

USPTO Faces Revolt Over Patent Rules

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Friday, Oct 05, 2007 --- Facing a growing backlog of pending patent applications, the United States Patent and Trademark Office has made a highly controversial bet: That the new rules set to go into effect on Nov. 1 will help make the application process more effective and efficient. So far, that outcome is hardly the odds-on favorite among patent law practitioners.

"I don't think that these rules are going to have the impact that they've hoped for," said Rich Giunta, shareholder and patent law specialist at Wolf Greenfield & Sacks PC. "There's going to be a lot of extra work for applicants, and also for the patent office."

The USPTO, for its part, has noted that working through the backlog was only part of the intent behind the new rules.

"This is just one part of a broad approach to improve the quality and efficiency of the examination process," said John J. Doll, commissioner for patents at the USPTO.

The latest additions to the patent rulebook largely center on limits to continuing applications and claims. Come November, patent applicants will only be able to file two new continuing applications and one request for continued examination unless they can provide a convincing argument for why the additional information in question was not previously submitted.

The new rules also limit applications to 25 claims, including no more than five independent claims, unless the applicants can demonstrate why the additional claims are necessary.

Those caveats are important, noted Doll, who said that in practice there are no absolute limits.

"You get as many as you can show good cause for needing," said Doll.

Previously, applicants could automatically file an unlimited number of continuations and, in principle, their applications can have an unlimited number of claims. Under the new rules, if additional continuations and claims are needed, an applicant must file additional paperwork to explain why.

It's exactly those extra steps that the patent office believes will go a long way towards streamlining and improving the application process overall.

While the USPTO has often noted that the new patent rules are only part of the solution to the growing pileup of patent applications, it's clear the office expects the upcoming rule changes to have a significant effect.

Commissioner Doll predicted the new rules on continuations in particular would "have a direct effect on the size of the backlog."

Thirty percent of applications the USPTO reviewed last year were continuing applications, according to Doll. That effectively means that 30% of the work examiners did last year was work they had already reviewed, according to Doll.

The new rules, Doll said, are designed to limit the number of times an applicant can readdress identical issues.

"I don't know any other government agency that will allow you to come back and argue your case until you're successful," said Doll.

The USPTO also expects that a reduction in the number of automatically allowed claims will have a significant effect on productivity, and ultimately, the quality of the patent examination process.

"The more claims an application has, the more likely an examiner is to make a mistake," said Doll.

The need to address the eye-popping backlog of pending patent applications at the USPTO was a frequent topic of discussion during the long process of finalizing the new rules.

According to the the patent office, the current backlog is some 761,000 applications, and that number is growing.

The upshot of this accumulation is that an applicant can expect to wait an average of 32 months before getting a thumbs up or thumbs down on a pending application.

And this nearly three-year-long wait has left many inventors frustrated.

"For some technology, there's a long lead time. So some delay is not such a big deal," said Giunta. "But in technology areas where there's a much faster time to market, and less of a useful shelf life, the impact is much more profound."

But the possibility of the new patent rules actually helping the patent office dig into the ever-growing pile of patent applications is one that many patent lawyers are skeptical of.

"The patent office claims there's no other way to cut down that backlog," said David L. Schaeffer, special counsel in the intellectual property practice at Stroock & Stroock & Lavan LLP. "I think the patent office is killing an ant with

a sledgehammer."

Schaeffer called the new rules "byzantine," and said they cause as many problems as they purport to correct.

"They add a new layer of complexity," said Schaeffer. "I think there may have been other ways to solve the problem."

Certainly a quicker process would be valuable for many inventors, particularly in fields where technology is developing at a rapid pace. But some patent law professionals question whether the backlog should take a backseat to other more pressing concerns.

"I'm always concerned with overemphasizing efficiency," said Ginger Dreger of Heller Ehrman LLP. Dreger acknowledged that speed was vital in some industries. But in the pharmaceutical and biotechnology worlds, for example, where Dreger concentrates her practice, other considerations take priority.

"We really care more about quality, the ability to build a picket fence around an invention," said Dreger, who noted that the new rules have raised some concerns over applicants' future ability to thoroughly protect their assets.

"Often for a small company, all they have is intellectual property," said Dreger. "If they can't protect it, they go out of business. And they don't have an unlimited amount of money to try and finesse the system."

Several patent law practitioners also expressed concern that the new rules would create even more work for both the patent examiners and applicants, or just move the work from one part of the patent office to another.

"I think it'll create more appeals," said Greg Leibold of the intellectual property law firm of Merchant & Gould. "It may be that some of the work goes to the appeals board and off the examiners desk."

If that happens, the workload at the patent office is likely to expand, according to Dreger.

"When you appeal, those are much more significant briefs. It's a serious, time-consuming process. If there are a lot of appeals, I don't think the burden will be less. It will probably be more," said Dreger.

The new rules are also likely to inspire new patent application strategies, ones that are unlikely to be focused on lightening the load at the patent office.

"There's a great likelihood that patent attorneys will try to find as many ways to keep patent applications alive to meet their clients' needs," said Leibold. "We're paid to be zealous advocates for our clients, and we'll continue to do that."

Yet the new rules aren't the only weapon the patent office hopes to wield against the patent application backlog.

The office is also making a significant push to boost the ranks of its patent examiners.

The patent office commenced large-scale hiring in 2005, signing on a thousand new examiners. The year after, the office hired about 1,200 new recruits, and this year, they've brought on just over 1,200.

The USPTO says it now have about 5,400 examiners on board, which includes new hires that are still going through an intense training process. The plan, according the USPTO, is to continue hiring at that level for the next four or five years, provided, of course, that the federal government continues to support the initiative with appropriate funding.

With that level of expansion, the backlog might seem more manageable. But attrition among patent examiners has been a problem too. A report recently completed by the Government Accountability Office said that attrition is offsetting the hiring push at the patent office. From 2002 to 2006, according to the GAO, one patent examiner left the USPTO for nearly every two examiners that were hired.

Nearly 70% of those who left during that period had been at the patent office for less than five years. That's a significant detail, according to the GAO, since new patent examiners work on many of the key tasks that clear patent applications from the backlog.

The patent office claims to have reduced its attrition rate to about 10% as a result of several new initiatives, including hiring and retention bonuses, reimbursements for law school and more flexible work schedules.

Retention is of particular importance to the USPTO, since the job of being a patent examiner is both unique and complex. It can take four or five years before a patent examiner starts operating at his or her highest level of productivity, according to the patent office.

The latest GAO report recommended that the patent office take another look at the production goals it has set for its patent examiners in order to ensure that they're reasonable.

On Thursday, USPTO Director Jon Dudas addressed the report's recommendations, saying the patent office agrees that hiring alone won't clear the application backlog.

“By far, our most valuable resource is our employees. We believe that our five-year strategic plan identifies initiatives that effectively protect innovation while promoting a quality workplace that attracts and retains employees. That is why many of our most current initiatives incentivize applicants and the public to provide the best information to patent examiners early in the

examination process,” said Dudas.

For the next few weeks, all examiners, new hires and old hands have a significant amount of training ahead of them in order to get up to speed with the new rules ahead of Nov. 1.

Commissioner Doll said the USPTO has set up an implementation team to familiarize patent examiners with the new regulations. The first sessions kicked off during the first week of October with what Doll termed a “high-level overview” of the new regulations. Over the next few weeks, additional training will be provided on case-specific scenarios.

Patent examiners aren't the only ones who have their work cut out for them. Schaeffer, who called the new rules “ridiculously complex,” had a few words of advice for patent law professionals who have been putting off the inevitable.

“Look at them right now,” said Schaeffer, “It takes days of study.”