

PATENT REFORM “QUALITY” and “PENDENCY”:

Drilling Down to “Backlog”, “Deferred Examination”, “Patent Worksharing” and Other Integers to Achieve Primary Goals*

Harold C. Wegner**

I. OVERVIEW

Patent “quality” and a shorter patent “pendency” at the United States Patent and Trademark Office are cardinal drivers of the push for patent reform, yet both have become icons of failure, illusive goals that have befuddled reformers from all industries and bar groups within the patent community.

Comprehensive statutory patent reform is now in legislative gridlock, as various factions are locked in debates over secondary issues, mired in the weeds of details. Perhaps not publicly but at least in private, all sides of the patent reform debate now must surely recognize that fixing bits and pieces of the patent system *in vacuo* will not work, no matter whether the solution is from one faction or the other. Neither will mandating statutory requirements such as “special dispatch” have any meaning without a holistic approach that deals with seemingly unrelated but in fact complementary reforms.

* This paper is a *preliminary* background analysis for participants at the “PTO Reform”, the academic symposium of the *Stanford Technology Law Review*, Stanford University Law School, February 26, 2010. A final paper will be prepared for publication after the symposium. This paper represents the personal views of the writer and does not necessarily reflect the views of any colleague, organization or client thereof. *This version*: January 18, 2010.

** Former Director of the Intellectual Property Law Program and Professor of Law, George Washington University Law School. Partner, Foley & Lardner LLP.
contact: hwegner@foley.com.

Most if not all elements of the patent community *do* agree with are the basic if nebulous proposition that patent “quality” must be greatly improved and that there must be a focus on sharply reduced patent “pendency”. It must also be understood, if only in private discussions, that the current reform proposals in Congress will not work, no matter how the current legislation is tweaked.

Yet, more than any major statutory changes, the answers to reach “quality” and “pendency” reside more with policy and regulatory changes where statutory reforms play only a minor, secondary role. As Congress comes upon the June 8, 2010, fifth anniversary of the introduction by Chairman Lamar Smith of H.R. 2795, to kick off the first formal introduction of the current comprehensive patent reform bill, all sides must focus upon support of the efforts of the Under Secretary of Commerce for Intellectual Property to address the twin goals of “quality” and “pendency” in a meaningful manner. This paper considers both issues and the nuts and bolts of policy reforms, only some of which require regulatory reforms and very few of which need more than a mild statutory tweak that should not be controversial to any of the interest groups now so very divided over how a statutory patent reform bill should be dressed.

Among the details of patent reform there has been a particular focus is upon “backlog”, “patent worksharing” and reforms in reexamination and in the operation of the Board of Patent Appeals and Interferences. Each indeed represents a key integer necessary to address the problems of “quality” and “pendency”.

For more than a generation, “backlog” has been a shorthand reference to the failure of the Office to reach its early 1980’s goal to have an average net pendency for patent applications of 18 months. The multi-year pendencies are now reflected by a “backlog” comprising an inventory of 1.2 million patent applications in the

queue for final disposition which includes 735,000 which have never received even an initial examination. “Deferred examination” has been viewed as an evil – and antithetical to cutting down the average pendency of a patent application. (Because of the negative connotations, deferred examination has been restyled by the current Administration as “tiered examination”.)

“Patent worksharing” in its ultimate incarnation would, if fully implemented, mean that the fifty percent of patents granted today which go to foreign applicants would be examined in whole or in major part in their home country patent offices, cutting the workload for the examination corps in half. Americans would prosecute their global portfolio of parallel applications at the Carlyle complex in Alexandria, instead of piecemeal in Munich, Beijing, Seoul, Tokyo and elsewhere and thereby more efficiently and inexpensively obtain the global patent protection so needed to protect American intellectual property rights beyond our shores.

To understand the concepts of “backlog”, “patent worksharing” and reforms in reexamination and in the operation of the Board, it is necessary to see the entire picture of the patent system before isolating and focusing upon specific issues in the patent reform debates. The starting point necessarily must be the driving forces behind the political debates. Patent “quality” or perceived lack of quality has been an icon of the debates, even more central than the illusory goal of an 18 month average patent pendency. *See § II, Faux Patent Reform Icons: “Quality” and “Pendency”.*

To reach the real problems of examination, it is first necessary to expose these myths and attack the real problems. *See* § III, *Dealing with the Faux Icons to Reach Real Solutions*. While “quality” is indeed important, the controversy is not over the average quality of patents but rather driven by a relative handful of patents which are either of no important significance – such as a patent to an airplane bathroom queue – or a handful of commercially important patents or ones that are litigated in non-practicing entities. Instead of focusing on the *real* problems, the Office has instituted “second eyes” and other supposed quality programs that have not worked, and only helped amplify the backlog problem. *See* § III-A, *The “Patent Quality Police”, a Failed Experiment*. With respect to the handful of very important patents from a commercial standpoint and particularly the vast numbers of patent litigations brought by non-practicing entities, many if not all of the problems would have evaporated but for the failure of the Office to provide timely reexaminations. The starting point, here, is for Board-centered reforms of patent reexamination, both at the Board itself and also through Board participation in matters prior to Board consideration of reexaminations. *See* § III-B, *Reexamination “Special Dispatch”, a Critical Integer*.

While some of the reforms at the Board and in reexamination can be made within the current statutory framework, some reforms requiring rulemaking and the help of Congress are also needed. *See* § III-C, *Regulatory and Statutory Reforms to Reach “Special Dispatch”*.

Occasionally, patents are needed “immediately”. Industry has had less concern as to the overall backlog and much more focused concern over the inability to have *some* cases taken out of turn for early examination. Constructive proposals by the incumbent Under Secretary are now being considered. *See* § IV, *Priority “Tiered” Examination*.

