

***AIPLA UPDATE:  
COST SAVINGS  
FOR EUROPEAN USERS  
OF PPH***

***IP Practice in Europe Committee  
March 2011***

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**American Intellectual Property Law Association**

# REASONS FOR PARTICIPATING

## – Where US is the OSF

### ❖ Cost

- ❖ Reduced cost of US prosecution
- ❖ Reduced RCE's and Appeals
- ❖ Avoid cost of US accelerated exam requirements

### ❖ Quality

- ❖ Quality of Examination in US is Based on OFF Quality
- ❖ USPTO adds Quality for unique US Requirements

### ❖ Speed

- ❖ Consistent with Compact Prosecution
- ❖ Consistent with Early Interviews

### ❖ Strategy

- ❖ Permits rapid grant of claims allowed in OFF and filing of continuations for broader claims if desired.
- ❖ May Avoid Prosecution Estoppels
- ❖ Consistency in Claims and Prosecution World Wide

# Advantages to the USPTO

- ❖ Reduction in Backlog
- ❖ Reduction in Pendency
- ❖ Increase in Worksharing and Quality
- ❖ Reduced duplication of search, examination and attorney interaction
- ❖ Reduction in RCE's and Appeals
- ❖ Overall Reduction in USPTO Costs

# USPTO Experiences to Date: Paris

## Overall Statistics for Paris Route Patent Prosecution Highway Programs

- Statistics for PPH requests filed in the USPTO under Paris Route PPH programs

**As of: 1/31/2011**

Number of requests to participate in the PPH Program 4,304

Number of these requests that are not eligible because a first action on the merits was mailed before the requests were considered, or cannot be granted because the request has been dismissed twice. 183

## Breakdown of applications and application data by Tech Center

	Number of Requests Filed	Days from PPH Request to Grant	Days from PPH Grant to First Action
Technology Center 1600 Biotechnology and Organic Chemistry	152	105.09	209.22
Technology Center 1700 Chemical and Materials Engineering	613	63.81	113.48
Technology Center 2100 Computer Architecture Software and Information Systems	310	69.14	110.99
Technology Center 2400 Multiplex, Networking, Cable TV, Computer Security	771	64.39	133.34
Technology Center 2600 Communications	1,032	60.01	148.42
Technology Center 2800 Semiconductors and Electronic Circuits and Components	634	61.21	66.49
Technology Center 3600 Mechanical Engineering	366	43.74	85.24
Technology Center 3700 Mechanical Engineering	367	24.85	138.10
Applications undergoing Pre-Exam without a Technology Center assignment	59	0.00	0.00

Eligible requests	4,121
Requests granted	3,692
Requests dismissed once and awaiting further action	125
Requests not acted upon	304

