

From:

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To: patent_quality_comments

Subject: Comments by Intellectual Ventures, LLC on Enhancement in the Quality of Patents - Response to Request for Comments 74 Fed. Reg. 65093 (December 9, 2009)

The Honorable David J. Kappos
Under Secretary of Commerce for Intellectual Property
and Director of the United States Patent and Trademark Office (USPTO)

Mail Stop Comments—Commissioner for Patents

P.O. Box 1450

Alexandria, VA 22313-1450

Attn: Pinchus M. Laufer, Senior Legal Advisor, USPTO

Kenneth M. Schor, Legal Advisor, USPTO

Dear Under Secretary Kappos,

The attached Comments by Intellectual Ventures, LLC are submitted in response to the Request for Comments on Enhancement in the Quality of Patents published at 74 Fed. Reg. 65093 on December 9, 2009.

Very truly yours,

--Matt Rainey

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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re:)
USPTO Docket No.: USPTO-P-2009-0054)
)
For: **Request for Comments on**)
Enhancement in the Quality of Patents)
)
74 Fed. Reg. 65093)
(December 8, 2009))

**Comments by Intellectual Ventures, LLC
on Enhancement in the Quality of Patents**

The Honorable David J. Kappos
Under Secretary of Commerce for Intellectual Property
and Director of the United States Patent and Trademark Office (USPTO)
Mail Stop Comments—Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450
Attn: Pinchus M. Laufer, Senior Legal Advisor, USPTO
Kenneth M. Schor, Legal Advisor, USPTO

By email to: *patent_quality_comments@USPTO.gov*

Dear Under Secretary Kappos:

Intellectual Ventures submits the following comments in response to the USPTO request contained in its notice of proposed rulemaking, 74 Fed. Reg. 244 (December 22, 2009). We appreciate the opportunity to comment. Below, we offer comments and proposals on the five specific areas identified by the USPTO as being of particular interest to quality measures.

Intellectual Ventures is in business to create and invest in innovation. Intellectual Ventures works with internal and external inventors – some of the brightest minds of today’s inventive society – to create new inventions.¹ We also build upon our inventions by licensing and acquiring intellectual property from industrial, government, and academic partnerships. We rely upon a strong patent system to protect the innovation that our company fosters. For

1. For a list of senior inventors at Intellectual Ventures, see <http://www.intellectualventures.com/inventors.aspx>

more information about the business model and work of Intellectual Ventures, please visit our website:

<http://www.intellectualventures.com/about.aspx>

1. Prior Art

The USPTO has indicated that they are looking for comments to improve methods of identifying prior art. In response to this request, we offer the following suggestions:

a. Third Party Submissions. We suggest that third parties be allowed to submit prior art at any time after publication and prior to a notice of allowance being issued for any patent application and any patent being reexamined, but only upon the condition that such submissions include (a) an identification of the claim elements to which each prior art reference is relevant, and (b) an identification of the specific wording and/or figures in the prior art that are relevant to each claim element (not merely claims as a whole, but specific elements). To avoid adding excessive burden on examiners and applicants, we suggest that no arguments be allowed with such submissions, or merely minimal explanation to point out the relevance of the cited passages. The intent would not be to invite the public to effectively write a first office action in lieu of the examiner.

We believe such a process could greatly increase both the quality of the examiner's initial search and the efficiency of the examination and first office action. However, absent the requirement of pointing out the relevance of specific passages and associating them with specific claim elements, third party submissions are likely to greatly increase the burden upon the examiner by providing a great deal of prior art for which no explanation is provided. This would require significant study by the examiner, with no assurance that s/he would locate the intended relevant passages or arrive at the interpretation intended by the submitter.

b. Encourage Submission of Application Search Results. We also propose offering an incentive (but not a requirement) to patent practitioners to perform and submit a search (pre-filing or otherwise), especially including non-patent literature, to the USPTO. One incentive may be some form of reward if a search (including details related to the relevance of the cited references) is provided to the USPTO. Some possible "rewards"

include: providing a discount on filing fees (for example, waiver or reduction of search fees); granting an application accelerated examination (or some other priority examination) and prosecution; and providing that the applicant receive at least two non-final office actions before a final office action is issued.

While the current “Accelerated Examination Process” allows some of these benefits if an extensive prior art search is submitted along with the application at filing, we suggest that an accelerated examination should be allowed without requiring a practitioner to conduct a qualified prior art search in advance of filing. This would achieve the same goals of the accelerated examination process of lowering pendency and achieving a higher quality examination.

c. Examiner Prior Art Quality. You have also requested that we provide guidance on measuring the quality of prior art being used by examiners. One method of assessing quality of prior art is to perform a case study comparing prior art found during litigation/reexaminations vs. the prior art used by the examiner during the original prosecution of the patent.

