



December 4, 2013

The Honorable Margaret Focarino
Commissioner for Patents of the United States Patent and Trademark Office (USPTO)
600 Dulany Street
P.O. Box 1450
Alexandria, VA 22313
via email: strategicplan@uspto.gov

RE: IPO Comments on USPTO Draft Strategic Plan for FY 2014-2018

Dear Commissioner Focarino:

Intellectual Property Owners Association (IPO) submits the following pursuant to the USPTO's request for comments on the draft Strategic Plan for FY 2014-2018. 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 12,000 individuals who are involved in the association either through their companies or law firms or as IPO individual members.

IPO commends the USPTO's efforts in formulating the draft strategic plan and identifying mission-focused strategic goals. In general, IPO supports the three strategic goals (optimizing patent quality and timeliness; optimizing trademark quality and timeliness; and providing domestic and global leadership to improve IP policy, protection and enforcement worldwide) and the management goal (achieving organization excellence). Due to limited time to study the plan, IPO's comments are directed only to Strategic Goal I—optimizing patent quality and timeliness.

STRATEGIC GOAL I: OPTIMIZE PATENT QUALITY AND TIMELINESS

IPO generally supports the seven strategic objectives the USPTO identified for this goal, but believes that some of the "initiatives" set out to advance these objectives could reduce the effectiveness of the patent system. Also, in some cases, the initiatives lack sufficient detail to permit much analysis.

President
Richard F. Phillips
Exxon Mobil Corp.

Vice President
Philip S. Johnson
Johnson & Johnson

Treasurer
Carl B. Horton
General Electric Co.

Directors
Tina M. Chappell
Intel Corp.
Mark Costello
Xerox Corp.
William J. Coughlin
Ford Global Technologies LLC
Robert DeBerardine
Sanofi-Aventis
Gerald L. DePardo
The Travelers Companies, Inc.
Anthony DiBartolomeo
SAP AG
Louis Foreman
Enventys
Scott M. Frank
AT&T
Darryl P. Frickey
Dow Chemical Co.
Bernard J. Graves, Jr.
Eastman Chemical Co.
Krish Gupta
EMC Corporation
Horacio Gutierrez
Microsoft Corp.
Henry Hadad
Bristol-Myers Squibb Co.
Jack E. Haken
Koninklijke Philips N.V.
Jennifer Hall
Mars Incorporated
Alan W. Hammond
Life Technologies Corp.
Dennis R. Hoerner, Jr.
Monsanto Co.
Michael Jaro
Medtronic, Inc.
Lisa Jorgenson
STMicroelectronics, Inc.
Charles M. Kinzig
GlaxoSmithKline
David J. Koris
Shell International B.V.
Allen Lo
Google Inc.
Timothy F. Loomis
Qualcomm, Inc.
Steven W. Miller
Procter & Gamble Co.
Douglas K. Norman
Eli Lilly and Co.
Elizabeth A. O'Brien
Covidien
Sean O'Brien
United Technologies, Corp.
Dana Rao
Adobe Systems Inc.
Kevin H. Rhodes
3M Innovative Properties Co.
Mark L. Rodgers
Air Products & Chemicals, Inc.
Curtis Rose
Hewlett-Packard Co.
Matthew Sarboraria
Oracle USA, Inc.
Manny Schecter
IBM, Corp.
Steven Shapiro
Pitney Bowes Inc.
Dennis C. Skarvan
Caterpillar Inc.
Russ Slifer
Micron Technology, Inc.
Terri H. Smith
Motorola Solutions, Inc.
Daniel J. Staudt
Siemens Corp.
Brian K. Stierwalt
ConocoPhillips
Thierry Sueur
Air Liquide
James J. Trussell
BP America, Inc.
Roy Waldron
Pfizer, Inc.
Michael Walker
DuPont
BJ Watrous
Apple Inc.
Stuart Watt
Amgen, Inc.
Paul D. Yasger
Abbott Laboratories
Mike Young
Roche Inc.

General Counsel
Michael D. Nolan
Milbank Tweed

Executive Director
Herbert C. Wamsley

Objective 1: Refine Optimal Patent Pendency

A. Initiative—Work with stakeholders to refine long-term pendency goals, while considering requirements of the IP community

- In refining long-term pendency goals, the USPTO should consider whether further reduction in the unexamined application backlog is the highest priority. While the USPTO has reduced this backlog, it has come at the cost of significant increases in the number and pendency of RCEs and *ex parte* appeals. The USPTO should (1) examine why patent applicants need to file RCEs and *ex parte* appeals, and (2) reform the patent examination process to achieve a better balance between initial work (first office actions on the merits) and efforts to bring the examination process to allowance or abandonment.

