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Please see my attached letter with comments on the Proposed Rules. Phil McGarrigle

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The Honorable Jon Dudas
Under Secretary of Commerce for Intellectual Property
and Director of the United States Patent and Trademark Office
Mail Stop Comments
P.O. Box 1450 Alexandria, VA 22313-1450

Attn: Robert W. Bahr
Senior Patent Attorney
Office of the Deputy Commissioner
for Patent Examination Policy

Re: **Comments on Proposed Rules: “Changes to Practice for the
Examination of Claims in Patent Applications”
71 Fed. Reg. 48-61 (January 3, 2006)**

Dear Under Secretary Dudas:

I submit the following comments on the Proposed Rules package as set out in Vol. 71 of the Federal Register, Tuesday, January 3 (pages 48-69) on behalf of Affymetrix, Inc., a Silicon Valley, California company who relies heavily on patent protection.

Affymetrix, Inc. is a small to medium sized Biotech company that has been rated in the top ten Biotech and Pharmaceutical organizations by the MIT Technology Review for several years running based on the strength of its patent portfolio. Our Chairman has received the honorable mention for the inventor of the year award from the Intellectual Property Owners Association (IPO) and, as of this writing, has been one of the three nominees for the European Patent Office’s first inventor of the year award in the small to medium sized company category.

We have been very active in working with the PTO to provide technical education to the examiners and have enjoyed a collaborative relationship with the Group Art Units in our technical areas. For example, we have hosted PTO examiners at our facility on a number of field trips to California and we have brought our Chairman and senior technical management to the PTO to provide a series of over a dozen technical presentations.

I applaud your efforts to provide a more effective U.S. Patent Office and want to provide you with feedback. Affymetrix, Inc. understands the PTO's difficult position. Years of fee diversion have created a backlog of applications and other problems, like decreasing examination quality.

My interest is about the impact of the Rules on the ideas of American inventors, especially the inventors whose survival depends on protecting their technology from larger, more established entities. Larger entities clearly have an advantage in exploiting an idea if it is not adequately protected. Therefore, it is imperative that innovators are able to protect their inventions that have been disclosed to the public from those who can apply significant legal and scientific resources to circumvent that protection.

It is for these reasons that I disagree with the Proposed Rules as summarized on pages 48-49 in the Federal Register. Many of the arguments for the Rules changes relate to administrative processing by the PTO and this reason cannot be the basis for severely constraining patent protection for the public. It is the job of the PTO to reward inventors for their discoveries and not to focus on administrative efficiency only. Administrative efficiency is important, but only if it is applied in a manner that is consistent with the agency's job. In looking at the Proposed Rules, we need to think about the goals of the PTO and the way to achieve those goals. The Proposed Rules do not achieve these goals and substantially weaken the patent system.

The PTO statements issued in the Fed. Reg. and the materials given out at the road shows indicate that the reasons for the rule changes are to improve quality of the patent review, the efficiency of the process, and pendency. But, even within the Federal Register notice, it states that there will be "no change for the vast majority of applications" under these new Rules. (Vol. 71, No.1/Tuesday, January 3, 2006, page 50 middle column, at the end of paragraph two). The road show materials make the same point. In fact, it is more likely that the effect of the Proposed Rules will be to increase work because they will force Applicants to initially file many more divisional applications and require Applicants to contest many more adverse decisions due to the restrictions on continuation practice.

Additionally, the Summary on pages 48-49 states that more Continuations lead to less beneficial interaction with the examiner and diminishing returns. This scenario is typically the opposite of what actually happens as it is only after multiple rounds that some examiners appreciate the claimed subject matter, which is a direct result of the limited time that each examiner gets to handle an application. Additionally, it is stated that the Proposed Rules will make the exchange more efficient and effective and will lead to higher quality patents which will be easier to evaluate, litigate and enforce. That claim is also without foundation as each applicant will contest every point in each application more than occurs now, creating less efficiency. Also, the Proposed Rules do not adequately explain how they will positively affect quality or impact litigation. Regarding the burden on the examiners, the Proposed Rules will increase their burden as every possible issue will appear in each application and there will be fewer resolutions.

