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Mail Stop Congressional Relations
Attention: Jim Moore
P.O. Box 1450
Alexandra, VA 22313-1450

Re: Economic secrecy order RFC response, Docket No. PTO-P-2012-0012

Dear Mr. Moore,

Pursuant to the RFC on economic secrecy orders, please note that in addition to having my own patent application pending (which has been pending for several years, so I am acutely aware of the problems caused by the USPTO backlog), I am a Registered Patent Agent, and I am the President of FreePatentsOnline.com, a patent searching web site. In my various capacities I have extensive contact with inventors, attorneys, and other parties concerned with intellectual property. The views expressed herein have been discussed with many colleagues, and thus far there has been absolutely no disagreement. Everyone, without exception, with whom I have discussed this matter, believes that the idea of economic secrecy orders would be counterproductive for the United States economy.

The Background information in the RFC lays out one of the problems inherent in economic secrecy orders quite clearly: An application which is subject to a secrecy order is severely impacted in terms of its ability to provide foreign patent protection. The Background information also describes some pending legislation and existing techniques which might be used to maintain secrecy until patent issuance. Specifically, amendment of 35 U.S.C. 122(b)(2)(B)(i) to change the publication process of pending applications from the publication of the full document to the publication of only an abstract, and the ability of an applicant to request non-publication under the same statute.

However, the Background information goes on to point out that non-publication requests cannot be made for applications which will be filed in foreign countries. Revising the law to allow for publication of an abstract instead of the entire document, being at odds with international patent procedures, would not solve this problem (making the answer to Question 13 "No"). Secrecy orders, be they security or economically-based, would seem to be irreconcilably at odds with foreign patent coverage.

That being said, the specific problem raised by the Subcommittee is the "potential risk of loss of competitive advantage during the period of time between publication and patent grant." This certainly is an issue of major concern. However, it is not an issue that can be solved in the manner proposed.

Economic security orders would have major drawbacks and in the end, would harm rather than help the economy. Three of these drawbacks are discussed below.

First, economic security orders would tend to devalue exceptionally valuable inventions. As has already been discussed, an economic security order almost guarantees the loss of foreign patent rights. And, while many inventors and companies are not concerned with securing their intellectual patent rights globally, certainly those with extremely valuable inventions tend to be more concerned with foreign patenting. Since economic security orders would presumably be placed on inventions of great economic importance, such security orders would also tend to be placed on inventions where foreign patenting would have been desirable. Therefore, it would seem that the effect of economic security orders would be the devaluation of high-value patents through the loss of foreign patent rights.

Second, economic security orders take the fiscal analysis and decision making away from the people best suited to make such determinations: The private sector. The trade-offs between patenting only in the U.S. (which is less expensive and allows the inventor to make a non-publication request) and patenting internationally are well-known. When a company decides to patent internationally, it is because that company, recognizing the drawbacks of public disclosure, has reached the conclusion that the benefits of obtaining international patent protection outweigh the drawbacks of disclosure.

Government imposition of an economic security order presumes that there exists a government agency that is better suited to make such decisions (for every industry no less) than the companies whose mandate, day in and day out, is to know their industry and execute on strategies to profit from their industry knowledge and technical expertise. It is hard to see how the government should be assumed to be better equipped for this task than the private sector.

Third, and finally, the idea of economic security orders does nothing to address the true problem: The long pendency period at the USPTO. This problem has long been acknowledged by Congress, the USPTO, and the private sector. And the problem is being addressed, for example via the SDI-NG project, for which hundreds of millions of dollars have been appropriated.

One can argue about whether the pendency problem is being addressed aggressively enough, but this much is a fact: If the USPTO were to reduce its pendency period to 18 months, the entire question of economic security orders would disappear since patent publication would coincide with patent issuance. And, pendency reduction would have benefits to the economy well beyond just potential security order cases. (And, as an aside, it is also my feeling that this pendency reduction is very obtainable with the necessary funding and appropriate technology upgrades).

It is therefore my feeling, and that of my colleagues, that if Congress feels that the time gap between patent application and publication is of enough concern to warrant considering onerous legislation like economic security orders, whose effects could easily be deleterious, Congress should instead make sure that the USPTO is funded at levels which allow the quick reduction of the USPTO's patent application backlog.

Sincerely,

James Ryley, Ph.D., RPA