

From: Jim Howard

Sent: Monday, January 30, 2017 8:10 PM

To: External Examination Time Study <ExternalExaminationTimeStudy@USPTO.GOV>

Subject: Askeladden LLC's Comments re Examination Time Goals

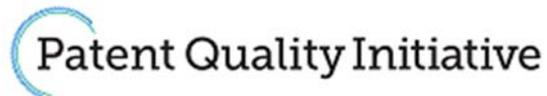
Dear Sir or Madam,

Please find, attached hereto, a letter from Mr. Sean Reilly, on behalf of Askeladden L.L.C., providing comments in response to the Office's request for comments on examination time goals.

Best regards,
Jim

Jim Howard

Associate General Counsel



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By Email

ExternalExaminationTimeStudy@uspto.gov

January 30, 2017

Drew Hirshfeld, Commissioner for Patents
ATTN: Raul Tamayo, Senior Legal Advisor
Office of Patent Legal Administration
Office of the Deputy Commissioner for Patent Examination Policy
Mail Stop Comments – Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Re: Response to Request for Comments on Examination Time Goals (81 Fed. Reg. 73383
(October 25, 2016))

Dear Commissioner Hirshfeld:

I write on behalf of Askeladden L.L.C. (“Askeladden”) in response to the Office’s request for comments in relation to the Office’s worthwhile effort to reevaluate examination time goals.

Askeladden is an education, information, and advocacy organization, which through its Patent Quality Initiative is dedicated to improving the understanding, use, and reliability of patents in financial services and other industries. As part of its Patent Quality Initiative, Askeladden strives to improve patent quality and promote innovation. To this end, Askeladden is working to strengthen and support the patent examination process by making pertinent prior art more easily accessible and by providing educational briefings on the evolution of technology in financial services. Askeladden also files amicus briefs in cases involving issues critical to patent quality and petitions the United States Patent and Trademark Office to take a second look at patents under *inter partes* review (IPR) that it believes are invalid.

Askeladden is a wholly owned subsidiary of The Clearing House Payments Company L.L.C. The Clearing House Payments Company is owned by the largest commercial banks and dates back to 1853. The Payments Company owns and operates core payments system infrastructure in the United States and is currently working to modernize that infrastructure by building a new, ubiquitous, real-time payment system. The Payments Company is the only private-sector ACH and wire operator in the United States, clearing and settling nearly \$2 trillion in U.S. dollar payments each day, representing half of all commercial ACH and wire volume.

Askeladden and the financial services industry have a strong interest in promoting quality in the patent examination process. Financial services companies have and continue to make significant investments to develop innovative technologies that are critical to the future growth of the U.S. economy. They rely on a strong patent system to protect those investments. On the other hand, the financial services industry has been plagued over the years by patent litigation based on low-quality patents that should not have issued. Such patents, frequently asserted by entities seeking to extract payments based on the high cost of district court patent litigation, rather than the merits of their patent infringement case, are a major burden and a detriment to economic progress and actual innovation.

Taking both of those perspectives into account, Askeladden commends the Office for its continued focus on improving patent quality through the Enhanced Patent Quality Initiative and fully supports this effort to reevaluate examination time goals to ensure they are commensurate with the time needed for examiners to perform their work with high levels of quality. Askeladden also appreciates the Office's invitation for comments on this important topic and respectfully offers its comments below.

Importance of Adequate Examination Time

Ensuring that examiners have sufficient time to examine each application assigned to them is critically necessary to achieve (i) high-quality issued patents and (ii) efficient prosecution of pending applications, both of which are important for maximizing the value of the patent system amongst its users and society as a whole.

From the time of the filing of the first petition for *inter partes* review on September 16, 2012, through November 30, 2016, petitioners invested in filing nearly six thousand petitions for AIA review proceedings.¹ Of the *inter partes* review petitions and covered business method review petitions terminated as of November 30, 2016, the Patent Trial and Appeal Board (PTAB) instituted proceedings with respect to nearly thirty-two thousand claims resulting in more than nineteen thousand claims found unpatentable or cancelled by the patent owner.²

The high level of use and success of AIA review proceedings before the PTAB provides insight into the financial impact of low quality patents that should not have issued. Not only have these petitioners invested time and funds in preparing and filing petitions for AIA review proceedings and litigating those proceedings, a majority of them also expended substantial amounts for defense in corresponding district court litigation proceedings. The adverse impact of low quality patents is not limited to those challenged in AIA review proceedings, however, as there are numerous additional low quality patents that are asserted in demand letters and district court litigation for the purpose of seeking nuisance settlements (often less than the cost of an

¹ See Patent Trial and Appeal Board Statistics, November 30, 2016, available at https://www.uspto.gov/sites/default/files/documents/aia_statistics_november2016.pdf.

² *Id.*

AIA review). As a result, the costs for companies to develop and provide new products and services—and at times the prices for those products and services—needlessly rise.