# USPTO Experiences to Date: Paris

## Overall Statistics for Paris Route Patent Prosecution Highway Programs

- Statistics for PPH requests filed in the USPTO under Paris Route PPH programs

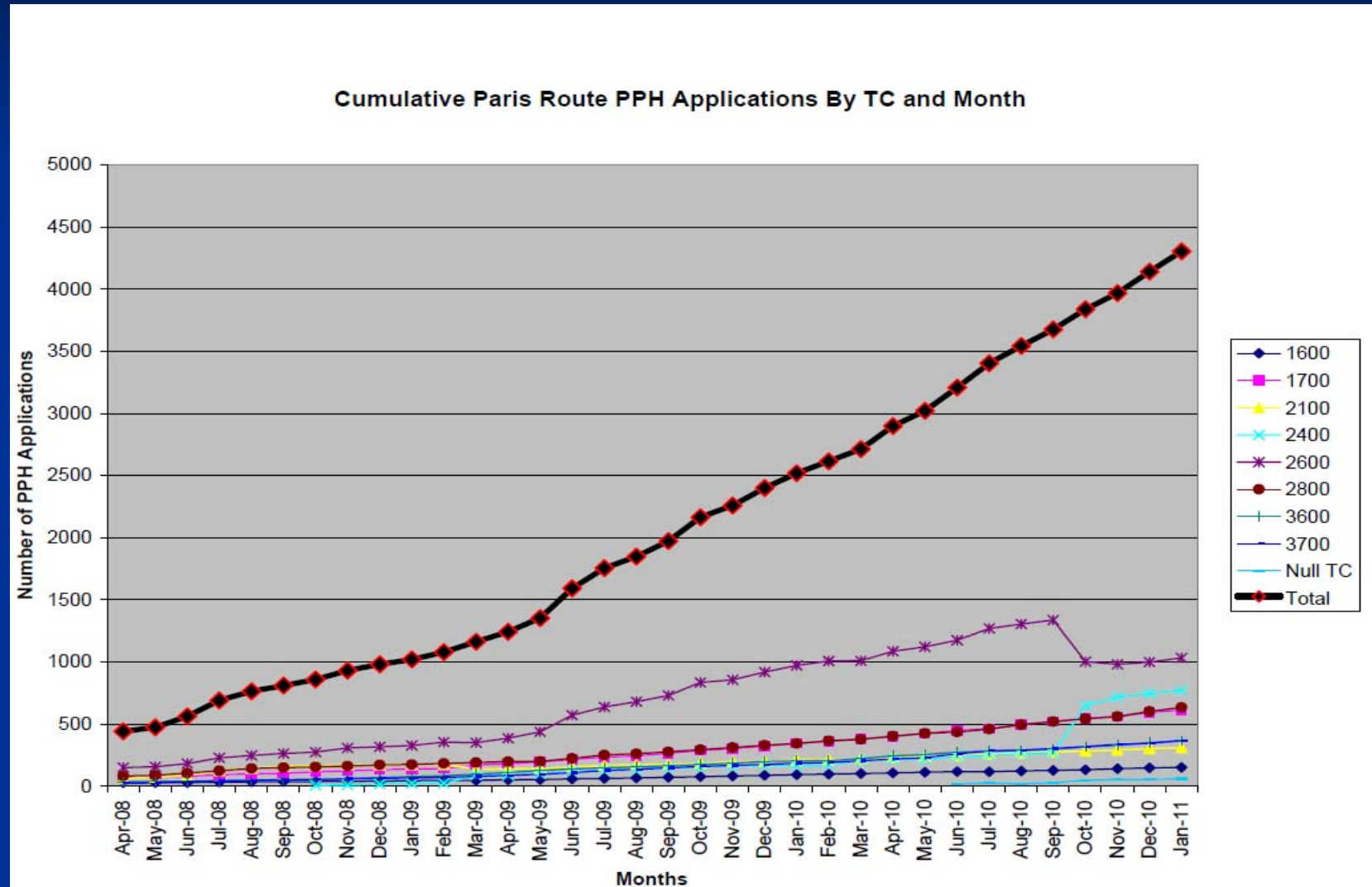
PPH requests received by the USPTO		4,304	Percent w/ First Action
FAs	Total	3,375	78.42%
	First Action Allowance	849	25.16%
	First Action Quayle	56	1.66%
	First Action Rejection*	2,232	66.13%
	(- art rejections)**	1,934	86.65%
	(- non art rejections)	298	13.35%
First Action Restriction		238	7.05%
PPH requests for accelerated examination rejected for not satisfying PPH requirements		183	
Average period from request to FA		188.4 days	

\* First Action Rejections subsequently allowed: 1,112 out of 1,934 times

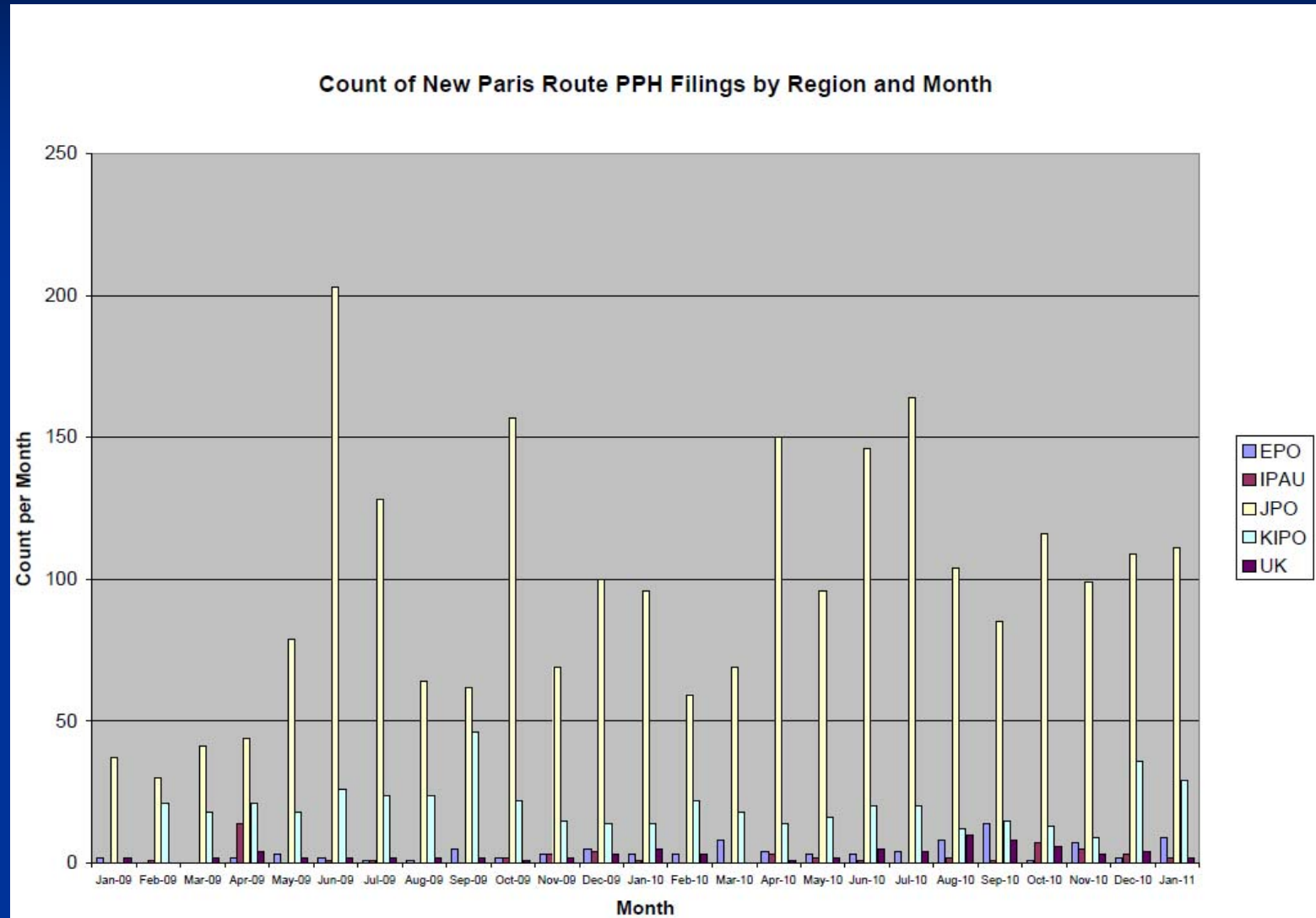
\*\* Art Rejections where U.S. Patent documents used: 1,805 out of 1,934 times

