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Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

The 3 Best USPTO Programs For Expedited Examination

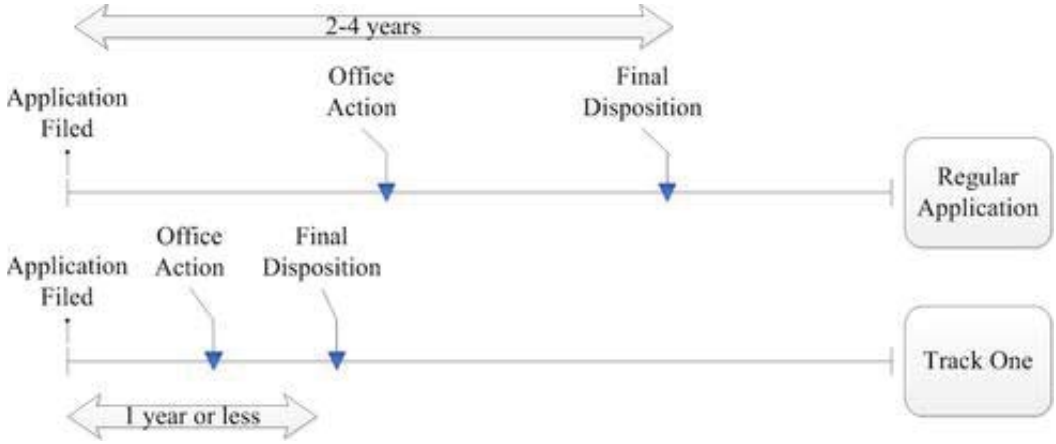
Karen Laub

Law360, New York (January 7, 2015, 10:07 AM ET) -- From home automation to remote patient monitoring, the number of "Internet of Things" for consumers is increasing exponentially. Mergers and acquisitions related to IOT from January 2012 to September 2014 total over $7 billion with more than half of the transactions taking place during the first three quarters of 2014. As the number of devices connected to the Internet increases, new opportunities for innovation are exploding for startups as well as established companies in the software and hardware industry. In this rapidly growing industry as well as other industries, it is vital for companies to protect their inventions in a quick and cost-effective manner. Recent changes to the patent system allow companies to obtain a patent in about a third of the time, and allow them to quickly establish and strengthen their position.

The United States Patent and Trademark Office currently offers five programs to expedite examination of patent applications: (1) Track One prioritized examination; (2) Patent Prosecution Highway; (3) accelerated examination; (4) First-Action Interview Pilot Program; and (5) After Final Consideration Pilot Program. While these programs all have their own advantages and disadvantages, Track One, FAI and AFCP 2.0 seem to be the most promising in allowing companies to quickly obtain maximum patent protection.

Track One Prioritized Examination

As shown below, Track One allows the applicants to receive a final disposition within about one year or less (compared to two to four years for regular examination) from the time the Track One status is granted. A final disposition may be a notice of allowance or a final office action. In our experience, some companies were able to obtain patents as quickly as six months. In addition, the first action allowance rate for Track One is 35 percent compared to 13 percent for regular examination.



Track One may have several strategic business implications for companies, especially in fast changing nascent industries like IOT. First, the shortened time frame of obtaining a patent could enable a company to have more certainty in commercializing its patent and its underlying technology. Second, startups could quickly build a patent portfolio to attract more investors. Third, Track One can be effective in litigation. In the past when a company was sued for patent infringement and did not have its own patent to assert as a counterclaim, it was forced to consider purchasing a patent for the counterclaim. Now with Track One, a company can quickly secure its own patent to use it as a countermeasure after being sued. Track One is attractive because of the substantial time savings, along with these benefits outlined above.

To take advantage of Track One, applicants must satisfy several requirements. The most significant of which is the cost. The filing fee is $4,000 for large entities. Although small entities and micro entities are entitled to a reduced filing fee ($2,000 and $1,000 respectively), Track One still requires a significant investment upfront in fees.

In addition, Track One limits the number of claims in an application to four independent claims and 30 claims total. While this may be problematic for some businesses, a vast majority of the applicants will not be affected significantly because of this restriction. In fact, the average number of independent claims in patents that were published is between two and three.