The quality of prior art may also be ascertained by reviewing the prosecution history of any application (issued or pending). If prior art cited in a first office action is overcome, and the examiner withdraws the prior art in favor of new prior art, such an action may be indicative of a poor initial prior art search. Such poor prior art searches cost additional time and expense for both the USPTO and patent practitioners.

2. Comprehensive Initial Examination

The USPTO has repeatedly tried to address concerns of the examiners regarding the number of claims filed by patent practitioners. The law encourages the innovation community to file each patent application with many claims. Patent examiner metrics, in contrast, encourage patent examiners to examine only a few claims per application filed. This incentive mismatch creates an unstable and unpredictable system where patent examiners seek to break what should be one examined set of claims into smaller sets of claims more consistent with examiner metrics. This creates a multiplier effect that increases the backlog, drives up costs, and deprives the innovation community of paid-for examination.

We recommend that the examiner metrics be based on claims examined rather than case disposals. For example, examiners could get one count per twenty claims examined, instead of one count per case.

Alternatively, the USPTO could consider allowing use of multiple dependent claims that are in alignment with other patent offices, such as the Europe Patent Office. Under such systems, for example, multiple dependent claims are allowed to depend from other multiple dependent claims. Multiple dependent claims can accomplish the goals of applicants in terms of obtaining the broadest coverage, while helping to minimize the number of claims being examined, thus easing the work load of the examiners.

3. Freely Allow Interviews; Fair Final Office Action Practice; Expedited Reexaminations

a. Freely Allow Interviews. We propose that the examiners continue to be strongly encouraged to participate in interviews, especially before the first action and after the second office action or any final office action. We propose eliminating the requirement that an interview summary of proposed arguments be provided prior to an interview. The applicant and the examiners should be free to work together in informal phone calls to try to identify patentable subject matter.

b. Fair Final Office Action Practice. First office actions on the merits often include rejections that are not well reasoned. Often the next office action is a final office action, even if the examiner has cited completely new prior art. In these situations, it is often the case that the applicant has not received a full chance to have the application reviewed on the merits, especially if no interview has taken place (and often examiners will not allow an interview after a final office action is issued).

Additionally, if prior art used to support a rejection on a first office action is subsequently removed in the next action, and/or one or more additional prior art references are cited in the next office action, such actions should not be made final.

We also believe, as the USPTO has suggested in the Request for Comments, that the issuance of a first office action should be closely monitored for quality. We recommend that at least a certain percentage of first office actions issued by non-primary examiners be reviewed by a panel of examiners for quality. For example, in the accelerated examination program, the examiner's Supervisory Primary Examiner, a primary examiner, and a third examiner are required to review and approve the proposed first office action. In our experience, it appears that the current review of junior examiner work product by senior examiners in regular applications is, at times, cursory at best. A panel review of a first office action leads to a substantially higher quality first office action, which increases the quality of prosecution while reducing the pendency of applications. Additionally, examiners are more likely to be thorough knowing that their work product will be subject to panel review, at least with some of the first office actions.

c. Expedite Reexaminations. Reexaminations generally take far longer than they should, particularly in view of the requirement of 35 USC Section 305 that reexaminations and their appeals be conducted with "special dispatch." The many years required for completion of a reexamination and any appeals greatly reduces the useful life and hence the value of a patent, and consequently reduces the incentive for U.S. innovation and the patent protection of that innovation.

The use of a reexamination allows the public an opportunity to initiate a patent office review of a patent, and was originally intended to ensure the quality of patents as an alternative to litigation. The general process of a reexamination requires that a detailed analysis of the relevant prior art is provided to an examiner. Given that most of the work (search and interpretation) has been done for the examiner, the reexamination process should be expected to be expedited. Instead, the process takes as long, or in many instances longer than a regular examination. We propose imposing a strictly observed, accelerated reexamination schedule. For example, a schedule that allows the reexamination to be finished in one year could be imposed upon the parties and the USPTO.

4. Better Training/Guidelines on Secondary Considerations and Functional Limitations

One type of response that patent practitioners may rely upon to overcome rejections of obviousness is the use of secondary considerations (e.g., the invention's commercial

success, long-felt but unresolved needs, the failure of others, skepticism by experts, copying of the invention by competitors, etc.). Many examiners, however, have difficulty understanding how such secondary considerations affect the patentability of the claims. This lack of understanding leads to declarations of secondary consideration not being given proper weight, or, in some instances, being completely ignored by the Examiner. This leads to an extended prosecution and/or appeal.

It is our suggestion that the USPTO adopt improved guidelines for examiners to handle such arguments based on secondary considerations and provide additional training so that examiners are more capable of handling such arguments. We suggest that the examiners be provided with several specific examples of how such secondary considerations have been applied.