Grant Rate (Allowances / Total number of Disposals) 92.16%

# USPTO Experiences to Date: Paris



# USPTO Experiences to Date: Paris





# USPTO Experiences to Date: PCT

- The PCT-PPH program started on January 29th, 2010

**As of: 1/31/2011**

Number of requests to participate in the PPH Program

788

Number of these requests that are not eligible because a first action on the merits was mailed before the requests were considered, or cannot be granted because the request has been dismissed twice.

28

## Breakdown of applications and application data by Tech Center

	Number of Requests Filed	Days from PPH Request to Grant	Days from PPH Grant to First Action
<b>Technology Center 1600</b>	43	110.42	42.36
Biotechnology and Organic Chemistry			
<b>Technology Center 1700</b>	147	66.85	42.85
Chemical and Materials Engineering			
<b>Technology Center 2100</b>	33	66.88	60.70
Computer Architecture Software and Information Systems			
<b>Technology Center 2400</b>	62	52.19	88.97
Multiplex, Networking, Cable TV, Computer Security			
<b>Technology Center 2600</b>	58	65.95	94.63
Communications			
<b>Technology Center 2800</b>	138	60.73	40.70
Semiconductors and Electronic Circuits and Components			
<b>Technology Center 3600</b>	111	54.49	46.36
Mechanical Engineering			
<b>Technology Center 3700</b>	122	21.27	47.31
Mechanical Engineering			
Applications undergoing Pre-Exam without a Technology Center assignment	74	0.00	0.00

Eligible requests

760

Requests granted

537

Requests dismissed once and awaiting further action

29

Requests not acted upon

194



# USPTO Experiences to Date: PCT

## Overall Statistics on the PCT-Patent Prosecution Highway Program

PPH requests received by the USPTO		788	Percent w/ First Action
FAs	Total	340	43.15%
	First Action Allowance	67	19.71%
	First Action Quayle	4	1.18%
	First Action Rejection*	211	62.06%
	(- art rejections)**	185	87.68%
	(- non art rejections)	26	12.32%
First Action Restriction		58	17.06%
PPH requests for accelerated examination rejected for not satisfying PPH requirements		28	
Average period from request to FA		103.0 days	

\* First Action Rejections subsequently allowed:

20

out of

211 times

\*\* Art Rejections where U.S. Patent documents used:

90

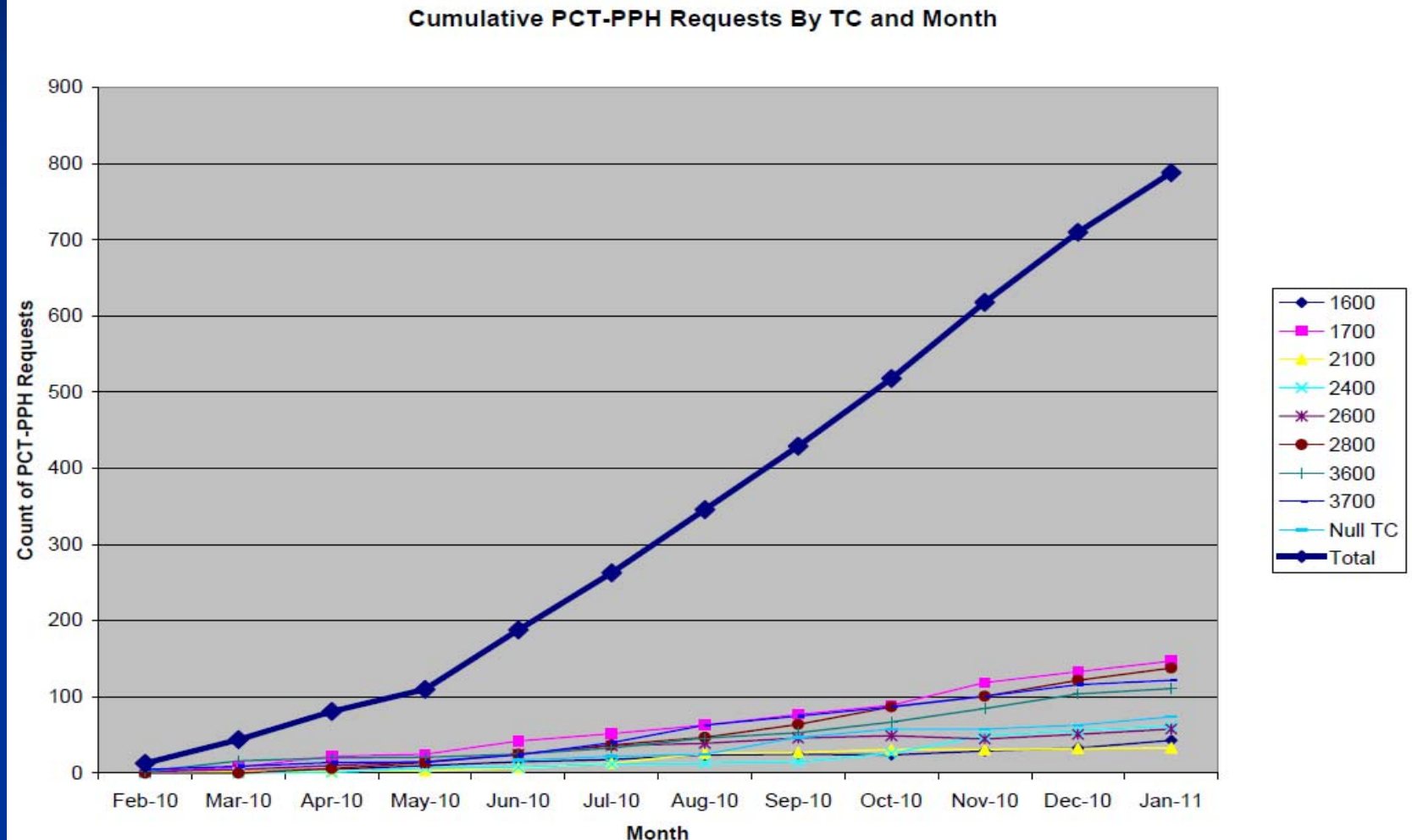
out of

185 times

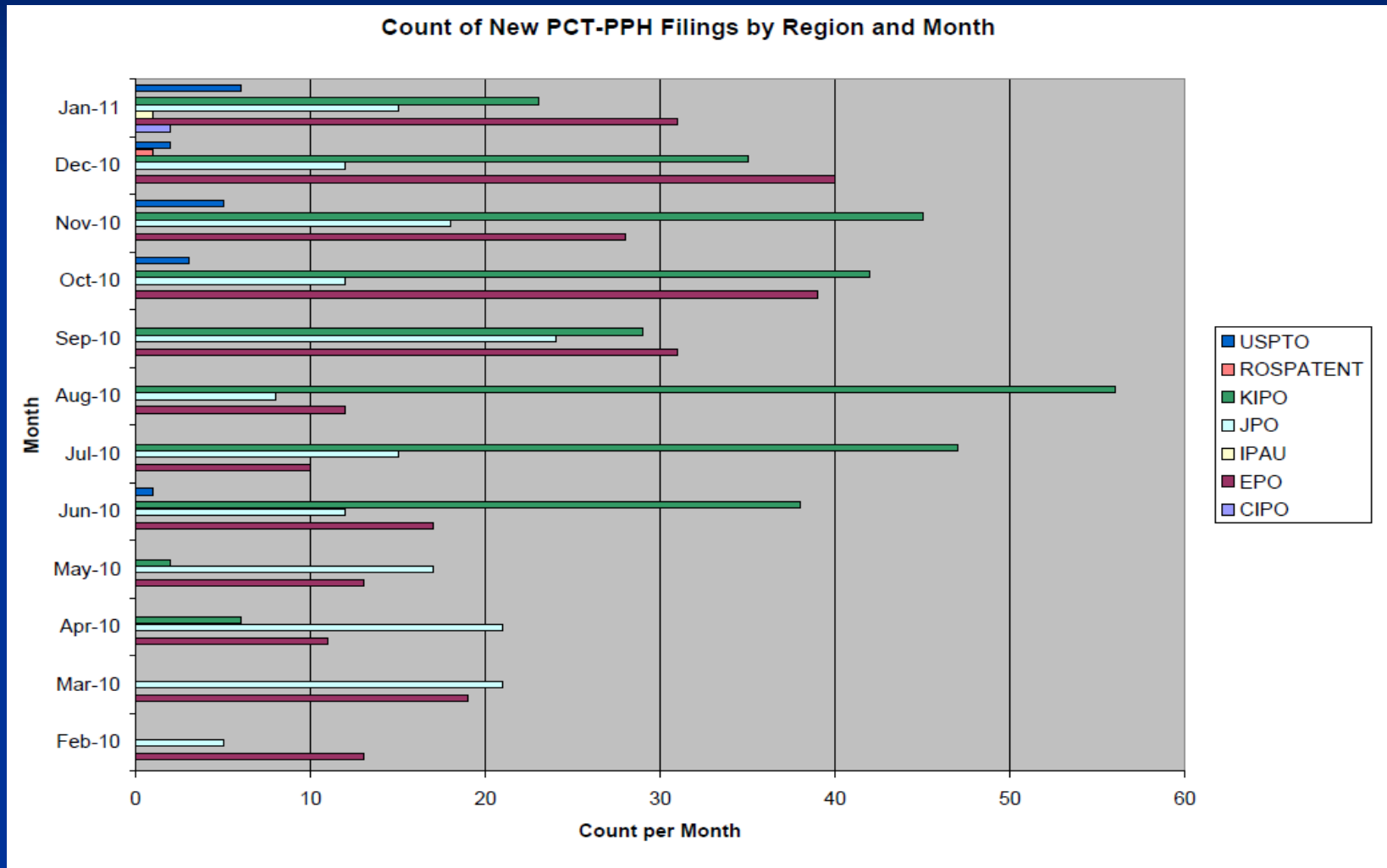
Grant Rate (Allowances / Total number of Disposals)

97.85%

# USPTO Experiences to Date: PCT



# USPTO Experiences to Date: PCT



# USPTO Experiences to Date: PCT/EPO

## Overall Statistics on the PCT-PPH Program between the USPTO and EPO

PPH requests received by the USPTO		264	Percent w/ First Action
FAs	Total	108	40.91%
	First Action Allowance	23	21.30%
	First Action Quayle	1	0.93%
	First Action Rejection*	61	56.48%
	(- art rejections)**	55	90.16%
	(- non art rejections)	6	9.84%
First Action Restriction		23	21.30%
PPH requests for accelerated examination rejected for not satisfying PPH requirements		5	
Average period from request to FA		108.6 days	

\* First Action Rejections subsequently allowed:

7

out of

61

times

\*\* Art Rejections where U.S. Patent documents used:

52

out of

55

times

Grant Rate (Allowances / Total number of Disposals)

93.94%

# Observations from US Experience

- ❖ USPTO Allowance Rates:
  - ❖ Paris PPH Cases – 92.16%
  - ❖ PCT-PPH Cases – 97.85%
  - ❖ Non-PPH Cases – 46%
- ❖ USPTO Actions Per Disposal
  - ❖ Paris-PPH Cases – 1.88 ( $\Delta=.53$ )
  - ❖ PCT-PPH Cases – 1.17 ( $\Delta=1.24$ )
  - ❖ Non-PPH Cases – 2.41
- ❖ How Does That Translate Into Cost Savings?

# AIPLA 2009 Economic Survey

## INTRODUCTION

The AIPLA Economic Survey, developed and directed by the Law Practice Management Committee of the American Intellectual Property Law Association (AIPLA), reports the annual incomes and related professional and demographic characteristics of intellectual property (IP) law attorneys and associated patent agents. Conducted every other year by AIPLA, this survey also examines the economic aspects of intellectual property law practice, including individual billing rates and typical charges for representative IP law services. All AIPLA members were invited to participate.

The Law Practice Management Committee took an active role in reviewing the Economic Survey with a goal of improving the usefulness and value of the data that are collected and analyzed.