Among the drawbacks to a rules-based examination prioritization is the fact that the proponents have not dealt with the *lengthened* pendency that necessarily results for all cases that are *not* accelerated. The problem for the public is that without a statutory change, any simple implementation means that the delayed grant of most patents will result in a windfall of an extended patent term. Whether massive patent term adjustments to extend the grant of American patents beyond the parallel expiration dates of foreign patents is a question of fair public policy debate. *See* § IV-A, *Patent Term Adjustment Windfall*. In terms of cutting the backlog, tiered examination is an admission of defeat that prompt examination cannot be obtained: Tiered examination robs Peter to pay Paul and does nothing whatsoever to deal with overall backlog. *See* § VI-B, *The Backlog is not Impacted by Tiered Examination*. Tiered examination *can*, however, impact the backlog through a *statutory* change whereby those at the end of the queue can, thanks to the time to reflect on the importance of an invention after several years, abandon their applications, given the incentive of a refund that can only be achieved through statutory change. *See* § VI-C, *True Incentives to Refrain from Examination*.

Patent examination must also return to its root mission of determining novelty and nonobviousness over the prior art. *See* § V, *Patentability-Focused Examination*. Particularly in biotechnology, seemingly to avoid dealing with difficult to understand technology, many examinations have turned on lengthy formalities considerations, sideshows to the main event of the patent examination equation. *See* § V-A, *Formalities are the Applicants’ Problem*. Where prior art is addressed, all too often there is a citation of a multitude of prior art references, and all too often parallel sets of rejections of the same claims. At the earliest stage, Examiners should be required to focus on the *single most pertinent reference* (and

perhaps one or two teaching references). *See* § V-B, *Simplified Focus on the Best Prior Art*.

It is not merely the Office that must clean up its act. The outside bar has all too often practiced in a manner that delays procurement and unnecessarily complicates the tasks of the Offices. *See* § VI, *Prosecution Gamesmanship*. Optimum presentation of prior art should be encouraged so that it is presented in a useful form that can be considered by the Office, and not merely included in a lengthy citations list. *See* § VI-A, *Prior Art Citations for Full Consideration*. Excessive claim presentation continues to be a major problem. Instead of the failed rulemaking attempt with draconian requirements to present large numbers of claims, a case by case determination should be made. Truly excessive claims presentation can be rejected under the existing case law scheme. *See* § VI-B, *Too Many Claims: “Undue Multiplicity”*. Notorious “means” claiming abuse can and should be controlled. *See* § VI-C, *“Means”-Defined Claim Elements*. A minority of foreign applicants are misled into filing machine translations that result in horrifically poor English which should not be tolerated while many other bargain basement translation mills provide extremely sloppy and difficult to decipher specifications. Such abuse can be stopped short simply by requiring bad actors to file an idiomatically correct specification accompanied by a detailed explanation as to why each change is not “new matter”. Failing complete compliance, the application can be held abandoned which will surely curtail the practice. *See* § VI-D, *Horribly Poor English Usage*. Continuing applications filed for the mere purpose of delay must also be reconsidered. *See* § VI-E, *Excessive Continuing and RCE Filings*.

The introduction of word processing in the past generation had led to abuse of the system on the part of some examiners as often ten or more page Office Actions are simply regurgitations of clipped paragraphs from previous Office Actions that mask the fact that little information of substance is contained in the action. A simplified Office Action format is proposed, particularly for first actions. *See § VII, Language Blind Actions Pinpointing the Prior Art.*

“Patent worksharing” in an advanced form means that with parallel applications to the same invention in numerous countries of the world, *one* country would be elected for first examination; after completion of the first examination, the examiners of the parallel counterpart applications around the world would then take that examination and either allow the same claims – or have a headstart toward examination based upon individual national considerations. *See § VIII, Patent Worksharing.* In effect, *today*, most countries of the world examine their applications *after* parallel examination in the United States has commenced, even under the current backlog. This means that *foreign* examiners have a *de facto* worksharing benefit of seeing the American examination results upon which they can piggyback their own examination. A worksharing agreement amongst all countries would balance matters so that American examiners, too, could take advantage of foreign examinations. *See § VIII-A, Balancing Global Examination Workloads.* Worksharing also means that the more than one million pieces of patent publication prior art from Beijing, Seoul and Tokyo *with no English counterpart* can be searched and examined by native speakers. *See § VIII-B, A More Complete Patent Search.* To the extent that patent worksharing means that a large percentage of American applications are handled largely or exclusively by foreign examiners, this will manifestly help cut the backlog without adding American examination resources. *See § VIII-C, Cutting the Backlog.*

Significant progress toward implementation of patent worksharing has already taken place, most dramatically the IP 5, a group of patent-granting authorities that accounts for over ninety percent of American patent filings in terms of first, priority filings. *See* § IX, *The IP5 and “Patent Prosecution Highway”*. The Dudas Administration in a preliminary summit in Hawaii introduced IP 5, which was followed by a Jeju Island Summit which has now paved the way for an IP 5 China summit this April that unites the five largest patent granting authorities with plans for patent worksharing and other cooperative ventures. The “Patent Prosecution Highway” that started in Tokyo is now providing prototype patent worksharing scenarios on an increasing basis. *See* § IX-A, *Advances this Past Decade*. To be sure, there are some critics who see the current worksharing initiatives as destructive of the PCT. This need not be true if WIPO modernizes the PCT including an end to massive fee diversion whereby the many sometimes extravagant expenses of this United Nations Agency continue to be funded by patent applicant PCT user fees “donated” to other purposes of the WIPO. *See* § IX-B, *IP5 as a Complement to the PCT*.

