



January 8, 2010

Honorable David J. Kappos
Under Secretary of Commerce for Intellectual Property and
Director of the US Patent and Trademark Office

C/O Office of Intellectual Property Policy and Enforcement

Via email to Karin.Ferriter@uspto.gov

Re: Request for Comments for the PCT Task Force

Dear Mr. Kappos,

Intellectual Property Owners (IPO) is pleased to participate in the public meeting soliciting opinions on improving the USPTO's efficiency, operation, and utilization of the PCT. We are enclosing our written comments in response to the questions posed in the December 9, 2009 Federal Register notice. In addition, Lawrence T. Welch, of Eli Lilly and Company, who is Chair of the IPO Patent Practice (International) Committee, would like to attend the public hearing on January 13, 2010, and make the attached brief powerpoint presentation.

IPO believes now is an ideal time to look at reforming the use of the PCT to meet the needs of the IP community (including applicants and patent offices) as well as the general public at this critical time. Patent applicants and patent offices are faced with a shortage of resources and a large backlog of applications. The PCT Roadmap provides a means to ease the backlog in the offices, make better use of precious resources, and provide more certainty to applicants and the public.

IPO is a trade association representing owners of patents, trademarks, copyrights, and trade secrets from various industries. IPO members file about 30 percent of the patent applications that are filed in the U.S. Patent and Trademark Office by U.S. nationals. Our members also file many thousands of patent applications globally each year under a patchwork of foreign laws, a process that is enormously burdensome and expensive because of complex and disparate rules for obtaining patent rights. Moreover, as manufacturers, many of our members must try to assess the scope of patent rights granted to others throughout the world. Patent rights issued from the USPTO and other national offices on the same application often differ and create uncertainty in terms of validity or scope. This makes it difficult to decide whether owners should invest in new products and processes when such uncertainties may result in unnecessary litigation.

In light of these factors, our members are striving to obtain consistent, quality patents on a global basis at a reasonable cost. An invigorated PCT system, which provides better quality searches, more consistently, in a standardized way, with the possibility of dialog

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with the examiner, and, ultimately, an option for a collaborative search in a virtual world from three searching authorities, would go a long way in the right direction.

We look forward to hearing from you as to the details of our participation.

Sincerely,

A handwritten signature in black ink that reads "Douglas K. Norman". The signature is written in a cursive style with a large, prominent 'D' and 'N'.

Douglas K. Norman,
President
Intellectual Property Owners

Enclosures (2)

Response of the Intellectual Property Owners to USPTO Questions on PCT System

1. Please identify overall changes you recommend to the PCT system.

IPO is supportive of the principles and goals of the PCT Roadmap, i.e., making the PCT function more like it was originally intended, providing a quality search and preliminary examination which is respected and used in later national processing.

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?

While IPO members may have a variety of reasons for choosing the PCT over direct national filings, the principal motivation is to provide time for informed decision making before spending significant resources on national prosecution. Some may want only the delay time to evaluate the technical prospects for the invention, but many applicants want to receive at least some preliminary assessment of the patent prospects to better inform their clients or management regarding the value of the invention.

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.

Generally speaking, from an applicant's perspective, the key is not so much who does the work, but the quality of the work and the respect it will receive in later processing. So, if the contractor can provide the same quality of searching as a USPTO employee, most applicants would probably not object. This assumes, of course, that confidentiality can be assured. We understand that a recent Japan Patent Office study suggested that PCT searches performed by the USPTO acting as search authority were approximately the same quality as those done by USPTO examiners acting in the national phase.

Presumably, the use of contractors is in part due to the need to comply with the need to meet PCT deadlines. Clearly, compliance with timelines in the PCT is important, so that applicants can make informed decisions regarding the expenditure of very significant resources for national phase entry. Thus, if the use of contractors can help achieve that goal, this would be an advantage for applicants.

4. In addition, please explain whether applicants have concerns with the USPTO's use of contractors for the international search of PCT applications.

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As noted in response to the previous question, IPO believes that many applicants would have concerns about the quality of the work, and the ability to maintain appropriate confidentiality. Thus, IPO would want some assurance that any contractor usage policy would include appropriate measures to address these concerns. First and foremost, of course, this would mean that any contractor which is used should have a high level of technical competence, experience, and business integrity.

