

# Patent Prosecution Highway: A Global Superhighway to Changing Validity Standards

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# Overview

- Paving the Highway
- Benefits of the PPH
- Utilizing the PPH
- Potholes in the Highway
- Recommendations

# Paving the Highway: Growth of the PPH

# Patent Offices Under Siege

- Applications Increasing Yearly
  - Global Annual Growth Rate of 20-30%
- Pendency Time Ballooning
  - 2003: 26.7 months
  - 2010: 34.6 months
- Global Offices In Budget Crunch
- Great Recession Exacerbated Problem
  - U.S.H.R. 1473 to decrease PTO allocation by 5%
- Bush Era USPTO on Verge of Privatization

See U.S. PAT. & TRADEMARK OFFICE, USPTO: STRATEGIC FRAMEWORK (2010) *available at* [www.uspto.gov/strategicplan2010](http://www.uspto.gov/strategicplan2010).

# What is the PPH?

- Work-Share Agreements:
  - Patent Offices Share Work Product to Reduce Workload and Backlog
    - Utilizes ***Search*** and ***Examination*** Results
  - Leverages Existing Framework
  - No Onerous Concessions

# Why Use Work-Share?

- Speed
- Efficiency



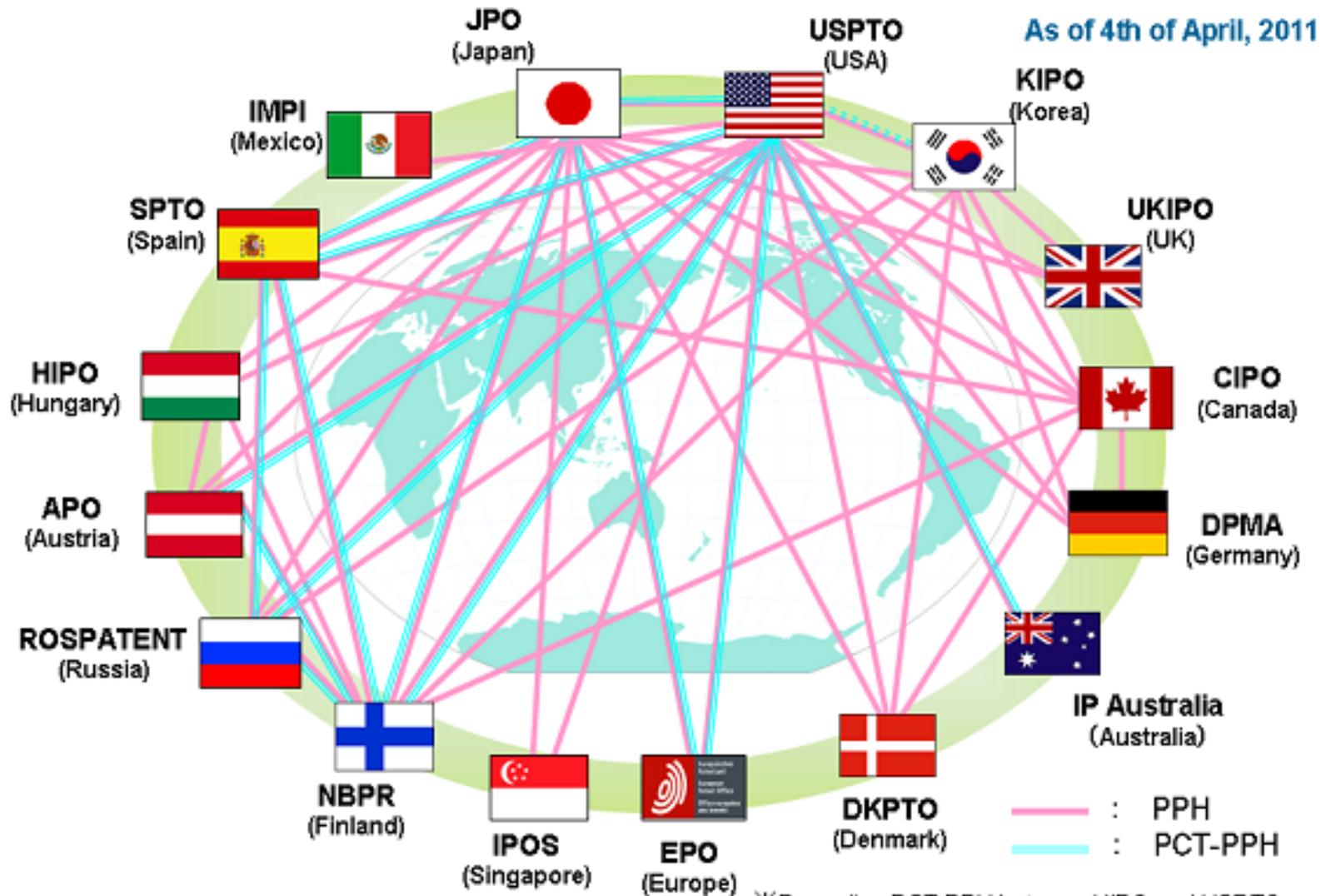
# Objectives of PPH

- Decrease Pendency
- Reduce Prosecution Costs for Offices
- Utilize Patent Office Resources More Efficiently
- Attract Rapidly Evolving Industries

# Highway 1: USPTO – JPO

- Talks Initiated in 2003
- Pilot Program Commenced July 3, 2006
- Made Permanent in 2008
- “Mutual exploitation of search results to a maximum extent practicable.”
- Framework for the Rest of PPH Network

# Current PPH Network



※Regarding PCT-PPH between KIPO and USPTO,  
 KIPO(ISA/IPEA)→USPTO program has launched.  
 USPTO(ISA/IPEA)→KIPO program has not launched yet.

# Benefits of the PPH

# General Benefits

- Shorter Pendency Time
- Reduced Prosecution Costs
- More Efficient/Parallel Prosecution
- No Additional Fees for Requests
  - Exception: KR (\$120 USD)
- Increasing Utilization of the Network
  - CA Statistics

# USPTO PPH Metrics

- Average First Action Pendency