Yet, even with all the reforms considered in this paper so far, there will be no significant cutting of the backlog to anywhere near the 18 month pendency goal without an understanding of the paradox of the past decade: *Thousands* of new examiners were hired, yet *thousands* resigned, often in their first several years in the Office. How can examiners be added in significant number *and retained* to help cure the backlog? The answer in major part lies with the selection and training processes for new recruits. *See* § X, *Assimilation and Training of New Examiners*. In the first instance, the backlog problem must address the 735,000 inventory of *unexamined* applications; new recruits should be focused upon first actions to start cutting down the backlog of unexamined cases. *See* § X-A, *Focus*

on First Actions on the Merits. As part of the first action focus, there must be a step-wise training regime for new examiners *focusing on the first action* and not a macroscopic and comprehensive training on all aspects of the examination process. *See § X-B, Stepwise Training Starting with the First Action.* In hiring, the needs of the Office should match skill levels with needs. *See § X-C, Hiring Examiners with Skill Levels to Match Needs.* Examiners should not be lumped together and expected to have lockstep career progressions. Individual needs and skills of the examiners should be considered. *See § X-D, Setting Individual Goals for Examiners.* One of the misguided policies of recent years has been a comprehensive training system vis a vis the better stepwise training regime of old. The contemporary training is at best overwhelming and at worst drives out many examiners from the corps unable to grasp too many concepts at once – and without practical training. *See § X-E, Elimination of Lengthy Initial Training.*

While there is the *promise* of many advances in the system under the incumbent Under Secretary, and while it is too early to judge the plans he has because of the necessarily slow movement of the procedures of checks and balances within the Executive Department, at the same time the Office has been dealt a stunning defeat with the reimposition of fee diversion. *See § XI, Fee Diversion must be Abolished.*

While cutting the backlog *is* very important, at the same time the question of net pendency and the ideal for net pendency must be rethought. Certainly, an average 18 month *net* pendency would be a foolish goal that can never be reached and should not be reached. *See § XII, A New Metric for Measuring Backlog and Pendency.*

To be sure, most of what is written here is based upon anecdotal and comparative law studies and should only represent a starting point. What is needed is not more internal discussions within the Office of refinements but rather the *practical input* from the experienced members of the corporate and private practice bar who also have had prior government service. Only with such practical *outside input* can optimum reforms be achieved. See § XIII, *Continued Practical Studies*.

II. FAUX PATENT REFORM ICONS: “QUALITY” AND “PENDENCY”

“Patent quality” and “backlog” represent the two iconic question marks of the American patent system. Neither problem can be addressed by itself; both must be considered together, along with other factors, if there is to be a resolution of these two continuing problems.

In order to address the problems, it is first necessary to understand what they are, and only then can the interrelationship of the two issues be fully understood.

“Patent quality” criticisms focus upon perhaps less than one percent of all patents where the criticism may be divided amongst two groups. First, and easiest to deal with, are patents to trivial matters or advances – which will never be enforced in any event: Such “absurd[]” patents include “an animal toy which includes a tree branch, a face mask to prevent a person from eating, a bird diaper, an apparatus for simulating a ‘high five,’ an air conditioning unit for a shoe (to keep one's feet cool), a method of swinging on a swing, an electronic toilet queue, a dust cover for a dog, and a method of exercising a cat by using a laser pointer (like a flashlight) on the floor and moving the beam of light so the cat chases it.” Kimberly A. Moore, *Worthless Patents*, 20 Berkeley Tech. L.J. 1521, 1524-25 (2005)(footnotes omitted).

It is not only individuals who seek such “absurd[]” patents: “Even large corporations like IBM, which filed [U.S. Patent 6,329,919 to an electronic toilet queue], seek patents with marginal economic value and social utility.” *Id.* at 1525 n. 20.

Second, and much more troubling, are the very few percent of all patents that are of tremendous commercial value, *if valid*, and which deserve priority consideration if and when a reexamination request is filed. Had the patents to an adjustable gas pedal, the BlackBerry system, and the software tweaks to Windows[®] been open to an *immediate* reexamination conducted with truly “special dispatch”, then such notorious episodes as *KSR*, *NTP v. RIM*, *Lucent v. Gateway* and *i4i v. Microsoft* would have avoided the harsh spotlight of criticism at all levels of the business community, whether in bench comments from the Supreme Court or the business press – and in Congress where patent reform is now stymied by gridlock over damages and post-grant review reforms. Particularly nettlesome have been the multiple enforcement proceedings by non-practicing entities against manufacturing industries where seemingly relevant prior art is difficult to assert before a jury. It is unconscionable that now, years after the notorious \$ 612 million *BlackBerryGate* settlement, reexaminations of the NTP patents *continue* unabated without final decision, while still further BlackBerry competitors remain under suit.

The “backlog” as a *problem* is the creation of Commissioner Mossinghoff in the early 1980’s who created the issue: In order to gain Congressional support for greater funding for the Office, the mantra since that time for each Administration has been, give us full funding so we can beat the backlog and cut the pendency of patent applications to reach Nirvana, an average of 18 months average pendency. Early in the Rogan Administration a 21st Century plan was proposed that would

include deferred examination to permit the important patents to be granted earlier, but this was shot down by a virtually unanimous chorus from the traditional patent groups – the ABA, IPO and AIPLA. Instead, we were told that full funding of the Agency and hiring seemingly unlimited numbers of patent examiners would solve the backlog problem. The Dudas Administration followed the wishes of the bar: It succeeded where Commissioners Mossinghoff, Quigg, Manbeck, Lehman, Dickinson and Rogan had failed: *The Agency achieved full funding*. Nirvana? *Thousands upon thousands* of new Examiners were hired, yet massive churning resulted in a situation of turmoil of untrained examiners who just as likely as not would resign within their first three years.

But, just why, with an *increase* of literally *thousands* of Examiners did the pendency balloon to what is now an inventory of 1.2 million pending patent applications including 735,000 applications awaiting a first action? The answer in large part is due to the relationship between “patent quality” and “backlog”. Because of the constant drumbeat from West Coast industries – with genuine grievances manifested by *KSR*, *NTP v. RIM*, *Lucent v. Gateway* and *i4i v. Microsoft* – “patent quality” was constantly attacked as part of sophisticated and expensive lobbying efforts for patent reform to cure a problem that wouldn’t exist, but for the failure of the Office to focus its resources on reexamination.

Beaten down by the patent quality criticism from first the West Coast and then the business press and even the Supreme Court, a paranoia crept over the Office at all levels. From the level of the individual Patent Examiner and his or her Supervisory Primary Examiner, the default became a philosophy of *rejection* of any application that could be considered important and controversial: If I *reject* the application, only the patent applicant will be upset. But, if I *allow* the application, my patent may make it to The New York Times or the Wall Street

Journal and I will be severely criticized. As gridlock became the order of the day, massive continuing and requests for continued examination – RCE – filings strangled the system: *Fully one third of all patent applications filed in the final years of the Dudas Administration were recycled inventions filed as continuing applications or RCE’s.* At the level of upper management, a “Quality Police” of “second eyes” was instituted which resulted in often technically inept reviews of expert work and routine withdrawals of proposed allowances. Or, rejections were simply made to avoid the eyes of the “Quality Police” which seemingly never reviewed a patent denial but were quick to second guess a proposed allowance. To justify “quality”, bizarre metrics were instituted which made no sense but resulted in a self-appraisal by the Office of the highest quality patent examination of the modern era.

