Patent Prosecution Highway: A Global Superhighway to Changing Validity Standards

Christopher A. Potts
University of Connecticut School of Law
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

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

As of 4th of April, 2011

PPH: PCT-PPH

*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

Statistics taken from USPTO.gov; current as of July 2009
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

\[\text{AND}\] ISA/IPEA is EPO, JPO, KIPO, or USPTO;
\[\text{AND}\] 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

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 Invalidity 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