Issuance of high quality patents is also important for applicants. Rigorous examination that uncovers and cites the best prior art leads to stronger and more reliable patents that are less susceptible to invalidity challenges. Strong patents are important for applicants looking to protect and enforce their rights with respect to their inventions. Strong patents also help attract potential investors by providing greater certainty. For these reasons, ensuring that examiners have sufficient examination time to avoid regularly issuing poor quality patents is of the utmost importance.

Sufficient examination time is also important for promoting efficient examination. In recent years, some financial services companies have experienced cases in which examiners do not appear to fully understand and appreciate the subject matter of applications, issue unclear or poorly formulated rejections, and issue subject matter eligibility rejections incorrectly applying, or failing to apply, principles set forth in the guidance on patent subject matter eligibility issued by the Office. Addressing and overcoming these issues requires substantial time and effort and can lead to additional rounds of correspondence between applicants and the Office. Askeladden respectfully submits that these inefficiencies may be mitigated through the adjustment of examination time goals. Where examiners have sufficient time up front to fully familiarize themselves with each application, find the most relevant prior art, and issue early Office actions with accurate rejections that are clearly explained, applicants and examiners can avoid the expending the time and effort needed to address improper or poorly formulated rejections and rejections based on less relevant prior art. This, in turn, will allow prosecution to move more directly to differentiating over the best prior art, appropriate claim amendments, issuance, or abandonment.

Need for Regular Reevaluation and Adjustment

In the notice, the Office notes that examination time goals were first assigned forty years ago and have been adjusted just twice. Askeladden believes that it is wholly appropriate to reevaluate the examination time goals at this time given the advancement of search tools, the continually increasing volume of prior art, the evolution of subject matter complexity, and the always shifting patent law landscape. Moreover, Askeladden agrees that some of the Office's Enhanced Patent Quality Initiatives, such as improved clarity of the record, may require additional time and need to be considered as part of the reevaluation.

However, Askeladden also believes that it is important to reevaluate examination time goals periodically on a regular basis and adjust the goals as needed. Failing to timely adjust examination time goals to account for major changes impacting examination time may (i) deprive examiners of adequate time and adversely impact examination quality or (ii) allow too much time for examination thereby undermining overall efficiency at the Office. For example, issuance of significant court decisions—such as *Alice Corp. v. CLS Bank Int'l*, 134 S. Ct. 2347 (2014) and its progeny—may require application of new legal principles by the examining corps

necessitating additional examination time. In addition, Askeladden respectfully suggests that the patent quality metrics captured through the use of the revised Master Review Form may be used to inform regularly scheduled analyses and optimal adjustments of examination time goals.

Askeladden's Comments on Questions Posed by the Office

In the notice, the Office provided a list of questions concerning examination time goals. Askeladden responds to several of those questions below.

Question 4: In order to increase the quality of examination, do you believe that an increase in the time allotted for examination should be designated for specific activities, such as interviews, or left to the discretion of the examiner? What activities would you prioritize and allocate more time to?

Askeladden firmly believes that applications have varying characteristics and associated circumstances that may require different amounts of time for particular examination activities in order to achieve maximum quality. For example, there may be much more relevant prior art requiring careful review for some applications compared to others. Similarly, some applications may have substantially lengthier and more difficult to understand specifications necessitating longer review. Given the varying nature of patent applications, Askeladden respectfully suggests avoiding rigid time allotments for specific activities and leaving time allocation largely to the discretion of the examiner.

Question 6: What other activities beyond examining, such as research or training, could examiners spend time on that would add value? Why do you believe these activities could add value?

Continuing training in the areas of technology and patent law are not only valuable, but necessary to promote examination quality. For example, by educating examiners about past and present technologies of various companies, the Patent Examiner Technical Training Program (PETTP) enables examiners to better understand the subject matter of applications and to avoid issuing patents directed to known or obvious technology. Legal training is necessary to ensure that examiners are employing current legal principles during examination and are not improperly rejecting or allowing claims under present law. Accordingly, Askeladden strongly supports the Office's extensive efforts to provide both technology and legal training opportunities to examiners.

Question 7: While the focus of this request for comments and the roundtables is to find the appropriate amount of time for examination, cost and pendency are also contributing factors. Do these factors raise a concern that should be considered?

Cost and pendency cannot be ignored in that excessive fees and pendency undermine the patent system's core purpose of incentivizing investment in research and development. However, Askeladden respectfully submits that the Office's ultimate purpose is to issue patents that meet all of the legal requirements for United States patents. Accordingly, patent quality

should be the most heavily weighted consideration and should generally not be sacrificed for cost or pendency improvements.

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On behalf of Askeladden, I again wish to thank the Office for its diligence and careful consideration of all comments. Should the Office have any questions or would like to seek clarification of any of the points raised in this letter, I would be very happy to discuss further.

Respectfully,

Sean Reilly
General Counsel
Askeladden L.L.C.