B. Initiative—Continue to refine patent pendency metrics throughout the examination process and provide increased transparency of those metrics

- IPO welcomes increased transparency in patent pendency metrics. Refinement of the metrics should include art unit data for all relevant pendency measurements. With such data, patent applicants will be better able to determine when applications will likely be taken up for examination as well as the historic pendency in art units. This information will improve an applicant's ability to budget resources and provide more realistic business projections.

Objective 2: INCREASE EFFICIENCIES AND PATENT EXAMINATION CAPACITY TO ALIGN WITH OPTIMAL PATENT PENDENCY

A. Initiative—Hire/retain a nationwide workforce to meet pendency targets

- IPO agrees with this initiative. Hiring, however, must be accompanied by sufficient resources to effectively train and supervise the workforce, especially when one considers the challenges related to hoteling patent examiners.

B. Initiative—Develop and train an adaptable workforce to respond to emerging technologies, Office priorities and the evolution of law

- IPO believes that this initiative warrants significant USPTO attention and resources. Experience informs that protracted pendency in patent prosecution arises when patent examiners are unfamiliar with the relevant technology and case law. IPO believes that examiner training in these areas will improve patentability determinations. IPO also believes that the USPTO should reach out to the patent community to help in developing training materials to ensure that USPTO and stakeholder concerns are addressed. For example, examiners might not understand the challenges faced by patent applicants in drafting patentable and enforceable claims that adequately protect the disclosed technology. Thus, patent examiners

might benefit from an interactive training module where they draft claims based upon sample disclosures.

C. Initiative—Enhance compact prosecution initiatives

- IPO believes this initiative should receive significant attention and resources. Moreover, the USPTO should seriously consider streamlining the patent prosecution system such that any existing processes that disrupt and delay patentability determinations are reduced or eliminated.

D. Initiative—Offer patent prosecution options

- IPO supports the USPTO’s efforts to develop additional prosecution options. The USPTO should seek to ensure that any such options do not withdraw resources from other patent applicants.

Objective 3: Increase International Cooperation and Work Sharing

A. Initiative—Fully implement Cooperative Patent Classification (CPC)

- IPO supports the cooperative efforts of the USPTO and the EPO in developing a unified Cooperative Patent Classification (CPC). IPO encourages the USPTO to cooperate with the efforts of the IP5 by considering input from Japan, Korea, and possibly China, in order to obtain a more effective Global Classification System.
- Although the USPTO will not continue its United States Patent Classification System (USPC), the Office should continue to maintain an updated cross correlation table between the existing USPC and the continuously updated CPC, both for examiner and stakeholder use.
- The proposed four-year range for full CPC implementation seems too protracted. IPO would prefer the USPTO to identify a specific, earlier deadline for full implementation.
- The definition of “fully implemented” is unclear and may be interpreted differently inside and outside the USPTO. The application of CPCs to every newly granted US patent and newly published US patent application should be spelled out, if this is what full implementation means. If full implementation is something less, the USPTO should provide a clear explanation of the exceptions.
- Lastly, the consistency of assigned CPCs between the EPO and USPTO should be spelled out with respect to full implementation. In other words, does full implementation mean that CPCs assigned to any newly granted US patent or newly published US patent application will be the same at both the EPO (via <http://www.epo.org/searching/free/espacenet.html>) and the USPTO (via

INTELLECTUAL PROPERTY OWNERS ASSOCIATION

<http://patft.uspto.gov/netahtml/PTO/search-adv.htm> or the public search room EAST system)? If differences are expected, the USPTO should explain why differences might occur and what will be done to resolve them. If some type of CPC quality control process, between the EPO and USPTO, is part of full implementation, this should be shared with the public.

B. Initiative—Leverage the Patent Cooperation Treaty (PCT) to effectively use the work completed at the international stage in order to reduce duplication of effort at the national stage

- IPO supports maintaining information regarding timeliness of application processing. IPO also encourages the USPTO to continue to maintain the timeliness performance it has achieved despite anticipated reductions in budget from sequestration. The PCT should not be relegated to a “second class” system that is disproportionately affected by budget cuts as compared to other operations in the USPTO. Because PCT use is increasing, sufficient funds should be allocated to at least maintain present levels of timeliness.
- The “fast track” ability of obtaining an early patent currently available for direct filings under Patent Act section 111 should be extended to national phase filings under section 371.
- Monitoring prosecution time of PCT applications should be done separately from regularly filed US applications.
- The USPTO should also consider measuring other reuse performance indicators such as reuse of the PCT work in the national phase and reuse of work from the different ISRs.

