

# The Limited Monopoly™

## The Prioritized Examination Option Under the AIA

by John Hammond, PE and Robert Gunderman, PE

### “How fast you wanna go?”

There is a scene in the movie Mad Max where Grease Rat says, “Like the sign says, ‘Speed’s just a question of money. How fast you wanna go?’” With the new prioritized examination option now available under the America Invents Act, Grease Rat’s aphorism is applicable to the filing and prosecution of patent applications, as well as one G-force rides.

### Track 1 – the Details

Section 11 of the America Invents Act, effective September 26, 2011, states, “A fee of \$4,800 shall be established for filing a request... for prioritized examination of a nonprovisional application for an original utility or plant patent.” The USPTO has implemented this provision of the AIA via a program known as “Track 1” examination.

Prioritized examination under the Track 1 program is available for plant and utility patent applications, except utility applications entering the national phase under 35 U.S.C. 371<sup>1</sup>. If an Applicant wishes to enter Track 1 from an international application<sup>2</sup>, this may be done by filing a “bypass continuation” under 35 U.S.C. 111(a), instead of filing a national phase application. Track 1 applications are limited to a maximum of four independent claims and thirty total claims. If a prioritized examination case is filed without observing this maximum claim count, Track 1 status will be denied, and the case will be assigned to an examiner’s normal docket.

To enter Track 1, a Request for Prioritized Examination must be filed and the related fees paid at the time of application filing<sup>3</sup>. In addition to the \$4,800 Request fee, a publication fee of \$300, an additional processing fee of \$130, and the standard application filing, search, and examination fees totaling \$1,260 must also be paid. Hence the fees due upon filing sum to \$6,490, which is a significant increase over the standard filing fees of \$1,260.

If the application is in proper form and all of the required fees are paid, the Request is approved. Under Track 1, the application is accorded special status and is placed on an examiner’s special docket throughout prosecution until a final disposition is reached. One goal of the USPTO is to achieve on average a final disposition of the application within twelve months of the application being granted Track 1 status. Some of the events that constitute a final disposition are the following: a) the mailing of a Notice of Allowance (i.e., the claims have been allowed, and a patent will issue); b) the mailing of a Final



Office Action (the claims have been rejected twice or more); and c) the abandonment of the application (the Applicant has given up pursuing a patent).

In order to maintain Track 1 status, an Applicant must be diligent in interacting promptly with the Patent Office during prosecution of the application. If the Applicant does not respond to an Office communication within a statutory deadline, and thus needs to request an Extension of Time, the Extension will be granted, but Track 1 status will be terminated. The application then reverts to the examiner’s standard docket, and could require an additional one to two years to reach a final disposition.

If circumstances during prosecution require the applicant to file a Request for Continued Examination, that action will also terminate Track 1 status. It is possible to enter or re-enter Track 1 one time with the filing of an RCE<sup>4</sup> (including one for a national phase application), but all of the Track 1 fees except the publication fee must be paid again.

The Patent Office provides several recommendations for maximizing the benefits of prioritized examination, including submitting an application that is in condition for examination, and filing timely and complete replies to any Office Actions. Additional key requirements include being prepared to conduct interviews with the examiner, and lastly<sup>5</sup>, “Acquiring a good knowledge of the state of the prior art to be able to file the application with a clear specification having a complete schedule of claims from the broadest to which the applicant believes he is entitled in view of the prior art to accept to the narrowest which the applicant is willing to accept.”

This last recommendation is the most critical one for extracting

## *“Speed’s just a question of money. How fast you wanna go?”*

value from the Track 1 process. It requires that a thorough search be done, followed by careful analysis of any references that disclose inventions similar to the invention being claimed. Much as is the case for other patent application preparation and prosecution matters, this is best undertaken with the assistance of a qualified patent practitioner. Filing a Track 1 application blind (i.e. without a search), or with claims that are far from being allowable will likely require prolonged prosecution, resulting in a loss of Track 1 status and thus wasting the additional money spent.

### **Is Track 1 Worth It?**

So... regarding that question of money, how much time does that difference of \$5230 between the standard filing fees and the full Track 1 fees buy you? According to the most recent data posted on the USPTO “dashboard” site<sup>6</sup>, as of September 2012, the average time to issue a first Office Action is 21.9 months, and the average total application pendency is 32.4 months for standard (i.e., non-Track 1) applications. In contrast, according to the USPTO Track 1 site<sup>7</sup>, as of October 15, 2012, the average time to issue a first Office Action under Track 1 is 1.64 months, and the average time to reach a final disposition is 5.19 months.

The data clearly shows that spending the additional money to file under Track 1 saves roughly around two years in total application pendency. Presuming success (which is not guaranteed), that means getting an issued patent two years sooner than would have otherwise occurred under the standard USPTO docket. But there is more to consider than just the filing fee difference cited above.

First of all, the above filing fees are for “large entities,” i.e. large corporations. For “small entities,” such as small businesses<sup>8</sup> and universities, small entity rates apply. For a small entity, the fees to file a Track 1 application currently total \$3363, and the standard filing fees total \$533. Hence the bite for filing a Track 1 application is considerably less for an individual, small business, or university.

Moreover, while still considering it to be a question of money, beyond the filing fees, what is obtaining an issued patent two years sooner worth to your business? If a competitor is infringing the claims of your patent application, or would infringe but for there being an issued patent that could be asserted against it, the potential value of those two years would likely make the difference in the Track 1 filing fees seem like petty cash.

### **Other Choices and Strategies**

It is also important to be aware of other options for accelerating the patenting process. The USPTO has an alternative program, accelerated examination, which has been previously covered in this column<sup>9</sup>. The additional petition filing fee for AE is much lower (only an additional \$130 more than the standard large or small entity filing fees), but a complex Accelerated Examination Support Document must be filed with the application. This

document is expensive to prepare, and is widely considered to have significant risks with regard to claim scope, estoppel, and potential inequitable conduct allegations.

Additionally, for U.S. applications that have copending foreign applications, the Patent Prosecution Highway<sup>10</sup> may offer opportunities to speed up prosecution in the USPTO. The PPH is a multinational cooperative program in which the results of prosecution in a first patent office may be cited in an application in a second patent office, thereby obtaining earlier examination (and hopefully, favorable consideration) in that second office. Hence, for a U.S. application, the results of prosecution of a foreign or international (PCT) application may be cited in the USPTO to accelerate its prosecution.

In summary, Track 1 prioritized examination in the USPTO is an option that is worth considering. Any such consideration should be done with a clear understanding of its costs and benefits, and the other options that are available depending upon the circumstances. Your patent practitioner can advise you on the various tradeoffs of these options, and work with you to develop a strategy for your patent application filings on a case-by-case basis.

1. See “The Limited Monopoly™,” February 2012.
2. See “The Limited Monopoly™,” November 2007.
3. 37 C.F.R. 1.102(e)(1).
4. 37 C.F.R. 1.102(e)(2).
5. Federal Register Vol. 76, No. 185, pp. 59051-59052, Sept. 23, 2011.
6. <http://www.uspto.gov/dashboards/patents/main.dashxml>
7. [http://www.uspto.gov/patents/init\\_events/Track\\_One.jsp](http://www.uspto.gov/patents/init_events/Track_One.jsp)
8. Defined by the Small Business administration as having more than 500 employees, and/or by other metrics.
9. “The Limited Monopoly™,” March 2007.
10. “The Limited Monopoly™,” March 2008.

**Photo Credit: “Mind If I Smoke?” Ron Schillinger’s blown alcohol 427 SOHC 1969 Mustang, Schillinger Racing, Conesus NY.**

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