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From: Daryl Hatano

Sent: Sunday, September 17, 2006 8:12 PM

To: AB95 Comments

Cc: Derek Minihane; Lindgren, John

Subject: SIA Comments on Information Disclosure Requirements

Dear Mr. Hiram Bernstein,

Attached please find the comments of the Semiconductor Industry Association to the USPTO's proposed Information Disclosure Requirements.

Best regards,

Daryl Hatano

**Comments on Proposed Rules: “Changes to
Information Disclosure Statement
Requirements and Other Related Matters”
71 Fed. Reg. 131 (July 10, 2006)**

The Semiconductor Industry Association (SIA) generally supports the USPTO’s proposed rule related to Information Disclosure Statements (IDS) with a few reservations. SIA is very interested in the office providing timely and thorough reviews of patent applications and commends the USPTO for its efforts to improve the patent application review process.

SIA represents the \$110 billion U.S. semiconductor industry, which spent \$18 billion on R&D in 2005. Semiconductors are the most complex devices produced on the planet, with millions of circuits etched on silicon chips the size of a fingernail. The manufacture of semiconductors involves hundreds of steps, and semiconductor products can integrate many different types of circuits, so it is not surprising that bringing a product to market can involve hundreds of patents. In 2004, six of the top 10 U.S. corporate patent recipients were major semiconductor producers¹, and in total SIA members were granted at least 14% of all U.S. corporate patents.²

The quality of the patents issued from the USPTO is very important to our member companies. The proposed breakdown of the prosecution process into four (4) “time periods” with an increasing burden of explanation will provide the correct incentive to applicants and will hopefully serve to aid the examiners in conducting an efficient and timely review of patent applications. In addition to our general support of the IDS proposal, we have one request for clarification related to continuation applications and a concern related to assertions of inequitable conduct.

It is not clear from the proposed rules how the 20 reference citation count will be made in continuation applications. For example, the first column on 38812 states that an “IDS may be submitted within three months of the actual filing date of a continuation ...” however since the references from the parent case do not need to be cited by the applicant for consideration in the continuation application, does the count of 20 start again? Also, it appears that such a submission would qualify under the “First time period” under Section 1.97(b) and therefore would not be subject to the requirements from Sections 1.97(c) and 1.97(d). The intention of the USPTO in this respect should be clarified.

SIA company members appreciate the USPTO proposed addition of “safe harbor” language to Section 1.56, however, several of our members are concerned about increased assertions of inequitable conduct based on these new rules. Since the USPTO proposal, as it

¹ IBM Corporation, Micron Technology, Intel Corporation, Texas Instruments, Advanced Micro Devices, and Agilent Technologies.

² PTO statistics only list companies that were granted 40 or more patents, so SIA members with less than 40 patents are not included in the estimate.

admits, is not binding on the courts, it would be better to implement these new rules in conjunction with statutory reform directed to inequitable conduct (SIA has not and does not take any position at this time with respect to the currently pending Senate and House reforms directed at inequitable conduct assertions).

SIA appreciates the opportunity to comment on the USPTO's IDS proposed rule. Please call Daryl Hatano, SIA Vice President of Public Policy, at 408-436-6600 if you have any questions with regard to our position.