III. DEALING WITH THE FAUX ICONS TO REACH REAL SOLUTIONS

A. The “Patent Quality Police”, a Failed Experiment

No real movement to cut the backlog will be achieved until the paranoia over “patent quality” is addressed. The “Patent Quality Police” must be disbanded as they serve no useful purpose. More importantly, the major impact of such “second eyes” is to further fuel the paranoia in the corps that leads to a default philosophy of rejection.

Insofar as pre-grant review of trivial patents is concerned the “second eyes” are not needed. It is not rocket science for the Office to see that a mistake was made to grant a patent to the previously mentioned animal toy, shoe air conditioner, swingset method, electronic toilet queue or flashlight cat exercising method patents. Such trivial patents can and should simply be cast aside in an expeditious manner through a *simple* Director-instituted reexamination which

surely would not be contested by the patentee. As soon as a trivial, absurd patent is identified, the Director can *announce* that he will institute a reexamination proceeding within, say, sixty days, that should then still the criticism of an academic or a blogging “Watchdog” or more severe scatological critics. Insofar as cases such as *KSR*, *NTP v. RIM*, *Lucent v. Gateway* and *i4i v. Microsoft* it is difficult to see how generalist “second eye” critics often without law credentials *or specialized technical expertise* can do anything other than tell examiners to slow down examination.

B. Reexamination “Special Dispatch”, a Critical Integer.

The real reform that must take place to deal with “quality” is to eliminate the few eyesore patents to trivial or heavily litigated inventions with the “special dispatch” that is mandated by Congress for reexamination but which has proven to be a mythical goal which all levels of the Office have simply failed to honor. The very first starting point is to reform *inter partes* reexamination to expedite proceedings.

1. Board-Centered Reforms to Realize “Special Dispatch”

A single Administrative Patent Judge should be responsible for a single *inter partes* reexamination from start to finish with tight control including the first action on the merits. (Of course, examiners can be enlisted to *assist* an APJ, where requested.) The APJ should exercise the common sense to deny stonewalling attempts to slow down reexamination by denying repeated motions. (Perhaps revised rulemaking would be helpful here.) If a reexamination patentee adds additional claims he should be questioned as to necessity for such claims, given that if there is concurrent litigation amended claims of different scope will not permit a damages claim; “undue multiplicity” rejections should be considered for

claiming abuse. The APJ would then sit as one of a panel of three to consider any appeal.

2. Board Reforms to Provide Reexamination Manpower

Perhaps just as important as the *Tafas* icon of failure of the previous Administration is the notorious Board rules package that the General Counsel had pushed to go into effect in December 2008 over the loud protests of the practicing bar. Had the General Counsel’s rules package gone into effect, this would have destroyed the simple model of an open door to appeals for the individual inventor and entrepreneur and been a major blow to boutique practitioners without a significant appellate practice: The callous intention behind the “reform” was to make it more difficult for appellants to perfect the briefing process and thereby cut back on the Board’s backlog. *A fortiori*, as foreign applicants unfamiliar with the American system would be major victims of the General Counsel’s rulemaking, this would have generated retaliation by foreign patent-granting authorities that would make it more difficult for American industry to gain foreign patents.

Fortunately, there are better ways to gain efficiencies consistent with the primary goals of a “yes” or “no” answer and prompt justice:

The immediate answer against using greater Board resources for reexamination is that the Board has become the victim of its own backlog of *ex parte* appeals that is now seemingly flooding the system that makes it impossible to allocate Board resources away from its primary mission of deciding appeals.

But, this need not be the necessary result if the Board were to follow what should be its three primary missions: *First*, the Board must make the very best *decision*, “yes” or “no”, affirmed or reversed. This is paramount. *Second*, justice delayed is justice denied – nothing should stand in the way of *prompt* decisions.

Third, the Board must be *accessible* to the individual inventor, entrepreneur and startup, *to serve the overall patent community*, as opposed to the inventive community serving the formalistic interests of the Board. (If the Board does not provide a simple mechanism for appeals by individuals and small entities, an impossible to follow formalistic regime will surely provide a model for anti-patent administrations abroad to the great frustration of major American industry seeking to appeal in the key countries of Asia which are just now developing their patent systems.)

Several reforms immediately come to mind in terms of what the Board can do better to meet the three goals and provide a more efficient system:

It is now a shameful matter that the Board is spending an unnecessary amount of time to write detailed and formalistically improved opinions setting forth facts, conclusions of law and case law. For 90 % of all cases it should be only necessary to incorporate by reference with an electronic link to the “PAIR” location for pleadings to understand the facts and the law. A great many cases could be disposed of through an Order equivalent to Federal Circuit local Rule 36. Others deserve no more than a one paragraph *per curiam* opinion that may refer to a particular page or pages in appellant’s brief or the Examiner’s Answer for the reasoning, again linking to the “PAIR” location. The Board should refrain from considering often multiple grounds of rejection and focus on the *best* ground of rejection. (Examiners should be encouraged to present *only* the best ground of rejection, and in flagrant cases the Board should remand to the Examiner to do so.) The Board also should refrain from issuing new grounds of rejection particularly where the Board has *affirmed* other rejections. It appears that too many Board opinions in reexamination proceedings seek to avoid appellate review through this process.

To those who would argue that a formalistic opinion that is too often the rule today is better, the answer is that there are two primary goals for the Board in each case: *First*, a correct holding, “yes” or “no” as to whether the Examiner should be sustained. *Second*, a prompt decision is paramount over all other considerations beyond a correct decision.