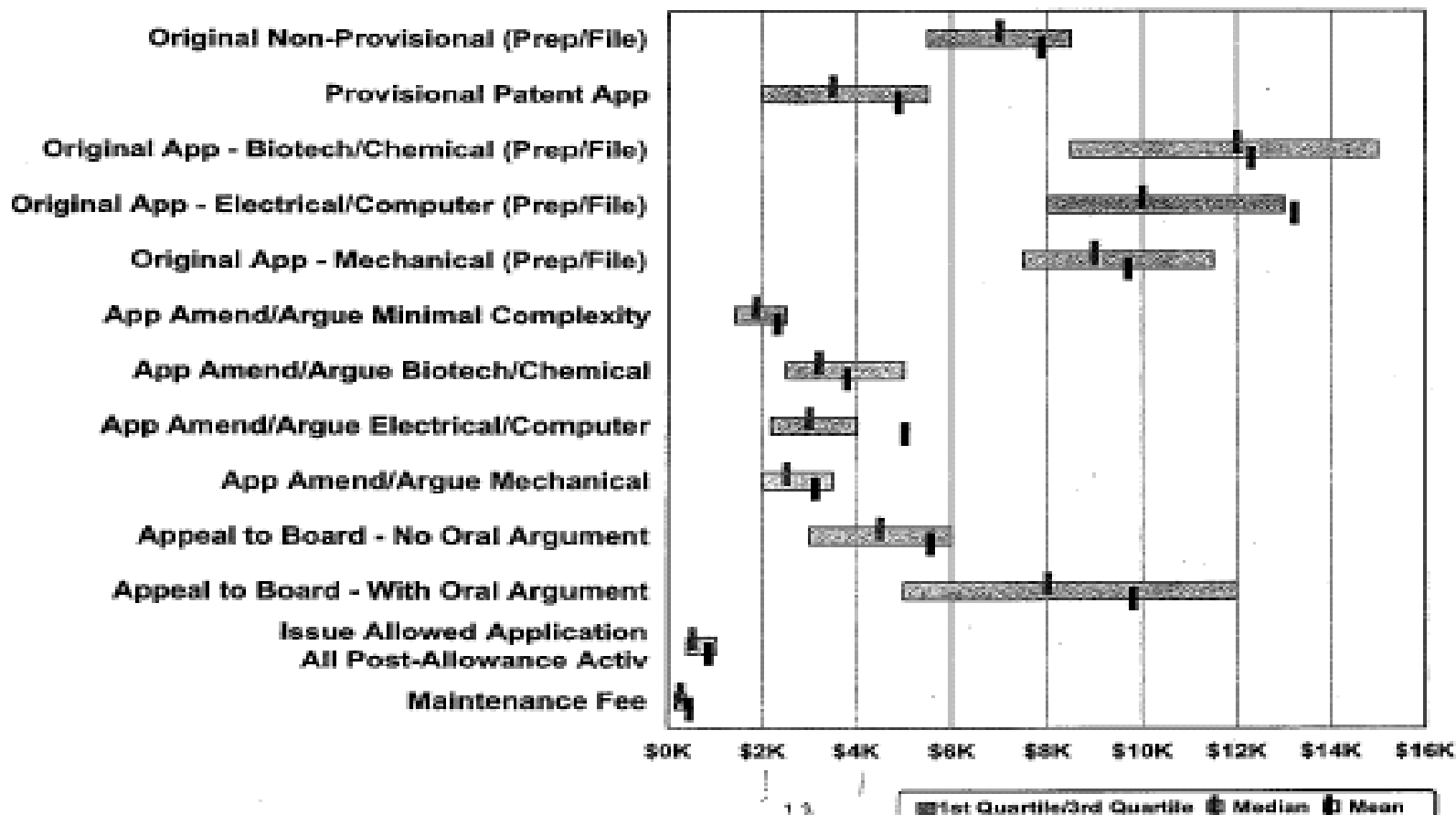
## DATA COLLECTION

An e-mail invitation to participate was sent to 15,395 AIPLA members and non-members. The e-mail included a direct link to the Web-based questionnaire. The initial e-mail was followed up by several e-mail reminders. An additional 663 questionnaires were mailed to members with no e-mail address.

A total of 3,221 individuals responded by completing some or all of the questionnaire, yielding a 20.9% response rate. This was slightly higher than the 2007 response rate. In 2005, there were only 1,558 responses when the survey was e-mailed as an Excel spreadsheet and also sent via US mail in a hard copy version.

# Cost of Action per Disposal: AIPLA 2009 Economic Survey

## TYPICAL CHARGES AND COSTS FOR US UTILITY PATENTS (P. I-110 to I-114 & I-116 to I-120, Q37a-Q37l, Q37n)





# AIPLA 2009 Economic Survey:

## Cost of Action per Disposal –

### Minimally Complex Application

Patent application amendment/argument of minimal complexity (Preparation and Filing) by Firm Type (Q37f)

	Total	1-5 Attorneys	6-75 Attorneys	76 or more Attorneys	All Corporata
Number of Respondents	1,156	243	503	157	232
Mean (Average)	\$2,322	\$2,201	\$2,196	\$2,636	\$2,476
First Quartile 25%	\$1,413	\$1,000	\$1,300	\$1,800	\$1,500
Median (Midpoint)	\$1,850	\$1,500	\$1,800	\$2,400	\$2,000
Third Quartile 75%	\$2,500	\$2,000	\$2,200	\$3,000	\$2,500

