives and believes some initiatives could reduce the effectiveness of the patent system

### STRATEGIC GOAL I:

#### *OPTIMIZE PATENT QUALITY AND TIMELINESS*

- IPO welcomes consideration of options that move away from the traditional “one-size-fits-all” examination queue to accelerate certain applications, but has concerns about the proposed Enhanced Examination Timing Control Initiative, and may be submitting written comments on that proposal to supplement the oral comments made at the public meeting at the PTO on July 20, 2010.
- IPO agrees that the quality of application review is important. IPO cautions, however, that a focus on “well-defined” claims could lead to an unjustified focus on *narrow* claims.
- IPO agrees that increasing the examination capacity of the USPTO is critical.
  - IPO agrees that the USPTO needs to improve its examiner hiring and retention practices
  - IPO agrees that better IT tools and processes could improve examination efficiencies
  - IPO agrees that the current examiner production system may undermine goals of efficiency and compact prosecution, and agrees that it should be overhauled
  - IPO supports “international worksharing” in principle, but has concerns that certain approaches to worksharing could have unintended consequences for other goals
    - As outlined in the proposed Enhanced Examination Timing Control Initiative, international worksharing could delay examination of foreign-based applications for several years. This might discourage U.S. patent filings or encourage applicants to file more U.S. applications instead of foreign-based applications
- IPO agrees that determining the appropriate measures of patent quality and the related performance targets are important.
- IPO appreciates the USPTO’s transparency efforts and publication of data relating to patent pendency and quality.

*Objective 1:*

*Re-Engineer Patent Process to Increase Efficiencies and Strengthen Effectiveness*

**RE-ENGINEER PATENT EXAMINER PRODUCTION (COUNT) SYSTEM**

- IPO would be interested in data showing the effects of the recent changes to the count system on application pendency and quality. For example, the USPTO has confirmed that RCE filings have remained constant.
- IPO would be interested in knowing whether the USPTO is considering any additional changes to the count system.

**Prioritize Incoming Work**

Green Technology acceleration: While IPO supports acceleration of “green” technology patent applications in principle, in practice this program presents some challenges, including the task of accurately and fairly determining which applications should fall within the ambit of the program. If the USPTO grants priority in certain fields, then we believe the U.S. should first ensure by treaty or otherwise, that foreign countries will not use such classification to dilute the rights of patent holders.

Project Exchange: This initiative only applies to a limited window of applications, and thus is not a long-term solution unless it is extended periodically. IPO suggests that the USPTO consider other options to encourage applicants to abandon unexamined applications, such as offering a refund of search and examination fees if an application already on file is abandoned prior to the first office action.

Customized Examination Tracks: IPO welcomes consideration of creative options to improve application processing, but has concerns about the proposed Enhanced Examination Timing Control Initiative, expressed by IPO President Doug Norman’s comments to the USPTO during the public meeting on July 20, 2010. In particular, IPO opposes deferred examination as well as the mandatory delay of examination of foreign-based applications. Deferred examination causes uncertainty for competitors of patent applicants and can deter competitors from investing in new products and services that will create new jobs in the U.S.

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Applicants should not be able to control the timing of their applications to disadvantage competitors.

### **IMPROVE THE PATENT EXAMINATION PROCESS**

- IPO agrees that streamlining the examination process would be useful, and agrees that an examiner's earlier identification of allowable subject matter might be helpful in this regard.
- IPO agrees that reducing the time in publication would be helpful, and would encourage the USPTO to also look at whether initial application processing times can be shortened. IPO supports legislation to publish all applications after 18 months.

### **INSTITUTIONALIZE COMPACT PROSECUTION OF APPLICATIONS**

- IPO agrees with the goals of compact prosecution, and with the specific initiatives proposed to advance this goal, particularly the use of quality review to identify needs for additional training and supervision.