C. Initiative—Maximize the use of the Patent Prosecution Highway (PPH) to increase sharing and re-use of information between USPTO and its partner offices

- Part of the final strategic plan should include working with other PPH partners to implement a uniform set of PPH procedures under PPH 2.0.
- As part of the performance indicators, records and information should also be collected on the capability of reusing the PPH information coming from the various PPH partners overseas to help users better understand the quality of the work product produced by the various international searching authorities and national offices.
- IPO believes that continued education is needed for both examiners and users in connection with the PPH system. While the numbers are increasing, they are still quite low. We suggest the USPTO undertake additional educational campaigns on the use and benefits of PPH.

D. Initiative—Implement the Global Dossier, which will improve examiner and external stakeholders access to work products of other IP offices to exploit the efficiencies that sharing search and examination results will provide

- Implementation of the Global Dossier making use of the Japanese One Portal Dossier (OPD) system has been delayed in the US because of inadequate funding. The other partners in IP5 have already implemented the OPD system for their examiners. IPO believes the efficiencies and improvement in quality of US patent prosecution would improve dramatically with the examiners' ability to use OPD, and strongly encourages a reprioritization of the available funds to fast track the work needed to make OPD available to USPTO examiners.
- The strategic plan should include education of examiners, and, when available to users, education of stakeholders as well, on the capabilities of OPD and the future benefits of the Global Dossier system. The Global Dossier system has not yet been publicized to any great extent.
- A commitment to have user input on all steps of the development of the Global Dossier system should be incorporated within the strategic plan.

Objective 4: Continue to Enhance Patent Quality

A. Initiative—Evaluate and refine the measurement of patent quality data

- IPO supports development of effective, meaningful metrics for measuring patent quality. Improved transparency of the quality-related data developed by the USPTO on an art unit basis is needed.

B. Initiative—Maximize usage of patent quality data

- IPO believes that increased transparency to the public of patent quality data is needed so that the public can see and effectively use the data.

C. Initiative—Evaluate effectiveness of changes to the count system and performance appraisal plans; make additional modifications as needed

- It has been suggested that the historic “count” system is no longer appropriate and should be scrapped in favor of a new system that favors prompt resolution of the patentability issues instead of encouraging counts. Transforming the patent examination process to a more continuous flow of office actions and responses might focus applicants and patent examiners in reaching a satisfactory conclusion in the application under consideration instead of the present system of quickly reaching a final rejection and needlessly delaying such a resolution.

D. Initiative—Continually improve and provide technical and legal training

- IPO strongly supports this initiative and believes that the USPTO should reach out to the patent community in developing training modules so that concerns of the community are appropriately considered.

Objective 5: Ensure Optimal Information Technology (IT) Service Delivery to All Users

- IPO generally supports this objective and agrees that enhanced Patent IT systems would likely “lead to higher quality products and service, maximization of efficient patent processing times, and further evolution of electronic commerce and an electronic workplace for the Patent business.” IPO is concerned, however, that the draft plan does not include specific details about how the USPTO will accomplish any IT-related initiatives in light of possible future sequestration of funds.

Objective 6: Continue and Enhance Stakeholder and Public Outreach

- IPO generally supports the USPTO’s commitments to promote the availability of educational resources for the public and engage with stakeholders to refine patent policies and processes. When stakeholder input is requested, it is important to provide sufficient time for complete analysis and response.

Objective 7: Maintain the Patent Trial and Appeal Board’s (PTAB) Ability to Provide Timely and High Quality Decisions

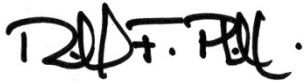
- IPO generally supports this objective, but more detail is needed on how the USPTO will accomplish certain initiatives such as developing an automated tool for centralizing data and ensuring consistency in PTAB decisions.

* * * * *

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 2014-2018. While IPO has concerns about a few aspects of the Plan, as discussed above, IPO looks forward to working with the USPTO to support the continued enhancement and vitality of the patent system.

Sincerely,

A handwritten signature in black ink, appearing to read "R.F. PHILLIPS". The signature is stylized and written in a cursive-like font.

Richard F. Phillips
President