To those who would argue that the Board needs to present detailed reasoning to permit affirmance by the Court, the Board historically is affirmed in roughly 90 % of all *ex parte* patent appeals at the Court – even before the formalistic opinion writing era. Furthermore, it is the task of the Solicitor to present arguments to sustain a rejection, while it is the role of the Board to simply issue the correct decision.

C. Regulatory and Statutory Reforms to Reach “Special Dispatch”

Post-grant review *can* be accomplished with “special dispatch”. Japan has done so. So, too, can the Office.

At the beginning of the century, Japanese post-grant review took many years, while today post-grant review is *completed* in roughly seven months (exclusive of an appeal to the Intellectual Property High Court, the equivalent of a Federal Circuit appeal from the Board). Japan modified its post-grant review procedure to provide an extremely simplified system which *commences* with the review by the Board with an exchange of pleadings including an opportunity for an amendment which is then followed by a decision on the merits.

The United States should eliminate the “Order” phase and also eliminate consideration by the examiner and instead commence with an examination by an Administrative Patent Judge with one opportunity for an amendment which would then be followed by a hearing before a panel of three including this Administrative

Patent Judge. While statutory change is desirable to introduce this proceeding, the Office should consider a model that would eliminate the initial phases and introduce this system *provided* the Office is requested to do so by a trial judge in a concurrent proceeding, of course, with the consent of all parties.

IV. PRIORITY “TIERED” EXAMINATION

Prioritization of examination is of course an important consideration independent of reduction of the backlog. If an applicant *needs* an immediate examination – or if a *competitor* – seeks immediate examination, this should be granted for consideration. Perhaps a fee-based system is the only one that would make sense.

However, there are negatives to implementation of such a system:

A. Patent Term Adjustment Windfall

To the extent that regulated chemicals and biologicals will only need patent protection after, say, seven or so years, a *de facto* deferred examination through tiering will be a most welcome windfall: Patent term adjustment of several years could be worth, literally, *billions* of dollars per additional year for the most important pharmaceuticals.

To be sure, a relatively long patent term is an important priority for providing patent incentives to research. Indeed, one of the major victories of the United States in reaching the TRIPS agreement was the extension of patent terms around the world to a global twenty year standard which is far longer than had been the norm for many countries. Yet, it represents bad public policy to have parallel patents around the world where *foreign* patents expire before the United States counterpart to permit free generic industry development in Asia and

elsewhere where only the United States maintains an exclusive patent right for the pioneer. This was recognized by the Supreme Court in the nineteenth century in *Bate Refrigerating Co. v. Sulzberger*, 157 U.S. 1, 26-27 (1895)(quoting *In re Musher*, 1870 C.D. 106, 108 (Com’r dec. 1870)).

B. The Backlog is not Impacted by Tiered Examination

“Tiered” examination as presently constituted will do little if anything to deal with the backlog. Simply deferring examination does not result in a significant lowering of pendency. The best comparative example is Japan which until 2004 had a seven year period of examination deferral. By the end of the seventh year it was difficult to determine which application should be examined: It was cheaper to pay the examination fee than to sort out which cases should be examined and which should be dropped. Today, Japan has only a three year period of deferral.

C. True Incentives to Refrain from Examination

Statutory change is needed to backload nearly 100 % of the application fee to an examination fee three years after the filing date. Additionally, the duty of disclosure should be abolished entirely *until* the examination fee is paid. With these dual changes, a conscious decision must be made by the applicant as to the importance of the case. Many cases would then be abandoned without examination.

V. PATENTABILITY-FOCUSED EXAMINATION

The core business of the Examiner is to allow claims that define a *patentable invention* in terms of both novelty and nonobviousness. This core challenge should be essentially the entire focus of the examination process.

A. Formalities are the Applicants’ Problem

Detailed formalistic rejections should be avoided. If the claims are indefinite the punishment comes from the Federal Circuit case law. If the claims pass muster under 35 USC § 112, ¶ 2, indefinite claims are given a narrow interpretation.

Particularly in biotechnology, examiners are prone to spend most of their efforts on issues of “support” or “enablement” under 35 USC § 112, ¶ 1. If there is a single teaching of one way to make the preferred embodiment, this should be sufficient for an examination.

If the claims are not fully supported because of the complexity of the technology, this is a matter that is not well suited for examination. The applicant must protect himself by providing a range of claims from generic to specific to be dealt with in any post-grant proceedings.

B. Simplified Focus on the Best Prior Art

The goal of the Examiner should be to cite the single most relevant piece of prior art and, if a rejection is to be made under 35 USC § 103(a), show *why* that prior art (alone or with one or two teaching references) renders the claimed invention obvious.

There should virtually never be mosaic rejections of multiple sets of primary and secondary references and almost never two or more parallel sets of rejections of the same claims. The Examiner must *choose* the best ground of rejection and stick with it. The Board should then pass on that rejection and refrain from a *sua sponte* examination.

V. PROSECUTION GAMESMANSHIP

Over the past generation applicants have developed strategies that may be designed for motivations *other than* obtaining a clearly defined patent grant. The Office should provide mechanisms to nip such gamesmanship in the bud:

A. Prior Art Citations for Full Consideration

Despite efforts dating back to the late First Assistant Commissioner Tegtmeyer in the 1970’s to encourage citation of the best prior art, the *in terrorem* threat of patent fraud has adversarial and less than successful in gaining compliance by the practicing community.

Applicants should not only be encouraged to cite prior art but also to make sure that the best prior art is *considered* by the Examiner as such. Perhaps the best way of ensuring that patent applicants seek this goal would be to redefine the presumption of validity that should maintain the same high standard for challengers *only if the best prior art has been considered by the Examiner* during the prosecution.

The Office has been surprisingly silent on this issue. It has failed to take a stand as *amicus curiae* or otherwise in the attempt by an accused infringer in *Lucent v. Gateway* where a petition for rehearing en banc filed on October 13, 2009, asks “[w]here the validity of a patent is challenged on the basis of prior art that was not considered in the original prosecution, should the standard of proof for a finding of invalidity be a preponderance of the evidence?”

B. Too Many Claims: “Undue Multiplicity”

An excessive number of patent claims is found in a significant minority of applications which makes examination difficult and renders it even more challenging for a member of the public to precisely pinpoint the exact metes and bounds of valid protection.