### **RE-ENGINEER THE CLASSIFICATION SYSTEM**

- IPO agrees that the classification system should be revisited to determine whether changes could yield efficiencies. IPO has not studied the advantages of the International Classification System, but suggests that the USPTO consider adopting the International Classification System, particularly if its adoption would facilitate international worksharing programs.
- Whether or not a formal worksharing program is followed, the USPTO should encourage examiners to consider the prior art cited by other patent offices, such as may be provided by the applicant in an Information Disclosure Statement, or obtained by the examiner by a review of foreign patent office websites.

### **RE-ENGINEER THE MPEP**

- IPO agrees that the Manual of Patent Examining Procedure should be updated promptly, and should include more guidance on when claims should be rejected, when claims need not be rejected, and when a rejection should be withdrawn.

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- IPO is interested in learning more the proposed collaborative updating process, and would want to ensure that safeguards are in place so that the MPEP would be consistent with governing law.
- IPO agrees that the MPEP should include links to related USPTO on-line examiner education materials, and also should include links to all precedential Board decisions and all precedential Federal Circuit decisions.

### **RE-ENGINEER THE PATENT EXAMINATION PROCESS**

- IPO agrees that the entire patent examination process should be reviewed to determine where process and IT improvements might lead to better efficiencies.
- While IPO generally agrees with the use of automation, applications should not be automatically rejected on formal grounds without a clerk or examiner confirming that a rejection is appropriate.

#### ***Objective 2:***

##### ***Increase Patent Application Examination Capacity***

- IPO agrees that the USPTO needs to increase patent application examination capacity in order to address the growing application backlog and growing average application pendency. IPO favors prompt, high quality examination of all applications, which probably can be achieved only by increasing examination capacity.

### **DEVELOP AND IMPLEMENT A HIRING MODEL THAT INCLUDES EXPERIENCED IP PROFESSIONALS**

- IPO agrees with the hiring model that includes recruiting experienced IP professionals.

### **DEVELOP AND IMPLEMENT A NATIONWIDE WORKFORCE**

- IPO has not studied plans for establishing branch offices, but it appears that use of branch offices might help answer concerns that

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IPO members have raised about teleworking – lack of availability of examiners for interviews, and inadequate examiner supervision.

- IPO has concerns about the plan to develop a nationwide workforce if this will be accomplished by a greatly expanded teleworking program. In particular, IPO has concerns about:
  - Training, supervising and mentoring examiners if supervisors and/or junior examiners are at different worksites
  - Accommodating examiner interviews if examiners do not have a regular office hours or are located outside the Washington, DC area
  - Barriers to collaboration among working-level examiners in the examination of individual applications, which some experts in the U.S. and in foreign patent offices believe is a key to high quality examination

### **MANAGE AND CONTROL ATTRITION BY DEVELOPING MENTORING, BEST PRACTICES AND RETENTION STRATEGIES**

- IPO agrees that the USPTO needs to improve its recruitment and retention of highly skilled examiners, and agrees that mining exit interviews is a good source of information.

### **OUTSOURCE PATENT COOPERATION TREATY SEARCHING**

- IPO is concerned that the USPTO strategy of outsourcing PCT searches may be less efficient than assigning a PCT application and the national stage application to the same examiner.

### ***Objective 3:***

#### ***Improve Patent Pendency and Quality by Increasing International Cooperation and Worksharing***

- As outlined in the proposed Enhanced Examination Timing Control Initiative, international worksharing could delay examination of foreign-based applications for several years. This might discourage U.S. patent filings or encourage applicants to file more U.S. applications instead of foreign-based applications.
- The efficiencies to be gained by worksharing are limited by differences in laws, rules, guidelines and practices.

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- IPO understands that the USPTO's positive experience with worksharing is based primarily on experience with the PPH with Japan. It is not clear that worksharing with other offices would necessarily result in similar efficiencies.
- For many applications, the U.S. examiner already has access to a foreign search report, such as issued in a PCT application or by a foreign patent office. IPO would be interested to know the percentage of applications in which a Search Report already is available to the U.S. examiner when the application is taken up for review, how often (on a percentage basis) the U.S. examiner cites the same prior art, and how often the U.S. examiner searches for and cites new prior art if rejections based on the same prior art are overcome (e.g., leading to serial non-final office actions).

