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**Sent:** Monday, February 08, 2010 2:52 AM  
**To:** patent\_quality\_comments  
**Subject:** Comments on Enhancement in the Quality of Patents

In response to  
"Request for Comments on Enhancement in the Quality of Patents"  
[Docket No.: PTO-P-2009-0054]

According to its 2009 Annual Report, the USPTO's mission is to "foster innovation and competitiveness by...[a strategy of] providing high quality and timely examination of patent...applications". Note that the patent quality and timeliness, is justified by the mission. Therefore, measures of patent quality—the subject of this Request for Comments—should be judged primarily by how well a given action will foster innovation and competitiveness.

Timeliness is obviously a desirable goal and easily measured. While a moderate delay can beneficially filter out non-viable patent applications, excessive delays disproportionately deter smaller and newer companies from protecting their inventions, providing a disincentive to the creation of further innovations. An average total pendency of 34.6 months [USPTO 2009 Annual Report] is generally believed to be excessive.

Quality is a more obvious goal but is less easily measured. Since the USPTO is a bureau of the Department of Commerce, the purpose of "innovation" may be defined in terms of its parent's role "to promote and develop foreign and domestic commerce". Patents which increase commerce (i.e. economic growth), therefore, may be considered high quality while those which restrain commerce may be considered low quality.

There is an apparent contradiction in providing limited monopolies (i.e. restraints on trade) in order to promote trade. When governments issues patents *arbitrarily*, competition is stifled and the patent holder is primarily incentivized to solicit additional arbitrary patents through a system of patronage. However, when governments issue patents on a competitive basis to those who progress the technical arts fastest and farthest, patent holders are incentivized to pursue further innovation, in a beneficial cycle (although the patent itself stifles competition). The quality of a patent examination system is therefore proportional to that innovation which is incentivized minus that innovation which is deterred by patent grants.

Novelty, usefulness, and non-obviousness are the criteria that have been devised to filter the wheat from the chaff. Novelty and non-obviousness is required because otherwise there would be little or no innovation provided to society in return for the patent protection. Since the examination process may, at times, be subsidized by the government, the usefulness criterion allows the USPTO to ignore applications that do not relate to commerce.

As a measure of quality, the USPTO's 2009 Annual Report claims that 96.9% of allowed applications did not have any errors. Despite this high rate of perfection, the USPTO is seeking comments on improving quality so the remaining 3.1% of patent grants containing errors is too high, the criteria are not accurate measures of quality (i.e. false negative), or too many quality patents are being incorrectly rejected or otherwise deterred during prosecution (false positive). This review process is internal to the USPTO and review criteria are unpublished or poorly advertised.

**Category of Inquiry - 1. "How should the office measure quality of the examination process as well as quality of the final product (issued or abandoned patent)?"**

The quality of the examination process may instead and more effectively be determined by measuring the amount of commerce that is promoted against the amount of competition that is unnecessarily stifled.

The amount of promoted commerce may be measured by tracking patent licensing and patent marking, perhaps requiring patent owners to inform the USPTO of related licenses, products, and litigation settlements. Patents which are neither licensed, marked nor enforced during their term may, in many cases, be deemed useless (lacking in "utility") and count against the USPTO's examination quality. However, even venture capitalists expect many of their investments to fail so the patent utilization rate will necessarily be low.

Competition is unnecessarily stifled by invalid patents or by patents whose ambiguity justifies litigation which is ultimately unsuccessful. Patent litigation which finds claims invalid should count heavily against the USPTO's examination quality. These errors result in arbitrarily restraint on trade (at least until the claims are invalidated) and motivate billions of dollars in litigation. Patent litigation which finds an alleged infringer to not have infringed suggests the claim scope was ambiguous, which can cause as much damage as invalid claims (i.e. arbitrarily restraint on trade and unnecessary expenditure on litigation).

While an end-to-end quality metric would produce data more slowly, its reliability would be far greater than the criteria currently used by the USPTO to assess its own quality. The current quality tests may be retained if they are found to correlate with end-to-end tests as a more responsive (faster to administer) proxy for the end-to-end tests. However, end-to-end tests are required to determine the goodness of the system.

Alternatively, the USPTO may take a humble approach and decide that a examination process cannot in a cost-effective and timely manner, dependably identify novel, useful, and non-obvious inventions at a rate of 500,000 applications per year (and growing). The USPTO could then change from an examination system to a registration system wherein patents are examined only if and when contested. Such a system would maximize timeliness, minimize cost, and minimize opportunities for arbitrariness. The disadvantages of such a system would be uncertainty over the enforceability of a

company's intellectual property. The goal in such a system would be to require applications fully enable/support the innovation and claims be minimally ambiguous.

**Category of Inquiry – 3: “Are there ways to reduce pendency while increasing quality?”**

**Category of Inquiry - 6. “Are there specific tools (software, processes, etc.) that the PTO should be using to increase quality?”**

**Area of Particular Interest – 2: “Higher Quality Patent Applications: Are there ways that the USPTO can help (or push) applicants to write better applications that do a better job of describing the invention and that include claims in the initial application that actually take the prior art into consideration?”**

The USPTO should ensure that all aspects of claimed inventions are fully supported (ensuring society receives the benefit of the idea after the term has expired) and that ambiguity of claim scope is minimized (reducing the likelihood of arbitrary restraint of trade and needless patent litigation). The USPTO should use software tools which most productively ensure the above to be the case. Even with such tools, the USPTO would expend excessive resources objecting to these defects, so applicants ought to be provided these tools to help them identify and correct problems before the USPTO receives them.

The USPTO's software tools should also integrate filing, docketing, searching, and office action correspondence to allow the USPTO to focus its resources on assessing novelty and non-obviousness. These processes currently live in separate silos—EFS-Web, eDan, EAST, and OACS—consuming excessive resources and distracting examiners from their critical mission.

Our company, [TeamPatent](#), has proposed the use of our software to achieve the above. Interested parties may contact us or USPTO Director of Procurement Kate Kudrewicz for a copy of the proposal. As a Small Business Innovation Research (SBIR) awardee with Sole Source justification, the USPTO is free to evaluate these technologies immediately, without a competitive review process:

The competition for SBIR Phase I and Phase II awards satisfies any competition requirement of the Armed Services Procurement Act, the Federal Property and Administrative Services Act, and the Competition in Contracting Act. Therefore, an agency that wishes to fund an SBIR Phase III project is not required to conduct another competition in order to satisfy those statutory provisions. As a result, in conducting actions relative to a Phase III SBIR award, it is sufficient to state for purposes of a Justification and Approval pursuant to FAR 6.302–5, that the project is a SBIR Phase III award that is derived from, extends, or logically concludes efforts performed under prior SBIR funding agreements and is authorized under 10 U.S.C. 2304(b)(2) or 41 U.S.C. 253(b)(2). (see [Federal Register](#), page 60085, Section 4(c)(3)).

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**TeamPatent**

Comments offered represent views of both the respondent's organization and the respondent's personal views.