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

IPO is strongly in favor of providing options for applicants to obtain quality, cost-effective, patent prosecution on a consistent global basis. Thus, some IPO members have enthusiastically embraced the various patent prosecution highways as one means to achieve that goal. However, this has not been a practical tool for all applicants, particularly those wanting to take advantage of the broad range of countries and options availability under the PCT. The various Patent Prosecution Highways (PPH) have helped to provide a partial solution for some users in certain technologies. However, timing is an issue. First, one needs to get the case in the office of first filing examined in a timely fashion, so that an allowed case can be used to get expedited examination in the office of second filing. Further, one needs to do this while not impacting patent term strategies which take advantage of the priority year. Currently, the PPH does not fit into the global patent filing strategy for those entities seeking to file broadly (30-40 jurisdictions or more) and who wish to take advantage of the Paris convention year to maximize patent terms. Such a filing strategy is usually adopted by applicants protecting technologies with a longer life cycle, and those for which commercialization may occur 10 years or more after initial patent application filing (e.g., biotech, agricultural, or pharmaceutical inventions). Generally, such applicants will file an initial provisional patent application, followed by a PCT application at the end of the Paris Convention year, in order to maximize the global patent term, as well as retaining the broadest options for country coverage. These bilateral systems, which require an initial search and examination in the first filing, do not fit as well into these strategies. However, clearly PPH has been a valuable tool for other kinds of inventions. PCT to date has not achieved the worksharing goals one might have hoped, as PCT search and examination reports have not always been given much consideration in the national phase.

Thus, the recently announced pilot PCT/PPH project of the trilateral offices prospect of combining PCT and PPH principles for at least the USPTO, EPO and JPO, is viewed very positively. As we understand it, under this pilot, a positive preliminary examination on at least one claim during the PCT international phase would allow an applicant to get PPH treatment in each of the trilateral offices. This has the potential to become a perfect blend of the two international vehicles.

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- 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?**

As noted above, applicants use a variety of strategies in order to achieve the goal of achieving a longer time for more informed decision making. Thus, while some applicants may only be interested in using the PCT to provide time to evaluate the technical merits of the invention, another substantial number of applicants would likely embrace the opportunity to possibly achieve early acceptance of claims in the three most significant commercial markets. Thus, it is likely that such applicants would indeed take advantage of the preliminary examination process if it were to lead to results which are accorded a greater degree of respect in the later PPH phase.

- 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.**

While IPO would like to know more details as to how this would be accomplished, to the extent this could lead to early US grant of a quality patent, certainly, this would be a welcome option for some applicants. Further, IPO is in favor of the PCT examination being treated as of the same quality and importance as national examination. Thus, if such an option would lead to more uniform searching and examination at the USPTO by either route, this would be welcome as well.

- 8. Please identify any changes you recommend to improve the quality of the work produced under the PCT system.**

IPO is in favor of all of the principles set forth in the PCT Roadmap as a means for improving the quality of the work under the PCT system. We thus support the principles of the roadmap which involve optimizing the basic elements of the PCT as originally envisioned. As noted in the Roadmap, this would include some key steps by the national offices including asking the offices to:

- fully implement their Treaty obligations;
- eliminate duplication within their own Offices, either directly or by providing better incentives for applicants to avoid dual processing;
 - ensure that practices and work products encourage work-sharing and reduction of duplication between different Offices;
- take further steps to ensure the availability of high quality search and examination reports.

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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?

The PCT is a vehicle serving a variety of purposes. For applicants, it provides a means for obtaining global patent prosecution. But, it also serves to inform third parties of potential intellectual property rights of others. IPO members are involved in both seeking intellectual property as well as advising others on the impact of the intellectual property of others. So, while a delay in receipt of a search report during the international phase may not have as much impact for the applicants (presuming that a quality report is received in a timeframe allowing for informed decision making), a delay in the publication of the search report could have a negative impact on the ability of the public to assess potential third party patents.

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.

In general, applicants and the public benefit from having all relevant art considered as early and completely as possible. Thus, if a system of third party submission could be developed which did not negatively impact the PCT deadlines and the ability to make timely and informed decisions, this could be a benefit to applicants.

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

As noted, since applicants often employ different strategies for using the PCT to provide time for informed decision making, their reasons for choosing an ISA will differ as well. If the purpose is mostly to provide time to evaluate the technical merits of an invention, then a primary criterion for choosing an ISA would be cost, i.e., the lowest cost ISA might be chosen (which might well mean that the Korean Intellectual Property Office would be chosen). Indeed, in certain technologies, applicants have found that KIPO provides a timely and high quality search. If the strategy is to receive a quality search in order to get a good indication of patent prospects in the national phase, and which will be given the most respect in the national/regional phase, then an office such as the European Patent Office might be chosen, since that office will not repeat the work done in the international phase, and will give significant deference to a positive result during regional phase prosecution. The ability to improve your chances of getting a patent in the major European countries is a significant advantage for applicants. In addition, a positive result from the EPO acting as ISA has generally been shown to be more persuasive in other offices as well. Thus, for these reasons, applicants may be willing to pay the higher costs

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for using the EPO as ISA. Finally, in certain technologies, e.g., business methods, the USPTO would be the best choice, since the other offices may not search those inventions.

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

As others have indicated, USPTO should properly resource the Receiving Office to provide timely notices and processing.

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

As others have indicated, USPTO should properly resource the Receiving Office to provide timely responses and filing receipts, and the like.