OVERALL PATENT PENDENCY FY2009: BENCHMARKS AT THE LEGISLATIVE STARTING GATE

I. OVERVIEW

What, precisely, is today's average *overall* patent pendency for a U.S. patent? The United States Patent and Trademark Office (PTO) has set the ambitious goal of reducing *overall* pendency to 20 months from first filing up to final grant, making this an important question. *See* § II, *Overall Patent Pendency as the Key Success Metric.*

Breaking with the previous Administration, the Obama Administration has provided a computer model to permit calculation of pendency reduction based upon hiring, overtime and other parameters. The Office also shows on this computer model precisely how much the backlog is increased by calculation of pendency from the filing date of the most recently filed application – as opposed to a subsequent RCE request. *See* § III, *The PTO Computer Model: Measuring the Metrics.*

To provide a more accurate calculation of overall pendency, it would be helpful to have information for the net average pendency adjustments for parent applications, e.g., continuations, continuations-in-part and divisionals, as well as the additional pendency based upon provisional and foreign priority applications. *See* § IV, *Additional Integers Beyond the Computer Model.* Short of such information, *Overall Patent Pendency* is provided as a table with estimates that show that the average pendency from the very start of the first filing anywhere in the world up until grant of the United States patent is on the average from 56 to 67 months. *Id.*

II. OVERALL PATENT PENDENCY AS THE KEY METRIC

"Reducing … *overall* pendency to 20 months…." is one of the key patent law priorities of the Obama Administration.[1] A game plan was crafted by the Under Secretary to meet this goal: "In 2009, the Agency began to lay the groundwork for new measures to address our biggest challenge – dramatically reducing the time it takes to process patent applications. Secretary of Commerce, Gary Locke, has directed the USPTO to reduce … *overall pendency to 20 months*. Shortening pendency time is imperative to improve predictability and clarity in the patent system."[2] A 20 month total pendency goal to be reached by FY2014 has now been formally ensconced by the Obama Administration as a part of the President's Budget for the coming fiscal year: President Obama thus includes the admirable goal to "[r]educe average *total* pendency to 20 months[.]"[3]

The Obama Administration has emphasized the importance of the *overall* pendency and not an arbitrary start date long into the patent application process: For the first time in more than a generation, the Office has openly acknowledged that that it is the *overall* pendency of patent applications that is important:

---

[11] David J. Kappos, Address to the Intellectual Property Owners Association Annual Conference, Chicago, Il., September 14, 2009, http://www.uspto.gov/main/homepagenews/2009sep14_kappos_ipo_speech.htm (emphasis added).

[2] *Message from the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office (USPTO)*, November 5, 2009, http://www.uspto.gov/web/offices/com/annual/2009/par_02.html

[3] *The United States Patent and Trademark Office Fiscal Year 2011 President's Budget* (emphasis added). The goal is highlighted by the January 29, 2010, Memorandum from the Acting Chief Financial Officer that is included as an introduction to the budget.

"From an applicant's perspective, the application claims are still pending until finally allowed, denied or affirmatively abandoned."[4] Therefore, as a breath of fresh air, it was mandated that "'[p]endency' should be defined as *overall* application pendency from initial filing to final disposition of the claims – whether by allowance, decision on appeal or abandonment."[5]

III. THE PTO COMPUTER MODEL: MEASURING THE METRICS

As part of its drive for transparency, the Office has provided additional data to the public through its Patent Pendency Model (PPM) which is "part of its ongoing transparency efforts[.]"[6]

"The PPM enables users to see how … *overall patent pendency* periods are affected by changes in staffing and filing levels. Reducing patent pendency is the USPTO's top priority, and the model enables users to estimate pendency periods using historical data to make calculations and to create graphs of predicted outcomes. … "

As a breath of open government fresh air, the Kappos Administration has now announced to the public both the percentage of RCE filings as well as the impact on pendency which adds one year to overall pendency, not counting

[4] Patent Public Advisory Committee 2009 Annual Report, § IV.1.2., *Pendency*, pp. 12-15 at p. 14, U.S. Patent and Trademark Office (November 5, 2009).

[5] *Id.* (original emphasis by the PTO).

[6] *USPTO Launches Interactive Model Predicting Average Patent Pendency Timeframes in Relation to Varying Staffing and Filing Levels*, Press Release, 09-33, December 18, 2009, http://www.uspto.gov/news/pr/2009/09-33.jsp

additional adjustments that cannot be calculated based upon parent application priorities which the Office has yet to disclose. The PTO's statistical model provides actual data (FY2009) and projections (FY2012-FY2014):

	FY2009	FY2010	FY2013	FY2014
RCE's as % of total filings	30 %	28 %	23 %	22 %
Pendency (minus RCE reset)	34.6	34.3	28.2	26.6
Total Pendency (with RCE reset)	42.6	42.3	36.2	34.6

IV. ADDITIONAL INTEGERS BEYOND THE COMPUTER MODEL

The computer model would be made even more meaningful if the overall pendency could be better calculated by figuring the net average pendency of parent applications, e.g., continuations, continuations-in-part and divisionals, as well as the additional pendency based upon provisional and foreign priority applications.

Overall Patent Pendency is an appendix with figures being provided for the missing data.

To be sure, a far more accurate calculation would be possible if the actual data were provided by the Office, which one would expect would be forthcoming.

Harold C. Wegner*
March 2, 2010`

* This paper represents the personal views of the writer and does not necessarily reflect the views of any colleague, organization or client thereof. The writer is the former Director of the Intellectual Property Law Program and Professor of Law, George Washington University Law School; partner, Foley & Lardner LLP.