Where an applicant presents more claims than are necessary to define an invention, it is perfectly proper for the examiner to reject *all* claims under 35 USC § 112 as being “prolix”. The Examiner may, for example, require a claim chart showing how each of the claims differentiates from the others and why each claim is *necessary* to properly claim the invention. With or without such an explanation, the Examiner may make an “undue multiplicity” rejection where the “degree of repetition and multiplicity [] beclouds definition [of the invention] in a maze of confusion.” *In re Flint*, 411 F.2d 1353, 1357 (CCPA 1963)(dictum)(quoting *In re Chandler*, 319 F.2d 211, 225 (CCPA 1963)).

The undue multiplicity rejection came out of favor on the heels of several reversals at the CCPA. The problem was that the rejections were arbitrary and indeed not well founded. Furthermore, the CCPA judges used a *de novo* review that was often Office-hostile, vis a vis the “substantial evidence” standard for fact-based determinations that is the law today.

C. “Means”-Defined Claim Elements

“Means” claiming is abused far too often as a claim with a “means”-defined element lacking specific identification in the specification, often without correlation to the function.

Whenever “means” claiming is utilized the Examiner should consider a requirement demanding that the applicant provide a chart showing where each “means”-defined element is found in the specification, including a statement of function.

A sophisticated use of “means” claiming is to avoid this form for an *independent* claim, but then have parallel protection set forth in “means” terminology in order to create ambiguity for the purpose of creating an implicit threat to those seeking to design around the claims. Here, mere presentation of such a parallel set of claims may well render the overall claiming scheme “prolix” and subject to rejection.

D. Horrifically Poor English Usage

A small minority of applicants are now using *machine translations* of home country texts from an Asian language quite distinct from English and simply filing such machine translations as the basis American patent application. While the machine translation “tomorrow” may well be suitable, today this is not at all the case. Numerous errors are found in such texts which are often next to impossible to decipher.

The Examiner in such a case should *require* substitution of a new text that does not introduce proscribed new matter under 35 USC § 132, together with a detailed explanation of where there is support for each change in the text.

If the applicant in his response fails to full comply with such a requirement to any substantial degree, then such response should be deemed nonresponsive and the application held abandoned.

(The alternative is for the applicant to submit a continuing application under 35 USC § 120, where the issue of a bad translation would be moot except insofar as the text of the first case is necessary to overcome an intervening reference.)

E. Excessive Continuing and RCE Filings

A direct byproduct of the “second eyes” of the “Quality Police” was a virtual shutdown of allowances in some technologies and an often arbitrary determination that the examiner should continue to reject claims that were allowable. Born from the frustration generated by the Quality Police, either through direct interventions or paranoia or genuine fear within the examining corps, coupled with disposal gamesmanship by some Examiners, the final years of the Dudas Administration resulted in fully *one-third of all applications being churned continuing and RCE filings*.

When the gross failure manifested by the weight of such churned filings became apparent, the Office reacted in an arbitrary manner with the now notorious *Tafas* “continuation rules” package. This was indeed an unfair and unwise adventure that unfortunately became an icon of that era. Yet, it remains a fact that procurement is often delayed through refilings solely for the purpose of deferring presentation of evidence or sharpening of issues. Some incentives must be found to deal with this problem.

VII. LANGUAGE BLIND ACTIONS PINPOINTING THE PRIOR ART

First office actions on the merits should be condensed to a citation of the best prior art with minimal editorial content. A model based upon an antiquated domestic practice and PCT search reports may provide the best answer for at least first actions:

In the 1970’s in a pre-computerization era with a shortage of secretarial help, the Office instituted a practice of handwritten office actions with code letters to signify the cited references and to explain whether the reference was a primary or secondary reference.

The PCT provides search reports on a form which identifies references also by code numbers, characterizes the references with an “X” for a particularly pertinent patent-defeating reference up to an “A” for a state of the art reference where the invention is deemed patentable over that reference. The Examiner indicates the specific page and line citations from the reference that are pertinent as well as the claims impacted by the reference.

Only slightly modifying the handwritten action and the PCT form, it should be possible to devise a coded search examination form that would precisely convey to readers *in all languages* the most pertinent prior art and with no more than one paragraph of explanation the challenge facing the applicant to overcome the rejection.

A first action on one page through such a form would provide easy to understand information to readers in all languages, particularly important as roughly half of all applications today are of foreign origin. More importantly, use of the form would end the practice by too large a group of examiners who mask a weak search and merits examination with countless pages of computer-generated formalities rejections.

(As noted elsewhere, formalities rejections should in any event be curtailed in favor of a focus on patentability issues under 35 USC §§ 102 and 103(a)).

To be sure, at least in an initial phase in, the one page language blind action should be used only for a non-final action on the merits, as opposed to a final rejection which should more fully set forth reasoning.

VIII. PATENT WORKSHARING

“Patent worksharing” was introduced nearly twenty years ago at the Joint Hearings on S. 2605 and H.R. 4978 before the Senate Subcommittee on Patents, Copyrights and Trademarks and the House Subcommittee on Intellectual Property and Judicial Administration of the House and Senate Committees on the Judiciary, 102d Cong., 2d Sess. (April 30, 1992). If passed, the bill could have harmonized patent principles on a global basis.

In a nutshell, “patent worksharing” in an advanced form means that with parallel applications to the same invention in numerous countries of the world, *one* country would be elected for first examination; after completion of the first examination, the examiners of the parallel counterpart applications around the world would then take that examination and either allow the same claims – or have a headstart toward examination based upon individual national considerations.

Since roughly fifty percent of all American patents are of foreign origin and presumably could be a part of patent worksharing, full implementation of patent worksharing would result in an up to fifty percent reduction in the work of the Office, greatly undercutting the backlog.

A. Balancing Global Examination Workloads

1. Piggybacking off Foreign Results, Low Hanging Fruit

Today, there is a *de facto* “patent worksharing” where the United States, despite its backlog of cases, often issues a first action prior to parallel actions in Europe and Asia. As a result, the American examiner starts from scratch without examination help from other Offices. Yet, because the American office action comes first, foreign counterpart applications can be amended and updated before actions take place: The foreign examiner can “piggyback” his examination off the fruits of the American examiner’s work product.