  - Non-PPH: 25 Months
  - PPH: 2-3 Months
- Overall Allowance Rate
  - PPH Cases: 95%
  - Non-PPH Cases: 44%
- Actions Per Disposal
  - PPH: 1.7
  - Non-PPH: 2.7

# Utilizing the PPH

# National Agreement Basics

## Application Requirements:

1. Validly claim priority from OFF
2. OFF has at least one allowed claim
3. Claims in OSF sufficiently correspond to OFF allowed claim(s)
4. Examination has not begun in OSF
  - KR and DK eligible at any stage

# PPH-PCT Agreement

Eligible if the OSF Application is a:

A. National Stage Entry of a PCT

- With no priority claim;
- Priority claim to a national application; or
- Priority claim to another PCT

B. Basis of Priority Claim in a PCT

- Provisional, Design, Reissue and applications subject to Secrecy Orders are *NOT* eligible

# PPH-PCT Agreement Cont.

Eligible if the OSF Application is a:

C. National Stage Entry of a PCT Claiming Priority to Another PCT

AND ISA/IPEA is EPO, JPO, KIPO, or USPTO;

AND Examination has not Begun.

ISA = International Searching Authority

IPEA = International Preliminary Examining Authority

# Potholes in the Highway: Potential Problems with the PPH

# PPH Hazards Overview

- Increased Opportunity for Art Not Examined in the OSF:
  - Examiners are Searching Silos
  - OSF Cedes Control to OFF
  - Bifurcating the Search and Examination
  - Examiner Understanding is Diminished
- Presumption of Validity is Changing With Regards to Art Not Examined

# Examiners as Searching Silos

- Focus on Own Country's Patent Lit.
  - US only cites to non-US art 6% of the time\*
  - JP and KR known for sub-par US searches
  - EP has best reputation but is most expensive
- Searching Authority
- Substantive Law Differences Shape the Prior Art Searched in the OFF
- Classification System Differences May Shape the Search Field

\* Christopher A. Cotropia, *Do Applicant Patent Citations Matter? Implications for the Presumption of Validity*, 1, <http://ssrn.com/abstract=1656568>

