

As printed in the August 2006 edition of...

Atlantic Coast In-House

A Quarterly Publication of Lawyers Weekly Inc.

Patent Office implements innovative program to expedite patent applications

Developing a company policy a good idea

By Stephen Becker and John Fuisz

The Patent Office has been the source of widespread (but perhaps overstated) criticism for its inability to accurately examine the myriad of patent applications it receives annually.

During an examination, an examiner reviews an application to determine what the “invention” is, and searches the “prior art” to determine whether the invention is sufficiently novel to merit a patent.

As a creative new approach to improving examination, a one-year pilot program called the Community Patent Review process commenced in June. As exciting as the project is, it raises a number of significant issues in-house counsel need to be aware of to help assess what action to take.

The peer-to-peer project is an initiative between the Patent Office and New York Law School Institute for Information Law and Policy. As part of the project, the Patent Office will receive 250 to 400 patent applications related to the arts involving computer architecture, software and information security, which will be opened to public comment during the review process through a Wikipedia-like system.

Companies such as Computer Associates, General Electric, Hewlett-Packard, IBM, Intel, International Characters, Microsoft, Oracle, Out of the Box Computing, and Red Hat have agreed to submit applications.

The Patent Office and its volunteers hope the project will catch on and become a standard for future examination of patent applications.

Many unanswered questions

However, a myriad of unanswered questions are raised by the Project. The legal and practical effect of having companies, employees, consultants and others comment on pending patent applications has yet to be worked out.

If your employee comments, will it prejudice a jury against your company in a subsequent patent infringement suit? Will you be identifying yourself as a potential infringer? Will you be dragged into litigation between other parties? Do you want your company to be part of the test case?

If not, adopting a corporate policy preventing employees from participating in the peer-to-peer pilot program is something that you need consider doing now.

The project will proceed in four phases, the first of which is underway now. Phase one (the one-year pilot program) will focus on 250-400 patent applications in computer architecture, software, and information security.

The project will focus on technical art initially because it is often criticized as the source of questionable patents and is regarded as one that is particularly difficult for the Patent Office to review.

After an application is filed, it is transferred to the Peer-to-Patent system. The application is published on a new P2Patent website and made available for comments for four months. Electronic notifications of the application's review period are sent via electronic subscription to a peer-review community of experts. The experts are, in turn, encouraged to invite additional experts to subscribe and participate. And this is where your employees or consultants can get involved even if they are not part of the initial community of experts.

The review process is overseen by facilitators, who are not required to be legal experts or interpret the patent application. The facilitator posts updates on the patent application page, runs a discussion board, focuses community members on finding prior art, identifies experts who might assist, and also identifies what they consider to be inappropriate content.

The degree to which the peer reviewer can participate is varied. The peer reviewer can search and find applications, rate patent claims, submit examples of prior art, comment on prior art submissions, rank prior art submissions, and rate other contributors.

The prior art receiving comment is added to a community knowledge-base and is available for use in future application reviews. The prior art is ranked and sent to the patent examiner and applicant at the close of the peer-review period.

The examiner can then use any number of these prior art submissions in determining patentability. Members of the community receive "karma effects," which are status points for submitting prior art that is deemed relevant to the community and ultimately used by examiners. Subsequent phases of the program involve a progressive expansion of the program.

The goal of the project is to facilitate stronger applications, higher-revenue, and more litigation-proof patents since a community of experts assists inventors in uncovering relevant art. But therein lies the danger to you and your company.

Policy is needed

Allowing an employee not trained in the law to comment on a patent application may potentially bind the company, whether legally or practically, to a patent that carries with it the added credential of having been reviewed by a group of experts. Moreover, this identifies the company as having some interest in the technology, which may make it a target for a patent infringement suit.

Even if an employee comments on a patent application that is completely outside of a company's business, the possibility exists the employee will be dragged into litigation between other companies as a third-party witness. Their status has already been identified as an expert. Why wouldn't a defendant accused of infringement seek discovery from them? The disruption to your company is something that you should consider.

Regardless of what type of policy is implemented by a company, thought should be given to the practical effect of a juror seeing your company's internal policy if the employee or company is subsequently involved in litigation.

If things go wrong, e.g., an employee gets involved in the project without the company's knowledge, is your company's policy sufficient to distance the company from the employee's action?

The reality is that even if employment laws permit in-house counsel to impose a comprehensive policy governing involvement in the project, things can still go wrong. Working out the details now so that people understand the legal and financial implications can be a strong deterrent.

If participation is going to be allowed, consideration should be given to which employees are allowed to comment, what company information they are allowed to use, whether the legal department needs to be informed, and what happens if the individual is subsequently involved in litigation as a third party.

The first decision needs to be who in the company will be allowed to participate. Do you want lower level engineers involved? What about consultants? Especially during the project's trial period when computer-related applications are being put out for comment, you cannot discount the willingness of employees to think they have an expertise and want to comment.

If there will be two classes of employees – those who can participate and those who cannot – the policy has to address both. Perhaps all employees may comment through an appointed conduit individual who will decide whether and how to provide submitted information to the Patent Office. Disclaimers or acceptance of the policy should be part of any consulting contracts.

The policy needs to also address the process a participant must follow. What level of input should the legal department have? If patent counsel needs to be retained, who or what department will be responsible for the cost?

If participation is not going to be allowed, then the issue becomes whether it can be legally and practically prohibited. Can the company prohibit employees from participating in the project outside of the work environment? What restrictions need to be placed on the use of company information? Just as important, who will be responsible for the cost associated with the employee needing time off of if the company is implicated in future litigation?

There is no one correct policy that will protect all companies. The reality is that patent infringement suits are very expensive. Even responding to a third-party subpoena can be very disrupting, requiring retention of outside counsel and associated fees.

Being proactive and implementing a policy now on the Patent Office's Community Patent Review Project may help minimize problems in the long term.

Stephen A. Becker is a partner at McDermott Will & Emery LLP based in the firm's Washington, D.C. office. As a member of the intellectual property, media & technology department, Steve leads the firm's patent procurement group, and concentrates his practice on patent matters. He can be reached at sbecker@mwe.com.

John R. Fuisz is a partner at McDermott Will & Emery LLP based in the Washington, D.C. office. He is a member of the intellectual property, media & technology department and concentrates his practice on patent and related technology litigation. He can be reached at jfuisz@mwe.com.

Reprinted with permission from the August 2007 edition of Atlantic Coast In-House. © Copyright 2007 Lawyers Weekly, Inc. All Rights Reserved. Further duplication without permission is prohibited.