# Observations from US Experience:

## Reply to Action with Minimal Complexity

- ❖ Cost Savings at \$2,322 per Action (Average)
  - ❖ Paris-PPH Cases - \$1,231
  - ❖ PCT-PPH Cases - \$2,879
  - ❖ Notes:
    - ❖ Does not include client overhead savings or local law firm fee savings for response to Action
    - ❖ Does not consider fewer RCEs and Appeals
    - ❖ Does not consider Fees/Costs for requesting PPH
      - ❖ Assumes request fees are equal to savings of client overhead
    - ❖ Assumes no government fee
    - ❖ Assumes for foreign applicants that the total local and US attorney costs equal the above average of \$2322 per Action

# AIPLA 2009 Economic Survey:

## Cost of Action per Disposal – Relatively Complex Application

**Patent application amendment/argument, relatively complex, biotechnology/chemical (Preparation and Filing) by Firm Type (Q37g)**

	Total	1-5 Attorneys	6-75 Attorneys	76 or more Attorneys	All Corporate
Number of Respondents	611	120	259	80	138
Mean (Average)	\$3,819	\$3,167	\$3,759	\$4,998	\$3,869
First Quartile 25%	\$2,500	\$2,125	\$2,500	\$3,500	\$2,500
Median (Midpoint)	\$3,200	\$2,900	\$3,000	\$4,500	\$3,350
Third Quartile 75%	\$5,000	\$4,000	\$4,500	\$5,875	\$5,000

**Patent application amendment/argument, relatively complex, electrical/ computer (Preparation and Filing) by Firm Type (Q37h)**

	Total	1-5 Attorneys	6-75 Attorneys	76 or more Attorneys	All Corporate
Number of Respondents	794	164	363	109	146
Mean (Average)	\$5,021	\$4,525	\$5,456	\$6,326	\$3,663
First Quartile 25%	\$2,200	\$2,000	\$2,400	\$3,000	\$2,000
Median (Midpoint)	\$3,000	\$2,500	\$3,000	\$3,800	\$3,000
Third Quartile 75%	\$4,000	\$3,500	\$3,500	\$4,650	\$4,000

**Patent application amendment/argument, relatively complex, mechanical (Preparation and Filing) by Firm Type (Q37i)**

	Total	1-5 Attorneys	6-75 Attorneys	76 or more Attorneys	All Corporate
Number of Respondents	883	204	403	113	149
Mean (Average)	\$3,135	\$2,558	\$3,135	\$3,943	\$3,316
First Quartile 25%	\$2,000	\$1,713	\$2,000	\$3,000	\$2,000
Median (Midpoint)	\$2,500	\$2,200	\$2,500	\$3,500	\$2,800
Third Quartile 75%	\$3,500	\$3,000	\$3,500	\$4,500	\$3,750

# Observations from US Experience:

## Reply to Action with **Relative Complexity**

- ❖ Cost Savings at **\$3,135-\$5,021** per Action (Average)
  - ❖ Paris-PPH Cases - \$1662-\$2661 per application
  - ❖ PCT-PPH Cases - \$3887-\$6226 per application
  - ❖ Notes:
    - ❖ Does not include client overhead savings or local law firm fee savings for response to Action
    - ❖ Does not consider fewer RCEs and Appeals
    - ❖ Does not consider Fees/Costs for requesting PPH
      - ❖ Assumes request fees are equal to savings of client overhead
    - ❖ Assumes no government fee
    - ❖ Can assume for foreign applicants that the **total** local and US attorney costs equal the above average of **\$3135-\$5021** per Action

# Observations from US Experience:

## Reply to Action with Minimal Complexity

- ❖ Average Added Cost Savings for RCE's and Appeals
  - ❖ USPTO Statistics for past 2 years
    - ❖ RCE's
      - ❖ 30% of all non-PPH applications completing examination (allowed, abandoned, appealed or RCE filed)
      - ❖ 17% of all PPH applications (13% more for non-PPH applications)
    - ❖ Appeals
      - ❖ 2.5% of all non-PPH applications completing examination
      - ❖ 0.3% of all PPH applications (2.2% more for non-PPH applications)
  - ❖ Applicable USPTO Fees
    - ❖ RCE's - \$810
    - ❖ Appeals - \$1000 (\$500 Appeal and \$500 Brief)
  - ❖ Cost savings – government fees only
    - ❖ RCE's – on average 13% of \$810 = \$100
    - ❖ Appeals – on average 2.2% of \$1000 = \$22
    - ❖ Total added savings on average = \$122
- ❖ Does **NOT** Consider US or EP Associate Service Charges for RCE or appeal

