July 25, 2023

USIJ RESPONSE TO RFC ON TRACK THREE PILOT PROGRAM

The Alliance of U.S. Startups and Inventors for Jobs ("USIJ") provides comments regarding the Request for Comments on a Proposed Track Three Pilot Program with a Pre-Examination Search Option, dated May 26, 2023 (PTO-P-2023-0021) ("RFC").

The Alliance of US. Startups and Inventors for Jobs ("USIJ") is a coalition of 23 members – startups, entrepreneurs, inventors, and investors – all of which depend on stable and reliable patent protection as a foundational prerequisite for making long term investments of capital and time to high-risk businesses developing new technologies. USIJ was formed in 2012 and is committed to promoting a strong intellectual property system that supports innovation, investment, and breakthrough technologies that change our world. Our mission is to ensure this system continues to thrive for the benefit of American startups and inventors, and most importantly, American leadership in science and technology.

OVERVIEW

Preliminary Statement. USIJ applauds the agency in listening to stakeholder feedback about the possibility of implementing a Track Three patent application process. The individual inventor/start-up community has been requesting an improved deferred prosecution process for over a decade. The existing deferred examination process is not sufficient, because all fees are still required upfront, and deferred examination reduces the amount of available patent term adjustment. Both of those conditions make the current deferred examination process unappealing to most inventors and start-ups, because these entities typically need to use their limited financial resources to prove to potential customers or investors that their invention will result in a valuable product or service.

USIJ encourages the creation of a Track Three patent application process that (1) does not require Micro-entity proof, (2) allows for the filing of nonpublication requests, (3) tolls applicant delay for patent term adjustment, and (4) provides a PCT-style search report. In addition, USIJ suggests that the proposed Track Three should also include Small Entities because many startups do not fit the Microentity definition.

An appropriately implemented Track Three process will also benefit regular applications (Track Two) and USPTO operations. The time to a first office action has consistently averaged 16 months over the recent past, and the patent application backlog has grown from about 625,000 to 727,050 over the last two years. Within the backlog, some applications are more urgent to applicants and others are less urgent. Unless the applicant has the financial resources to file a Track One application, however, the applicant does not have a convenient way to identify more urgent applications to the USPTO. Thus, the USPTO often wastes time evaluating less important applications while leaving more important applications languishing in the backlog. An appropriately implemented Track Three program will allow applicants to let the USPTO what applications it can move off of examiner active dockets, thus freeing up time to work on Track Two applications, reducing the time to first action, and reducing the backlog, because some percentage of Track Three applications will be abandoned over time.

USIJ's comments reflect two fundamental aspects of early stage invention and product development. First, individual inventors, startups and the investors who fund them have for decades been primarily responsible for breakthrough innovation in many of our country's most important strategic technologies. This cohort of stakeholders relies most heavily on a functional and reliable regime of intellectual property protection, particularly patents. Therefore, the United States should provide the greatest patent system assistance to this group, allowing them to efficiently balance the use of their resources between patent prosecution and other early stage required activities.

Second, without reliably enforceable patents, few if any startups can survive in head-to-head competition with large incumbents. Regardless of the quality of their inventions, once a new technology is proven to be feasible, incumbents enjoy tremendous competitive advantages of scale and the benefit of established engineering, distribution, and marketing infrastructure. Most smaller companies, on the other hand, must build this infrastructure from scratch or form joint ventures and partnerships to advance their technology from a proof-of-concept stage to a deliverable product. Efficient deferred examination will allow inventors and start-ups to focus on developing the best inventions and the most reliable, enforceable patents, while abandoning applications they decide are less valuable, without having wasted precious resources on unnecessary patent application fees and expenses.