In a simple incarnation, patent worksharing should require an applicant with parallel applications covering the same invention in plural fora to elect *one* office for first examination, while examination in all other offices would await the results of the first action in the first examination country.

2. Ultimate Patent Worksharing

In an ideal format, the first office for examination would be the “home country” office. This would have a tremendous upside in several respects. First, it may be assumed that home country practitioners will best understand the nuances of their home patent office, and have the best language skills to deal with that office. If foreign-origin cases remain in foreign offices, this makes the overall examination process much simpler for each of the offices. Additionally, home country applicants would be able to effectively prosecute their applications *at home for global rights*. This immensely simplifies the global prosecution burden that is faced by patent applicants who today seek protection in many countries of the world.

B. A More Complete Patent Search

Patent worksharing performed by a Chinese, Japanese or Korean examiner will permit a far richer field of search, unencumbered by limitations of language. Today, on the order of one million published patent, utility and design applications are published in Mandarin, Japanese or Korean *without an English counterpart*. This rich source of prior art is blind to the six thousand or so American Examiners conversant in neither Mandarin, Japanese nor Korean. Conversely, all Examiners around the world have a basic understanding of technical English in their fields of endeavor.

C. Cutting the Backlog

To the extent that a significant percentage of foreign-origin cases can be completely examined abroad before entering the United States, this will significantly contribute to a reduction in the backlog of cases. For starters, a fair number of applications will be *abandoned* before they reach the American examiner. For those cases that are allowed abroad, they will generally have their American claims tailored to match the allowed claims of the foreign examination.

IX. THE IP 5 AND “PATENT PROSECUTION HIGHWAY”

A. Advances this Past Decade

The most advanced efforts in practice today leading to patent worksharing are the “Patent Prosecution Highway” that originated in Tokyo and the Dudas Administration’s efforts to create the IP 5 comprising China, Japan, Korea, the United States and the EPO. The Patent Prosecution Highway is important as a prototype for patent worksharing and is already providing basis to study ways to further implement patent worksharing. IP 5 joins the five largest patent granting

authorities to consider patent cooperation including patent worksharing. Following a preliminary meeting in Hawaii and then a first formal meeting on Jeju Island, this April the IP5 has a full session in China.

B. IP 5 as a Complement to the PCT

The PCT has well over one hundred members accounting for virtually all patent activity in the world. The IP 5 consists of the five largest patent granting authorities, China, Japan, Korea, the United States and the EPO. Discounting the EPO which sees the IP5 as antithetical to the PCT, but adding Germany and the United Kingdom which have national offices cooperating with the “Patent Prosecution Highway”, the IP 5 with or without the EPO has membership of the office handling by far the bulk of the world’s patent matters.

To the extent that the IP 5 becomes a functional patent worksharing mechanism it can be envisioned that an individual IP 5 office could be a “receiving” office for an application so that only one application would be filed on a global IP 5 basis: That Office could publish the application at 18 months on behalf of the IP 5 and only when the examination is complete in this first office would the application be electronically shared for further processing in the other IP 5 offices.

The PCT *can* and *should* serve the same function as the IP5, but to do so would require rethinking the operation of the PCT. Instead of a complex Office in Geneva – one of the world’s most expensive cities – the PCT should designate patent granting authorities around the world to conduct the operations; this would greatly cut costs. Also important is the need to stop PCT fee diversion: Today, PCT fees pay for a substantial share of the work of WIPO having nothing to do with helping the individual PCT applicant.

To the extent that PCT proves inflexible and cannot adapt, then IP5 should fill the vacuum. Surely, other major countries of the world would want to join the IP5 and reap the benefits of membership.

X. ASSIMILATION AND TRAINING OF NEW EXAMINERS

The major *success and failure* of the Dudas Administration was its plan to hire *thousands* of Examiners to buy our way out of the backlog. The Office *was* able to hire many *thousands* of new examiners thanks to the signal success of full funding, a remarkable achievement that has been achieved in the past generation *only* by the Dudas Administration: Indeed, the first shortfall of the incumbent Administration is that virtually immediately upon taking office, fee diversion has resumed. Under full funding, the Office hired *and* quite literally *then lost within the first three years thousands* of newly hired patent examiners. Clearly, there will be no elimination of the backlog unless and until there can be a continued hiring of new examiners that are *well trained retained*.

What went wrong?

What can be done better?

Until this puzzle is unsorted so that the *right* Examiners are hired *and retrained*, the backlog will remain.

A. Focus on First Actions on the Merits

In order to start tackling the backlog of cases, the inventory of 735,000 *untouched*, unexamined applications must be confronted, head on. This means there must be a focus training new examiners who can focus upon first actions on the merits.

Training of new examiners in the first two years of their tenure should focus *solely* on how to read a patent application to determine the metes and bounds of the claimed invention – the *target* for the prior art search – and how the best prior art is to be applied to determine whether to reject the claims. If there is to be a rejection, the first action need not *and should not* be more than a simple identification of the closest primary reference and one or two teaching references, giving the pertinent page and line citations to the references and *at most* a paragraph or two of explanation.

A short first action of this type is not revolutionary, but more of a throwback to the days of the handwritten office actions of the 1970’s when this was all that was done in that era. This type of action is also consistent with the simplified language-blind office action discussed earlier in this paper.

B. Stepwise Training Focusing on the First Action

The current initial training regimen of an extended months long *theoretical* training is the root cause for many of the problems of the Office today, including the very high turnover of *thousands* of new examiners:

What *should* be done is to return to the training regimen that was used in the Office in the final years at the Commerce Department. Initial recruits were given a two week training course at leased space above the Gung Ho restaurant on G Street two blocks from the Office. The two week training taught the recruit (a) the basics of prior art that is to be searched; (b) how to read claims broadly to create the target for the search; and (c) how to write a simple first action.

Following this basic training, new examiners would sit down with a senior examiner for each application to go over the claims and create a field of search;

after the search a draft rejection would be crafted which would then be reviewed and critiqued by senior examiner, following which a first action would be issued.