# AIPLA 2009 Economic Survey:

## Cost of Appeals – with and without oral argument

**Appeal to Board in utility patent application without oral argument by Firm Type (Q37j)**

	Total	1-5 Attorneys	6-75 Attorneys	76 or more Attorneys	All Corporate
Number of Respondents	747	143	368	98	126
Mean (Average)	\$5,547	\$4,430	\$5,435	\$7,263	\$5,861
First Quartile 25%	\$3,000	\$2,700	\$3,000	\$4,000	\$3,000
Median (Midpoint)	\$4,500	\$4,000	\$4,050	\$5,000	\$4,000
Third Quartile 75%	\$6,000	\$5,000	\$6,000	\$10,000	\$6,000

**Appeal to Board in utility patent application with oral argument by Firm Type (Q37k)**

	Total	1-5 Attorneys	6-75 Attorneys	76 or more Attorneys	All Corporate
Number of Respondents	368	60	183	58	61
Mean (Average)	\$9,802	\$8,204	\$9,614	\$11,744	\$10,213
First Quartile 25%	\$5,000	\$5,000	\$5,000	\$6,875	\$6,000
Median (Midpoint)	\$8,000	\$6,250	\$7,500	\$9,125	\$8,000
Third Quartile 75%	\$12,000	\$10,750	\$10,000	\$15,000	\$12,000

# Observations from US Experience:

Savings in a Hypothetical **Complex Case** (\$5021 per action) that avoids an RCE and an Appeal due to PPH:

## ❖ PPH/Paris

- ❖ Savings on Action - \$2661 per application
- ❖ Savings on RCE fees - \$810
- ❖ Savings on Appeal fees - \$1000
- ❖ Savings on Appeal services - \$5,547
- ❖ Total savings - **\$10,018**

## ❖ PCT-PPH

- ❖ Savings on Action - \$6226 per application
- ❖ Savings on RCE fees - \$810
- ❖ Savings on Appeal fees - \$1000
- ❖ Savings on Appeal services - \$5,547
- ❖ Total savings - **\$13,583**



# CONCLUSIONS from US Experience

## ❖ USPTO Has Increased Experience

- ❖ Paris route has >4,300 to date, particularly where OFF is the JPO (3231) and KIPO (612)
- ❖ PCT route has >700 to date (only since 28.1.10), particularly where from the EPO (264), KIPO (323) and JPO (180)

## ❖ Speed of Examination is High

- ❖ Paris route - 4.0-10.0 Months from PPH/Paris request to First Office Action (7 months w/o bio)
- ❖ PCT route - 1.5 to 5.0 Months from PPH/PCT request to First Office Action

# CONCLUSIONS from US Experience

## ❖ Quality of Search and Examination is High

- ❖ Based on OFF competence where USPTO is OSF and EPO is OFF

## ❖ Cost Savings are Dramatic

- ❖ Users filing into the USPTO as OSF can save approx. \$1300 - \$6,300 per application in prosecution costs
- ❖ Important Applications that otherwise would have RCE and be appealed can save approx \$10,000-\$13,000.

# CONCLUSIONS from US Experience:

- ❖ IMPROVEMENTS ARE NEEDED AND ARE COMING:
  - ❖ Change OFF to Office of First Examination (OFE)
  - ❖ Enhancement of Plurilateral arrangements
  - ❖ Streamlining and simplifying of PPH requirements and procedures
  - ❖ Acceptance of Machine Translation for Some Documents
  - ❖ Promotion and Education will be increased
    - ❖ Strategies for Use
    - ❖ Benefits to Users
    - ❖ Perceived Disadvantages addressed
  - ❖ Quality Procedures and Metrics will be adopted in parallel to prove value and reliability
- ❖ SIGNIFICANT ADVANTAGES ARE AVAILABLE FROM PPH

- Alan J. Kasper is a senior partner in the International IP law firm Sughrue Mion, PLLC, where he has been practicing law since 1985. Alan's practice focuses on patent matters and consists primarily of prosecution, litigation, licensing, opinions and counseling on patent strategies for a wide variety of clients in the advanced electrical, optical, semiconductor, computer-based and mechanical technologies, and he presently manages the firm's International Department. He graduated from the State University of New York with a B.S. in Electrical Engineering and obtained a JD at the Georgetown University Law Center. He initially worked as an Examiner in the U.S. Patent and Trademark Office and later served as Assistant General Counsel and head of the corporation's Patent Department for the internationally known telecommunications satellite company, COMSAT. Alan is active in several professional associations, including A.I.P.P.I., F.I.C.P.I., ABA, IPO and A.I.P.L.A, where he served last year as President and now is a member of the Board of Directors. He also is a Vice President of AIPPI-US. Alan has lectured internationally on U.S. patent and commercial matters, and has authored numerous articles published in the U.S. and elsewhere in the world. He can be reached by email at [akasper@sughrue.com](mailto:akasper@sughrue.com).

# THANK YOU