Finally, there is a limit of 10,000 Track One requests granted per year. This limitation was not a huge factor in the past, but the number of requests has increased dramatically since Track One was first introduced in 2011. According to the USPTO, there was a total of 9,054 Track One requests in the fiscal year of 2014 compared to 6,872 requests in the fiscal year of 2013. With this explosive growth of Track One requests, it is conceivable that the limit of 10,000 Track One requests per year may be reached in 2015. In other words, barring any changes to the current limit, Track One may be unavailable towards the end of the fiscal year of 2015, and in the future, companies may have to adjust the timing of filing applications to take advantage of Track One.

Patent Prosecution Highway

With the PPH, applicants receive a first office action on the merits within two to three months from the grant of request (compared to more than one year for regular examination). While the PPH does not explicitly promise to reach a final disposition faster than a regular application, it is common to receive a first action allowance. In addition, the overall allowance rate for the PPH is over 90 percent compared to 60 percent for regular applications, and applicants can take advantage of these benefits without paying any additional fees or restricting the number of claims.

However, while there are no fees or restrictions on the claims, another office that participates in the PPH must have found at least one of the applicants' claims to be allowable to use the PPH. This means that applicants must file a Patent Cooperation Treaty application or a foreign application and wait until a favorable decision is made by another office, before filing a PPH request. For startups that do not regularly file in multiple countries, the PPH may not be as useful as other programs. For established companies, the PPH may have certain situational benefits.

For companies that routinely file PCT applications, the PPH may be an option to obtain patents in the U.S. slightly more quickly. After a PCT application is filed, a patent office selected by an applicant as the searching authority provides a written opinion regarding patentability of the invention. A positive result from the patent office may be used to expedite the examination of a corresponding U.S. application. Even factoring in the wait time associated with the searching authority providing an opinion, an application with a PPH request may reach a final disposition more quickly than regular U.S. applications. As patent offices with searching authority have different costs, speeds, and perceived qualities, applicants can select a searching authority that has a faster average speed to expedite the process.

Foreign companies contemplating to file a U.S. patent application using the PPH based on an existing foreign application need to be aware that foreign patent applications, especially applications filed in Asia, may be drafted with claims that are narrower than those that may be allowable in the U.S. By electing to use the PPH based on a foreign patent application without a careful review of the claims, companies may run the risk of losing rights in claims that could have been made broader.

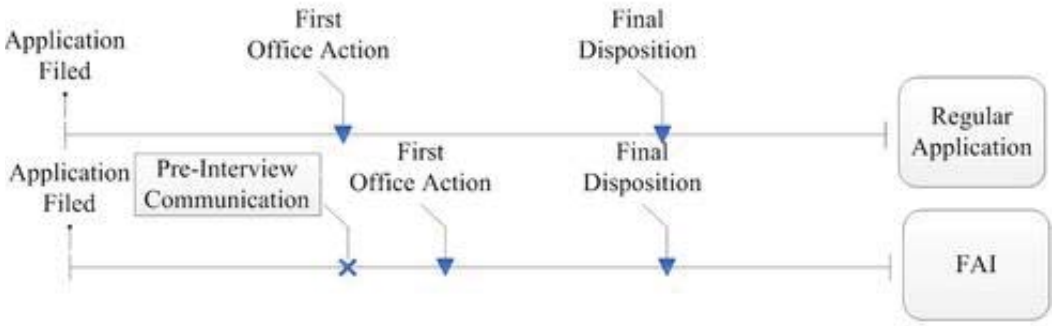
Accelerated Examination

Accelerated examination also allows applicants to expedite the prosecution. Like Track One, applicants can expect final disposition within a year. However, AE has significant drawbacks that may outweigh any benefits in most cases.

Although applicants are only required to pay a nominal fee (e.g., $140) to petition for AE, applicants are required to prepare an examination support document, explaining in detail how each of the claims is patentable over the references. Some companies may be averse to characterizing their own claims on the record, as such characterizations can be used against the patentee in future litigation. Furthermore, the overall cost of AE may not be less than Track One due to the cost associated with conducting a prior art search and preparing the required detailed support document.