Critical feedback would then be obtained from the patent attorney in his response to this first action.

In this manner the new recruit quickly learned the basics of patent law insofar as determining what is prior art, how to search and how to draft the standard obviousness rejection.

Only after mastery of this first step would the next step of training commence.

C. Hiring Examiners with Skill Levels to Match Needs

1. Matching Aptitude to Needs of the Office

The very best recruits for examiners are fresh minds who have high LSAT scores. Patent law including examination requires *visualization* of claims to create an abstract picture of the scope of the invention, to create the target. The best minds to accomplish this task are those with analytical abilities, a skill that correlates well with the LSAT.

(There is precedent for using standardized tests to measure qualifications. At least in earlier years, a B.S. candidate for a Patent Examiner was started at GS-5 while the same candidate with a superior score on the Graduate Record Examination could start at GS-7.)

Anecdotal experience from the level of a new Examiner shows that if a person *has* the analytical skills, then patent examination is a relatively straightforward task that can be accomplished within the time limit production goals set by

the Office. But, if an examiner is unable to visualize the scope of claims, then the exercise becomes one of frustration where production goals can never be met – and too often the best prior art is not visualized as such, undercutting the entire exercise. Here, even if an Information Disclosure Statement is filed that includes the best prior art, the pertinency of that prior art may be missed.

In the past generation, a focus has been paid more on advanced scientific or engineering experience vis a vis law credentials. Insofar as first action search and examination, this is a misguided effort. While a Ph.D. may undoubtedly better *describe* a detailed biotechnology invention in terms of *drafting* an application, to determine *obviousness* to a “worker skilled in the art” may be an inquiry better left to someone with a generalist background.

2. Hiring Examiners Eligible for Law School

Special credit and preference should be given to any candidate with an LSAT score of at least 162, as such students have a significant chance of admittance to at least one of the five area law schools with an evening division.

Historically, the very best training for a new Examiner has been a combination of training on the job coupled with attendance in an evening division law school program at either George Washington University or Georgetown University. For the past generation, George Mason must be added to this list because of its excellence, low cost state tuition and proximity to the Office. Even more recently under the leadership of Professor Elizabeth Winston, Catholic University has developed an excellent program. (Of schools with evening divisions, the fourth – American University – has developed an “anti-patent” program under the overall influence of its leading intellectual property scholar, Professor Jaszi.)

Today, hiring is done in an LSAT-blind environment without regard to ability to gain entrance into law school. Only a very small percentage of science and engineering graduates (or *any* graduates) achieve the 162 LSAT level, so this skill level should be recognized. (And, a 162 LSAT level is much lower than the average entrance level for George Washington and Georgetown, and even entrance into George Mason is iffy at this level.)

D. Setting Individual Goals for Examiners

There is a significant percentage of Examiners who do excellent work at the level of first action search and examination, but may not have the ability to go further. Or, some may go to the next step, but may not develop to a much higher level.

Examiners should be treated as *individuals* and given training and advancement to meet their talent levels. Nobody should be held back from a promotion, but at the same time it is a cruel hoax to promote someone to a higher level requiring advanced skill sets until they prove they have a mastery of their current level where they *are* productive and can contribute to the work of the Office.

E. Elimination of Lengthy Initial Training

The concept of a lengthy initial training period for examiners focusing more on theory than the step-by-step approach from the days above the Gung Ho restaurant is a very bad idea:

First of all, even for those more adaptable to training and with high legal analytical skills, the step by step training that starts with a first action, *only*, is enough of a challenge to keep even the most fertile minds challenged. But, for the

average new examiner who is thrown into a sea of patent law and practice the maze of doctrines and Markush and other schemes must be overwhelming. A significant percentage of those who resign early in their nascent patent examiner careers must simply feel overwhelmed, that they “don’t get it”, and thus get out of patents.

Secondly, even for the most fertile minds who *are* capable of mastering patent law through an extensive initial training, there is a good news, bad news scenario. The good news is for the minority of the individual examiners who quickly develop a broad range of skills. The bad news is that after being heavily challenged in the initial period of employment, they are no longer challenged by the position of patent examiner and may feel a need to move on – not for the money but for further growth in the profession. The even worse news is for the Office: It’s very best and brightest are fully trained after two years in all aspects of patent law, most taught through training by the Office others through self-training: Such highly skilled new Examiners are prized in the law firm market in Washington, D.C., and are quickly absorbed into the hundreds if not thousands of available positions for law clerks.

XI. FEE DIVERSION MUST BE ABOLISHED

Except for period of the Dudas Administration, both before and now, there is fee diversion. To be sure, simply hiring more examiners, alone, is not the answer to the backlog challenge. Fee diversion that was reintroduced in late 2009 simply must be stopped. While hiring examiners, alone, is not the answer, hiring examiners is an important integer in the equation to reduce the backlog.

XII. A NEW METRIC FOR MEASURING BACKLOG AND PENDENCY

As one of the initial points raised by the Under Secretary, honest bookkeeping means measuring *net* pendency from the *first* filing of an application until grant. This is as opposed to the methodology employed from the Mossinghoff through the Dudas eras where pendency was artificially measured from the *latest* application in a chain of cases. (In other words, if an application was filed, say, ten years ago, and then one year ago was the subject of a “request for continued examination”, the pendency was measured as *one year* instead of the actual net ten year pendency.)

Yet, it is inevitable that there must be examination upon request of the applicant at some point up to three years from the filing date. It is only realistic to measure pendency from the date of the examination request.

XI. CONTINUED PRACTICAL STUDIES

This brief paper may well be judged to just touch the tip of the iceberg. There are, indeed, many empirical studies that should be done to gauge the various anecdotal aspects against the actual results, particularly in terms of examiner training and retention. This paper is based almost entirely upon anecdotal experience over the past four-plus decades as an examiner and practitioner, flavored with brief periods of intensive comparative studies on the patent systems of Europe (particularly Germany) and Japan.

As a minimum, it is hoped that the reader will appreciate that one cannot address any one of the problems facing the Office without considering the entire matrix of issues, starting with the twin icons of “Patent Quality” and “Pendency”.