Similarly, functional limitations that appear in claims are not properly given weight by many examiners. There are many instances where a patent practitioner will need to use a combination of structural and functional limitations. There is significant legal precedent which states that such limitations are allowable and help define the scope of protection of the claims. Many examiners, however, do not properly take into account functional limitations, even when such functional limitations are tied to specific structures. We propose that further education, as well as guidelines governing the handling of functional limitations (including additional examples), may help overcome the reluctance of examiners to give such limitations their proper weight.

5. Additional Comments

The request for comments also asked for comments on how to generally improve the quality of examinations and issued patents.

a. Quality Reviews. The USPTO allegedly terminates/disciplines examiners for too many "failing grades" on "quality" review. It is our understanding that the only applications subjected to quality review are those with allowed claims (sometimes called "end of process review"). Applications with no allowed claims (sometimes called "in-process review") are not subjected to quality review. Quality review is effectively passing post-hoc judgments on

examiner advocacy and/or examiner judgments with respect to extremely complex questions of law, procedure, and fact finding. It is our understanding that these reviews are conducted without the examiner or the patent applicant being able to present evidence or argument, even though the outcome of a review often impacts whether the examiner will allow a patent application and the career advancement of the examiner.

It is widely expressed within the examining corps and the patent bar that quality reviewers have an incentive to find mistakes, and often conclude that "mistakes" exist when it is not apparent that any mistakes are truly present. Since, as mentioned above, patent examination is driven by judgments on complex questions of law, procedure, and fact finding, it is exceedingly easy to argue that "mistakes" exist in the absence of actual mistakes. Under this type of system, an examiner can drive a case to appeal via unallowed claims, such that the examiner is never subject to the arbitrary quality review program and the consequent possibility of discipline. This type of quality review program results in drastically higher prosecution costs, increased number of appeals, and larger backlogs, and ironically under this system an examiner can be acting adversely to his or her self-interest by allowing claims.

We recommend drawing the samples for review equally from all applications (e.g., those having no allowed claims as well as those having allowed claims). Additionally, we suggest providing incentives to quality reviewers equally with respect to indicating unallowed claims that should be allowed – e.g., for lack of *prima facie* unpatentability -- as well as indicating allowed claims that should not have been allowed. Alternatively, we recommend having highly skilled patent bar members propose objective standards for quality review that do not “second guess” on issues of judgment where reasonable minds could differ.

b. Prima Facie Case of Unpatentability; Reasons for Rejections. We recommend that the USPTO require strictly that examiners show a *prima facie* case of unpatentability in their rejections. Office actions today often fail to meet this requirement.

In addition, similar to our recommendation in section 1.a above relative to public submissions of prior art, we recommend that examiners be required to thoroughly explain the grounds for any rejections, by pointing out specifically the wording and/or figures in the prior art that correspond to each claim element.

Reasons for rejection should be required to be stated explicitly in any subsequent office action, and the practice of simply restating without alteration the rejection of a first office action – often without taking into account the modified claim language or the applicant's arguments – should be curtailed. This practice leads to wasted months or years of pendency, greater expense for the applicant, and increased numbers of continuations and RCEs that could be avoided.

c. Reasons for Examiner's Suggestions of Claim Amendments. We recommend that procedures be implemented to reduce the frequency with which an examiner's proposed amendments (often communicated informally to the applicant's representative) to put the claims in a condition for allowance are not accompanied by a detailed explanation regarding the statutory necessity of making the amendments to gain allowance.

We believe that in approximately the past year, there has been an increase in informal examiner contacts (usually a telephone call) with applicant's representative to advance prosecution, typically by proposing claim amendments that the examiner believes would make rejected claims allowable. While we appreciate these efforts, frequently (particularly where the examiner's concern is patentability of claims with respect to 35 USC 102 or 103) the examiner does not cite relevant portions of a reference or references believed to make the pending claims unpatentable. This makes it difficult for the applicant's representative to evaluate whether the amendments are necessary for patentability and counters the examiner's attempt to efficiently advance prosecution. We urge the USPTO to adopt guidelines that would require the examiner to state specifically the reasons for suggesting or requiring such amendments.

d. The Patent Applicant as the "Customer." In the past, examiners have commonly worked with applicants to identify, in light of the examiner's search results, subject matter that is properly patentable. We urge the USPTO to consider how to recapture this practice. It is to the good of the patent system, the USPTO and the protection of U.S. innovation that inventors and the USPTO should strive together to achieve patent protection for deserving inventions.

In addition to training examiners to this end and establishing a "customer" atmosphere at the USPTO, we believe that incentives that reward examiners for correctly issued claims (vis-à-vis penalizing them for incorrectly issued claims) is appropriate.

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We appreciate the USPTO's efforts to improve the patent prosecution process. We especially appreciate that the current administration is willing to work with the public to create a system that takes into account the needs of patent practitioner's clients. We look forward to working with the USPTO to arrive at new rules and guidelines that will streamline patent prosecution, improve efficiency and increase the quality of issued patents.

Respectfully submitted,
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