First-Action Interview Pilot Program

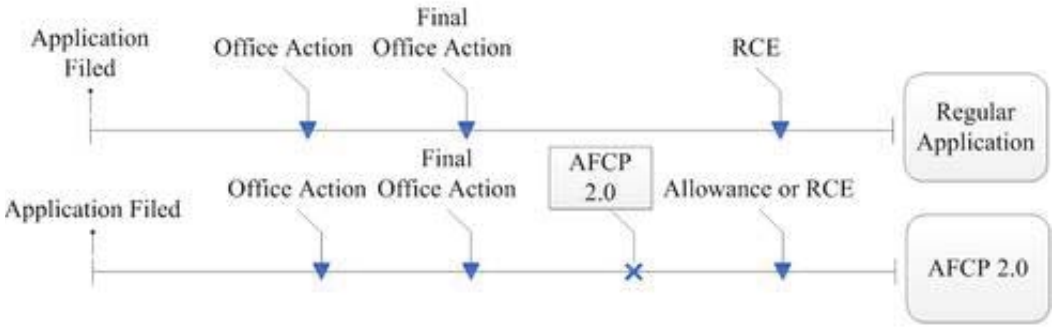
As shown below, the FAI does not guarantee expedited final disposition as no special priority is given under this program. However, the FAI allows the applicants to potentially have more opportunities to communicate with the USPTO to further prosecution than they would have under regular examination. The advantage of the FAI could be seen by the fact that the first action allowance rate for the FAI is 30 percent compared to 13 percent for regular applications, and the overall allowance rate for the FAI is 90 percent compared to 60 percent for regular applications.



To be eligible for the FAI, a patent application cannot have more than 20 claims with three independent claims. Under the FAI, applicants are entitled to a first action interview prior to the first office action on the merits. After the examiner conducts a prior art search, the examiner provides applicants with pre-interview communication outlining potential rejections to the claims. The applicants then have one month to schedule the first action interview and file a proposed amendment or remarks.

After Final Consideration Pilot Program

Like the FAI, the AFCP 2.0 does not guarantee expedited final disposition. However, examiners are given additional time to consider responses after final rejection, and to conduct an interview to discuss their findings with the applicants. Applicants can take advantage of the AFCP 2.0 without paying fees by filing a request with an amendment narrowing at least one independent claim.



In our experience, when amendments are not extensive, allowance is frequently granted after the amendment is submitted. If, however, examiners cannot fully address the amendment within the time allotted under the program, applicants will be typically required to file a Request for Continued Examination (RCE) with fees (e.g., $1,200) to continue prosecution. Accordingly, the AFCP 2.0 provides an opportunity to receive allowance without the need to file an RCE when claim amendments are not extensive.

The FAI and the AFCP 2.0 can be used separately, or combined to expedite allowance and increase the overall allowance rate. Use of these programs allows applicants to increase communication with the USPTO and helps applicants to better address examiner's concerns regarding the prior art in a shorter amount of time. Since there are no fees associated with these two programs, companies should strongly consider these options.

Conclusion

Among the programs used to expedite the prosecution process that were discussed, companies, especially in a fast-growing industry, may want to focus on the Track One, FAI and AFCP 2.0 programs. Track One, while expensive, is one of the quickest way to obtain a patent without potentially jeopardizing the scope of the patent in litigation. The FAI and

AFCP 2.0 programs should also be considered because it allows applicants to expedite allowance and to better address concerns by the USPTO without any associated filing fees.

The other programs that were discussed may be useful in some situations but in most cases, may not be as beneficial. For the AE program, while the filing fees are less expensive, its overall cost may not be less expensive than Track One, and it may not be the best option because of the requirement to provide a detailed explanation of how each claim is patentable over prior art. Such explanation can be used against the patentee during litigation. With regards to the PPH, (1) companies that file only in the U.S., (2) companies that seek to obtain patents as quickly as possible, and (3) companies with existing foreign applications with narrow claims, may be better served with Track One.

While the Track One, FAI, and AFCP 2.0 programs have certain limitations, these programs will help companies protect and monetize their intellectual property in a quick and efficient manner with maximum patent protection.

—By Karen Laub and Jason Bang, McDermott Will & Emery LLP

Karen Laub is a partner in McDermott's Orange County, California, office and is the co-head of the firm's licensing, technology and media affinity group. Jason Bang is a law clerk in the firm's Orange County office.