There have been many extensive commentaries on the Proposed Rules. See for example a listing of corporation and law firm letters at this site http://patentlaw.typepad.com/patent/2006/03/comments_on_the.html. Also, Michael Kirk, the Executive Director of the AIPLA has submitted comments to the PTO and his letter is available at this link: <http://patentlaw.typepad.com/patent/aiparules.pdf>. You have received many comments along these lines so I will not go over the specific ground that has been covered by others.

Rather, I think that most people see the real issue as one of patent quality. It was one important focus of a 2003 FTC report which was based on interviews with many industry panelists, entitled "To Promote Innovation: The Proper Balance of Competition and Patent Law and Policy". Any changes the PTO would contemplate for the above goals should be squarely focused in that area. Efficiency and pendency do not matter if the quality is low. No one wants a quick patent if it is invalid. The Proposed Rules do not create an environment where quality will increase and the PTO should address this problem before anything else.

For example, further prosecution with the PTO is a legitimate use of continuations and it creates more efficiency in patent practice, unlike the assertion in the Summary. Often, applicants and examiners cannot agree within the one to two responses that are filed. So, continuation practice serves a proper role in increasing the communication between the examiner and applicant to produce a quality patent.

Also, one of the largest issues of patent quality arises due to failure to cite the most relevant prior art. The PTO should pursue changes aimed at increasing patent quality in this area, for example, by implementing a more effective opposition practice whereby important prior art may be brought to the attention of the PTO. Draft legislation is still outstanding which contemplates a post grant opposition practice. The PTO should continue to pursue implementing an effective post grant opposition practice whether it be through the draft legislation or through its own efforts with changing reexamination practice. Additionally, the PTO could implement a practice that would allow for third parties to submit prior art and other materials into ongoing patent prosecution. This practice is a natural extension of publication of applications.

However, if the PTO would like some suggestions to address pendency and efficiency, they could look at any of the following which can still reduce continuations in a number of ways.

For example, 35 USC §135 (b)(2) sets out a requirement to copy claims from pending, published applications to preserve the right to provoke an interference. Oftentimes, the claims that eventually issue are modified from what was originally filed, so copying them at this stage is not only unnecessary, but simply increases the burden on the PTO and Applicants when the copied claims are filed and examined before the first application issues. So, the PTO should work to drop the requirement to copy claims from pending applications under 35 USC §135 (b)(2) and rely on §135 (b)(1) only.

Also, the PTO should acknowledge that there are certain legitimate circumstances in which applicants need to have an application pending to preserve their rights. There are several ways this could be accomplished. For example, the PTO could allow an applicant to file a continuation and not have it examined until later. They could pay a fee for this service. The limit on broadening reissues could be removed to eliminate the need to have an application pending. Each of these changes would eliminate the filing of unnecessary continuations that burden the system.

On the pendency issue, some applicants do not need a patent to be examined and issued quickly. Allow for a system in which applicants can stratify their "place in line". This stratification could be based on the payment of the initial filing and examination fee. Also, the PTO could allow a better expedited examination with fee payment. Have applicants search and discuss prior art as they do now, but use certified, recognized services to perform the search. This would assure uniformity and the PTO could control the procedure by certification.

The PTO's efforts in putting documents on line has improved the access and reduced administrative delays. The PTO should continue this trend and allow more electronic submissions of correspondence, such as amendment and other responses. Furthermore, Applicants could elect to send and receive all communication via e mail.

Lastly, it takes a long time for an application to go through the issue publication process (an average time is 6 months and it can take a year for some). So, that is an area where you could reduce pendency without having to enact any Rules that would be controversial.

In summary, Affymetrix, Inc. would like to see positive changes in the Rules of practice before the PTO. However, we disagree that the current proposals achieve the goals set by the PTO, and suggest that one primary goal be to achieve higher quality through other means. Consequently, we ask that you reconsider your stance on the Rules and take our comments, as well as those of other corporations, law firms and industry associations, in mind when you move forward.

Very truly yours,

Philip McGarrigle