# Ceding Control to OFF

- Bush Era USPTO Pursued Outsourcing Search Practices
- Criticism Centered on Losing Control of Private Searching Authority
  - Letting the “fox guard the henhouse”
- Concerns Intensified in PPH
  - OSF will have little to no control over OFF
  - Search protocol
  - Substantive law
- Minimal Protections Afforded with PCT Searching Authorities

# OSF Search and Exam Bifurcation

- Bifurcating Search and Exam
  - Utilizing OFF Search Report Will Effectively Eliminate OSF Search
    - Supplemental Search is allowed
- “BEST” Program in EPO Details the Preference for a Unified Search Process
  - Searching allows examiner to understand the contours of the prior art field and the invention

# Examiner Understanding Diminished

- Traditional Process Allows for More Examiner Interaction:
  - Average of 18 hours per application
  - 2.7 Office Actions per disposal
- Eliminating Office Actions = Decreasing Examiner Understanding
  - Increased First Action Allowances
  - Only 1.7 Office Actions per disposal compared to 2.7 in the traditional process

# Validity of Issued PPH Patents

- U.S. Issued Patents are Presumed Valid
  - Two Routes: Reexamination and Counter-Claims
  - Potentially changing with *Microsoft v. i4i*
- Japanese Courts Give No Presumption
  - Only One Mechanism: the courts (article 104-3)
  - JP Courts routinely overturn issued patents for lack of inventive step
- EP Issued Patents are Presumed Valid
  - Counter-Claims in National Proceedings
    - Not allowed in DE
  - Centralized Invalidation Actions Debated
    - European Patent Litigation Agreement (EPLA) and Community Patent Regulation (CPR)
    - Centralized *Revocation Division* is proposed

# Weakened Presumption of Validity in the U.S.

- i4i v. Microsoft
  - Issue: Should prior art not examined have lower evidentiary burden?
  - Preponderance of the Evidence is used in the USPTO
  - Clear and Convincing standard used for issued patents in U.S. Courts
  - CAFC not following dicta in *KSR v. Teleflex*
  - Expected to rule in favor of lowering evidentiary burden

# Recommendations

# Applicants: Advanced Planning Overview

- Identify PPH Candidates Early
- Strategically File Priority Applications
- OSF Claims Must Be Substantially Similar
  - Preliminary Amendment processes should be mastered for any potential OSF
- Conduct Thorough Review Before Finalizing Prosecution

# Applicants: Identify Candidates

- Perform review Upon Receipt of Office Action, Final Office Action, or Notice of Allowance
- Review PCT Written Opinions for Favorable Reports
- Review Patent Family & Determine Eligible PPH countries
- Establish PPH Communication Protocol Between In-house and Outside Counsel
  - Alert prosecuting attorneys of candidates

# Applicants: Strategically Choose OFF

- Consider First Filing in Participating Countries with Shortest Prosecution Delays
- Alternatively, File PCT with Strong SA to Reduce Amount of Art That Is Not Examined
- OFF Examination Not Affected By OSF
- Keep Translation Costs In Mind

# Offices: Continuous Quality Review of PPH

- PPH Member Offices Should Immediately Implement a Quality Review Component
- PPH Member Offices Should Implement a Duty to Act in Good Faith and Mechanisms For Terminating the Agreement In the Absence of Good Faith
- Perform a Thorough Review of Potential Agreeing Nations Prior to Signing Any MOU
- Perform Internal Audits of the Existing PPH Network Focusing on the Amount of Art That Is Not Examined in the PPH Applications

Conclusion

# Pros:

- PPH is a Powerful Tool for Both Applicants and Offices Reducing Overall Costs
- Reduction in Pendency Times equates to Cost Savings for Both Applicants and Offices
- OFF Examination is Unaffected By OSF Activities
- Strategic Opportunities For Filing Combinations Should Be Explored By Applicants

# Cons:

- The PPH Offers Opportunities to Weaken the Global Patent System By Increasing the Amount of Art That Is Not Examined
- OSF Examination Quality is Potentially Compromised
- Lower Presumption of Validity In the U.S. May Decrease the Amount of PPH Applicants to the U.S. as the OSF
- Quality Review Must Accompany Any PPH Program to Ensure Quality Patents