### **MAKE MORE EFFECTIVE USE OF PATENT PROSECUTION HIGHWAY (PPH) AND PATENT COOPERATION TREATY (PCT)**

- IPO agrees that the current rules governing use of the PPH are overly restrictive and hamper the goals of worksharing. For example, many PPH programs exclude applications with a priority claim to a different country, such that the "OFF" must be the priority patent office, even if a different patent office happens to examine (and allow) the claims first.
- IPO agrees that knowledge of the PPH should be increased, both within the USPTO and among applicants.
- The USPTO hopes to double the number of PPH applications filed annually in 2010, 2011 and 2012. IPO would be interested to know the projected impact on other applications, such as how much further their examination would be delayed to accommodate the prioritized examination of additional PPH applications.
- IPO notes the goal of improving the PCT process to improve quality and facilitate reuse. If the PCT process were handled by U.S. examiners, it should be of the same quality as U.S. examination and should be readily reusable.

### **STRATEGIC HANDLING OF APPLICATIONS FOR RAPID EXAMINATION (SHARE)**

- IPO will be interested to see the initial results of the pilot SHARE program with Korea.

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- IPO would like more information on the proposed FLASH program with EPO and JPO.

### **WORK WITH PATENT TRI-LATERAL AND IP5 TO DETERMINE AND IMPLEMENT WAYS TO CREATE EFFICIENCIES AND REDUCE REWORK, AND IMPROVE QUALITY ACROSS OFFICES.**

- IPO continues to support the efforts of the trilateral offices and IP5 to improve efficiency and quality, and to work toward a more harmonized patent system.

#### *Objective 4:*

##### *Measure and Improve Patent Quality*

- IPO supports development of effective, meaningful metrics for measuring patent quality. IPO believes that improved patent quality can be achieved in a fully-funded USPTO that can hire, train, and retain a corps of skilled, committed examiners, with access to an overhauled IT system. Worksharing and rules reforms can also play an important role in improving patent quality.

#### *Objective 5:*

##### *Improve Appeal and Post-Grant Processes*

### **DEVELOP AND IMPLEMENT PROCESS EFFICIENCY RECOMMENDATIONS**

- IPO agrees that BPAI workflow should be streamlined. While the USPTO plans to focus on “the entire process from notice of docketing to mailing of final decision,” IPO would urge the USPTO to also consider the process from the filing of a Notice of Appeal stage, and also from the filing of the later of an Examiner’s Answer or Reply Brief and/or Request for Oral Hearing.
- IPO agrees that BPAI capacity should be increased through additional hires.

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### **STREAMLINING THE APPEALS PROCESS AND REDUCING APPEAL PENDENCY**

- IPO welcomes the new appeal brief review procedures, under which the BPAI has the sole responsibility for determining whether appeal briefs comply with the formality requirements.

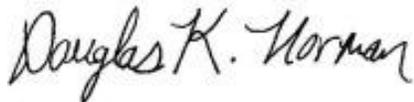
### **REVISE RULES GOVERNING PRACTICE BEFORE THE BPAI**

- IPO urges the USPTO to consider other ways to reduce the BPAI backlog.
  - Making more Board decisions precedential would provide more guidance to both examiners and applicants and might eliminate the need for appeals in cases that present similar issues.
  - Reviewing Board reversals to identify areas where additional training and supervision is required might eliminate the need for appeals in cases that present similar issues.

### **CONCLUSION**

IPO applauds the USPTO's efforts to develop long-range planning objectives to improve the patent examination system, and appreciates the opportunity to comment on the USPTO's draft Strategic Plan for FY 2010-2015. While IPO has significant concerns about some aspects of the Plan, as discussed above, IPO looks forward to working with USPTO to support the continued enhancement and vitality of the patent system.

Sincerely,



Douglas K. Norman  
President