

Patent Pileup

The Patent Office can't clear its backlog by shifting work to inventors.

BY STEPHEN BECKER

The U.S. Patent and Trademark Office is drowning in paperwork. To reduce its considerable backlog, the agency wants to dramatically change the rules governing examination of patent applications.

The PTO proposals, announced in January, would change current practice in substantial ways. Strategic and financial burdens would be shifted from the PTO to those seeking patents. This may reduce the agency's backlog, but it would come at the expense of inventors, universities, research corporations, and patent lawyers.

MAKING CLAIMS

To understand the impact of the proposed changes, it is important to first look at the existing patent process and its growing problem.

A patent application contains a description of an invention together with a number of "claims," or statements that very precisely define the parameters of the patent being sought. When an application is filed, the PTO first checks that the formalities have been satisfied and the filing fees paid. Then the application is classified according to its technology and assigned to an examiner in the appropriate technology group.

The examiner studies the application to determine whether the claims describe something that is novel, nonobvious, and useful—i.e., something that warrants a patent. In making this determination, the examiner also searches the "prior art" in the field, usually by computer.

Ordinarily, the examiner will reject at least some of the claims for not being patentable. The filer may then rewrite the claims so that they are less ambitious, if that proves necessary, and/or present a written argument explaining the merits of the invention. The examiner may reject the claims again, and another response from the filer may be presented. (The process usually ends with the second round, however.)

After two rejections, the filer can abandon the application or

resubmit as a "continuation application," which enables the filer to try a different approach to win a patent. Under accepted practice, this process of filing continuation applications can be repeated as long as the filer develops legitimate new positions to argue.

Traditionally, the PTO has examined all claims presented in an application, subject only to the requirement that the claims all are directed to a single invention. As the number of claims grows, the filing fee increases substantially, in part to cover the cost of examination and in part to discourage filers from presenting a large number of claims.

This seems to have worked well in the past. Until recently, applications in most technologies were initially examined within 18 months and patents issued within two or three years.

Now, however, the mushrooming number of filings is causing the backlog to swell out of control. According to PTO statistics, nearly 400,000 new applications were filed in 2005, and the current inventory of unexamined applications is more than 900,000—a number expected to grow. If no changes in current procedure are made, an application filed today will not be *initially* examined for anywhere from two to 10 years (in the case of business method patents).

Moreover, the quality of that examination is poor. An internal PTO audit found that about 15 percent of all papers issued by examiners contain at least one error considered significant to the examination process. Nearly 5 percent of approved applications have at least one claim that a court would find to be invalid.

The problem is that too many new patent applications are being filed for the PTO to be able to actually examine them. This is aggravated by the amount of time that examiners are spending on continuations of previous applications. According to the PTO, about one-third of applications under examination are continuations.

Why not just hire more examiners? In recent town-hall meetings, John Doll, the commissioner for patents, unveiled a plan to hire 1,000 additional examiners, who would then be trained for eight months in a new academy. However, the PTO has calculated

that even this effort would barely make a dent in the backlog and quality problems (though its reason for this conclusion is unclear).

FEWER FILINGS

The examination burden is just too great, says the PTO. Instead of hiring sufficient personnel, the agency is proposing rule changes to reduce the number of filings. The specific changes fall into two proposals—one addressing initial claims and one addressing continuation practice.

The first proposal would limit to 10 the number of claims that can be presented for examination. If this limit is exceeded, the filer must identify up to 10 claims as being “representative.”

The rule would be retroactive to include any application that is pending but has not received an examination. (This would create serious problems for patent law firms, which may have hundreds or even thousands of pending applications that fall into that category.)

The patent application would also need to identify the closest earlier technology and to include a patentability report explaining exactly why the invention is thought to be patentable. This would be a significant change in the procedural burdens. Today, it is the responsibility of the examiner to do this work and then, if necessary, tell the filer why claims are not patentable.

The second set of proposed changes would limit the number of continuation applications to only one (in most cases). If a second continuation application is submitted, the filer would have to demonstrate that the issues raised in the continuation could not have been raised earlier.

But most continuations cannot satisfy this requirement. Issues simply evolve during the patenting process; they theoretically could have arisen earlier. As a practical matter, using continuations in the traditionally accepted manner to perfect the claims would be out.

NEGATIVE IMPACTS

It is difficult to fault the PTO for attempting to design new rules to reduce the backlog and enhance examination quality. But the new rules would have a negative impact on those who file patent applications.

Fundamental inventions are often initially submitted to the PTO in the form of deliberately broad applications with many claims, which are refined during the examination of the original application and its continuations. This strategy is common to universities and corporations doing cutting-edge work in such technologies as physics, biotechnology, and pharmaceuticals. In all these fields, the practical applications of a fundamental innovation may not initially be well developed but will evolve over time as the application is being pursued. The back and forth between the PTO and the filer is how weaker claims are weeded out and stronger patents are granted.

Many independent inventors, whatever their field of innovation, need to start with a good number of claims and rely on multiple continuations to achieve a worthwhile patent, so the limits would hurt them.

The proposed changes, especially the added requirements for a prior art search and a patentability report, would raise the cost of obtaining a patent. Preparing an application may simply become too expensive for many independent inventors.

Also at a disadvantage would be foreign corporations, whose patent applications often are an amalgamation of several related

applications initially filed in their home countries. They too need the back and forth of continuations to work out viable U.S. claims. They cannot realistically retreat from this strategy.

One practical result (and unintended consequence) of the proposed changes may be to multiply the number of separate applications that are filed. That could actually increase, rather than decrease, the backlog. Although the PTO is presenting additional rules to discourage gaming of the system, filers would find ways around the restrictions. And consider the time that the PTO itself would spend navigating through the added layers of procedure that the rule changes would create.

The proposed rules would also impose a considerable burden on attorneys. The process of selecting “representative” claims, researching prior art, and drafting a patentability report is rife with pitfalls. The good-faith efforts by a lawyer to meet these requirements could become one more issue in patent litigation, with opponents charging negligence, if not deception, of the PTO.

Moreover, it is disconcerting to contemplate that a filer might lose the ability to seek a patent through a second continuation application simply because the filer’s position purportedly was not adequately presented in the first place. Under the new system, lawyers would have to be very, very careful.

NOT AN EASY PROBLEM

Certainly, the problem of a flood of applications is not going to be easy to solve. But the PTO is not the first patent agency to confront it.

The Japanese Patent Office, for example, has for some time been inundated by patent applications, filed principally by Japanese companies. (Despite the fact that Japanese filers are second in number only to U.S. filers at the PTO, Japanese companies file about 10 times as many patent applications in Japan.) The approach that the Japanese Patent Office takes is to record the filing date of an application, but not to actually examine it unless and until the filer makes and pays for a request for examination.

The filer is given three years to decide whether to have the application examined. About one-half of Japan’s applications die unexamined during that period—because technology advances, business strategies change, etc. The Japanese Patent Office even encourages filers not to request examination by returning a portion of examination fees previously paid.

Many other countries have a similar system. And something similar might work here too. At the very least, it should be seriously considered.

Fortunately, the PTO’s proposals are still only proposals. Significant opposition from multiple sectors of the public could change the agency’s mind.

The PTO is accepting written comments on the proposals until May 3. Another town-hall meeting is planned for April 21 at the PTO’s offices in Alexandria, Va. Patent lawyers and other stakeholders should let their views be heard.

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