OVERALL PATENT PENDENCY

Pendency as measured from latest RCE or latest actual filing, whichever is later		
[1] Office (all)	35 mos.	PPM (rounded from 34.6 mos.)
High Tech (Biotechnology) Official PTO Figure Tech Center 1600 FY2009	35 mos.	FY2009 PAR (rounded from 35.1)
Overall Pendency – Sample Tests		
High Tech (Biotechnology Sample) "Gene" Patents	82 mos.	APPENDIX D (rounded from 81.8)
Traditional (Automotive Sample) "Muffler" Patents	46 mos.	APPENDIX E (rounded from 46.1)
PTO Computer Model FY2009		
[1] Pendency from Last Filing (without RCE consideration)	35 mos.	PPM (rounded from 34.6 mos.)
[2] RCE Adjustment to reflect actual latest filing date	8 mos.	Appendix B
Adjustments to Account for Data not found in the PTO Computer Model		
[3] Pendency adjustment for provisional or foreign priority	9 mos.	Appendix A
[4a] Adjustment to account for continuation, continuation-in-part and divisionals **HIGH** estimate	15 mos.	Appendix C
[4b] Adjustment to account for continuation, continuation-in-part and divisionals (Appendix __) **LOW** estimate	4 mos.	Appendix C
OVERALL PENDENCY ESTIMATES		
HIGH	67 mos.	[1]+[2]+[3]+[4a]
LOW	56 mos.	[1]+[2]+[3]+[4b]

PPM = "Patent Pendency Model", U.S. Patent and Trademark Office (December 18, 2009), available on line at http://www.uspto.gov/patents/stats/patent_pend_model.jsp, default simulation. http://www.uspto.gov/patents/stats/pendency_model.xls (showing actual 30 % of all applications based upon an RCE.)

Appendix A
9.0 Months Differential for Provisional and Paris Priorities

The pendency statistics that have historically been released by the PTO do not include the *overall* pendency keyed to the priority date of either a provisional application or a Paris Convention priority application.

Based upon the fact that for FY2009 a total of 134,435 provisional applications were filed, essentially all by domestic American applicants, and since roughly 50 % of all patents granted are to domestic applicants, it is estimated that roughly half of the American patentees have obtained patents based upon a provisional application that adds one year to the overall pendency of each application.

Based upon the assumption that roughly 50 % of all patents are granted to foreigners and virtually all of the patents are based upon essentially one year of Paris Convention priority, this adds one year of overall pendency for each such application.

This means that for ¾ of all patents granted there is a one year of *overall* pendency that needs to be accounted for to reach an average adjustment of 9 months per patent.

Appendix B
8.0 Months Differential based upon pre-RCE Period of Pendency
(without consideration of any parent priority dates)

	FY'9	FY'10	FY'11	FY'12	FY'13	FY'14	FY'15	FY'16
Pendency dated to RCE request	42.6	42.3	40.8	38.4	36.2	34.6	33.6	33.5
Pendency dated to latest actual filing date	34.6	34.3	32.8	30.4	28.2	26.6	25.6	25.5
Months differential	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0

"Patent Pendency Model", U.S. Patent and Trademark Office (December 18, 2009), available on line at http://www.uspto.gov/patents/stats/patent_pend_model.jsp, default simulation. http://www.uspto.gov/patents/stats/pendency_model.xls (showing actual 30 % of all applications based upon an RCE.)

Appendix C
4 to 15 Months Differential for §§ 120, 121 Parent Priorities

If there are statistics available to show the amount of average pendency based upon continuation, continuation-in-part and divisional filings they have not been found.

As a conservative estimate the figure of 4 months is used for this calculation in the absence of meaningful data.

As an upper end measure, an estimate of 15 months is used for the high end. conservative estimate the figure of 5 months is used for the high end.

Appendix D
GENE PATENT SAMPLE (FY2009)*

Overall pendency	w/o foreign/ provisional	Latest Filing	Priority Δ
99 mo.	87 mo.	40 mo.	YES
60	48	48	YES
155	155	36	YES
65	57	57	YES
79	67	49	YES
57	45	45	YES
136	124	23	YES
136	124	35	YES
83	71	71	YES
36	36	36	NO
50	38	38	YES
58	46	46	YES
65	65	65	NO
80	68	68	YES
46	35	35	YES
42	42	42	NO
103	91	91	YES
123	123	123	NO
60	60	60	NO
75	63	63	YES
124	112	70	YES
77	47	47	YES
79	67	67	YES
23	23	23	NO
70	59	25	YES
102	102	32	YES
69	57	57	YES
64	64	64	NO
99	99	67	YES
54	54	54	NO
93	75	75	YES
81.8 avg.	**69.6 avg.**	**53.0 avg.**	**74%**

*All patents granted in the final two weeks of FY2009 (September 22 and 29) where "gene" is mentioned in a claim were tabulated for (a) overall pendency, (b) overall pendency *minus* foreign or provisional priority or actual PCT filing date; (c) pendency from the latest filing in any chain of cases (but excluding any calculation for any RCE).

Appendix E
"MUFFLER" PATENT SAMPLE (FY2009)*

Overall pendency	w/o foreign/ provisional	Latest Filing	Priority Δ
68	56	56	YES
52	52	52	NO
41	41	41	NO
63	51	51	YES
62	60	18	YES
49	49	49	NO
58	58	26	YES
18	18	18	NO
19	19	19	NO
31	24	24	NO
---------- **46.1**	**Average---- 42.8**	---------- **35.4**	------ **40 %**

*To provide a sample a search was made for "CLAIMS(muffler) and automobile" and date(geq (10/1/08) and leq (10/1/09)); only 10 patents were granted over the entire FY2009 for this sample.