COMMENTS ON QUESTIONS

Item 1. Implement Track Three Pilot Program With Improvements. The USPTO should implement a Track Three pilot program, but it is important that the program be supportive of all the entities that could benefit from the program and ultimately benefit the US economy. In the earliest days of developing a new invention, an inventor must often recruit additional individuals and investors to help develop the invention and assess its viability. The early investments of time and money should ideally be focused on developing the invention. They also often come up with

multiple different ways in order to solve a problem. It is not always apparent, in the earliest stages of invention, which concepts and embodiments will best solve the problem at hand. In fact, sometimes the first ideas end up not even working at all. This is particularly true in the life sciences area, due to the complexity of the human body. Experiments often take a long time to get started and to determine how well an invention is working. Individual inventors, universities, and small startup companies typically develop these types of inventions, not just Micro-entities. By their very nature, these Small Entities have limited time and money and need to use both as efficiently as possible. When there are a number of alternative approaches with uncertainty as to their viability, it is inefficient use of their and the USPTO's resources to have to file full patent applications and pursue prosecution on all of those at the same time. The recent decision of the Supreme Court in *Amgen v. Sanofi* makes this point all the more significant. In addition, the proposed Track Three is overly restrictive by being limited to Micro-entities and should include Small Entities.

Item 2. Current Proposed Track Three Pilot Program Would Get Minimal Use. The proposed program is likely to get only minimal use because of its restriction to Micro-entities and its preclusion of nonpublication requests. Two major problems with the limitation to Micro-entities are that (1) the Micro-entity community is a very small part of the patenting community, and (2) more significantly, the effort to prove it is a Micro-entity is complex and fraught with potential issues for inexperienced inventors and entrepreneurs. A lot of Micro-entities will be deterred by the complexity of the process, fearing that an inadvertent error will be used later to invalidate any patent that might issue from the process.

The preclusion of non-publication requests accelerates the date by which the application must be in condition for publication, creating another major limitation on the usefulness of a deferred examination process. One of the discoveries an entrepreneur may make in the early days of assessing and developing an invention is that it is not patentable or that it would be better for the company to hold the invention as a trade secret. Therefore, an inventor should be able to abandon that application without publication. As long as the program prevents filing a non-publication request or prevent abandonment without publication, advisors will often counsel against its use.

Items 3-6 – The Plus Option Will Be Used With Improvements

The Plus option is an attractive part of the proposed Track Three program. As noted by the USPTO, having search results is valuable information as an inventor and its advisors evaluate the value of their invention. The proposed program should be modified however to make it even more valuable. First, the deferral time period should be at least 3 years with the possibility to extend up to 5 years. The deferral time should not reduce patent term adjustment.

Second, the claims should not have to be drawn to a single invention. A patent application should be able to include more than one invention and be subject to division later on as is currently allowed. Under the Track Three program, an applicant should be able to request a search on the

number of claimed invention that they are willing or able to pay the search fees for. If they pay just one search fee, then only one invention is searched. If they pay additional search fees, they should be able to get additional claim sets searched, at least up to some reasonable number.

Third, the search should not be limited to just an AI search tool. The current state of AI search tools is not sufficient to provide meaningful search results, particularly to inexperienced patent applicants. There should be a PCT-style search report that supplements the AI search results with relevant references identified by a patent examiner.

Item 8 – Loss of Status Should Allow for Payment of Remaining Fees or Abandonment

If an applicant becomes aware that an application is no longer eligible for Track Three, the applicant should have the option at the end of the deferral time period to abandon the application or pay the remaining fees. Because the application is on deferral, there is not a compelling reason to require payment of the remaining fees and force examination promptly after the applicant becomes aware of loss of status. Such a requirement would make the Track Three program less attractive because it would force completion of the application and examination of applications that are not important anymore.

CONCLUSION

USIJ applauds the USPTO for listening to stakeholder requests and putting forth a proposed Track Three Pilot Program. A deferred prosecution program without the significant limitations that prevent the current use of 37 CFR 1.103(d) by inventors and start-ups is needed. In addition, an appropriately implemented program will benefit USPTO operations and Track Two patent applicants. USIJ encourages the USPTO to implement the improvements outlined above into the proposed Track Three Pilot Program.

Respectfully submitted,

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Alliance of U.S. Startups and Inventors for Jobs (“USIJ”)
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