

From:

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Subject: Docket No. PTO-P-2009-0054; Request for Comments on Enhancement in the Quality of Patents

Dear Secretary Kappos:

The attached letter is the response of the Intellectual Property Law Association of Chicago to the Request for Comments on Enhancement in the Quality of Patents, published on December 9, 2009. The docket number is PTO-P-2009-0054.

Thank you for your consideration.

Sincerely,

Patrick G. Burns, President
Intellectual Property Law Association of Chicago

(Sent on behalf of Patrick G. Burns by Katrina M. Leonardi)

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March 1, 2010

Mr. David Kappos
Under Secretary of Commerce for Intellectual Property and
Director of the United States Patent and Trademark Office
600 Dulany Street
Alexandria, Virginia 22314

Dear Under Secretary Kappos:

The purpose of this letter is to respond with comments to the recent Federal Register Notice, published at 74 F.R. 65093 (Dec. 9, 2009), entitled: "Request for Comments on Enhancement in the Quality of Patents" ("the Notice"). The Notice states in relevant part that the "USPTO would like to focus, *inter alia*, on improving the process for obtaining the best prior art, preparation of the initial application, and examination and prosecution of the application." *Id.* This letter contains several suggestions intended to improve the examination and prosecution of patents.

This letter is submitted by the Intellectual Property Law Association of Chicago, "IPLAC," an organization of about 1000 intellectual property attorneys practicing in and near the Chicago metropolitan area.

Introduction: Current Problems

Before proposing solutions, it is necessary to mention some of the problems encountered over the last several years by applicants and their representatives applying for and prosecuting patent applications in the USPTO. Many Examiners or their supervisors have not engaged in the practices described below, but many others have, and the result has been elongated prosecution (the opposite of compact prosecution) and an ever-growing backlog of patent applications to be processed. Also, Examiners have not necessarily been responsible for elongated prosecution, where it exists, as their supervisors often have allowed or even required these

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practices. The point of this letter is not to assign blame but to indicate the permanent changes that need to occur to the system as a whole.

The first problem has been the bias of the system toward repeated rejection of patent applications. Examiners or their supervisors commonly have done better within the system by maintaining rejections than by allowing patent applications, regardless of the merits of the claims being examined. One potential cause is that the system of Quality Review of patent applications has been triggered by allowance or more aggressively applied to allowed patent applications. Some Examiners or their supervisors have found they could succeed with minimal effort by rarely, or even never, allowing a patent to issue. An Examiner who never allows a patent is clearly counterproductive. We do understand that you have taken some steps to correct this imbalance, though it is probably too soon to tell if the steps taken so far will ultimately be effective.

One common examination strategy leading to repeated rejections and thus elongated prosecution has been initial examination done quickly and poorly, followed by an absolute refusal to allow the application or to allow a decision by the Board of Appeals. Allowance has been actively avoided because an application poorly examined at any stage would not do well in Quality Review, so the application would never be allowed, either directly or by Board reversal. This combination appears to have been successful for the Examiner or supervisor, notwithstanding the resulting generation of many Office actions per application, as they never spent much time examining the patent application at any stage, and much of the paperwork has been boilerplate and recycled word processing.

A number of tactics, including the following, have been used in this elongated examination strategy.

First and foremost is piecemeal prosecution. The first action too often has raised only one or more issues not requiring a prior art search (such as double patenting or Section 101 issues), or has relied on a quick word search finding certain key words or phrases of the claim in prior art, or has relied inappropriately on Official Notice. If the initial rejection became untenable later in prosecution, the Examiner would find another equally quickly fabricated rejection, often by doing some more of the work that should have been done during initial examination. Usually, the Examiner would not document why the former rejection has been abandoned, or even

withdraw it, and the Examiner occasionally would revert to a previously withdrawn or dormant rejection later in the same prosecution. Prosecution too often has moved sideways or backward, not forward, for undisclosed reasons.

Second, if the applicant attempted to escape piecemeal prosecution by appealing, the Examiner or supervisor often would reopen prosecution on a new ground, rather than allowing the appeal to go forward. This was another tactic for preventing another pair of eyes from reviewing and reversing a rejection, which might have reflected poorly on the Examiner or supervisor.

A third tactic employed by some Examiners is adoption of a plainly unreasonably broad claim construction or interpretation of a prior art reference to bolster a rejection, followed by an absolute refusal to reconsider, even after multiple rebuttals plainly show the Examiner's position is untenable.

Another tactic elongating prosecution has been the imposition of late restriction requirements. A restriction requirement is late if entered after the claims being subdivided have already been searched and initially examined. A late restriction requirement is usually contrary to the policy stated in Section 803, page 800-4 (8th Ed., Rev. 7) of the MANUAL OF PATENT EXAMINING PROCEDURE ("MPEP") that:

If the search and examination of all the claims in an application can be made without serious burden, the examiner must examine them on the merits, even though they include claims to independent or distinct inventions.

A late restriction requirement elongates prosecution by requiring the applicant to put some claims in a divisional application and wait for initial processing of the divisional application to be completed, putting an extra burden on other personnel of the USPTO, after the claims have already been searched and examined one or more times.

The problem of elongated prosecution has crippled the system by repeatedly recycling applications instead of disposing of them. The backlog of applications under prosecution has grown exponentially.

Elongated prosecution has injured applicants, and thus interfered with the powerful influence of effective, timely patent protection in building small and large businesses and generating new employment. Elongated prosecution has extended the time delay between publication of an application and issue of a patent, allowing competitors to adopt the invention and sell it, often for years, before a patent is granted on a meritorious invention. Elongated prosecution has favored well-financed, established entities who can practice another's invention for years between publication and patenting. Elongated prosecution has harmed smaller companies and individuals who need patents promptly to get exclusive rights, secure financing or police infringement.

Elongated prosecution thus has been a fundamental problem in the US patent system that must be corrected if the USPTO is to continue to achieve its fundamental goal of encouraging innovation. We now turn to our proposals for reducing the problem of elongated prosecution.

I. Proposed solution: More Stringent Quality Review of Rejected Applications

First, as you have recognized in changing the In-Process Review program, quality review should focus equally on rejected and allowed applications. As indicated above, a one-sided review encourages elongated prosecution by encouraging Examiners or supervisors to distort the allowance rate to minimize the risk of criticism following appropriate quality review. We suggest that the proper stage for quality review of rejected applications is after the first Office action is entered following a request for continued examination. At that stage of prosecution, the file typically will contain three Office actions, so Quality Review can be used to determine whether the Examiner has prepared a proper first Office action, is interpreting the claims and references reasonably, and is giving proper consideration to the applicant's responses and amendments.

II. Evaluation Whether Prosecution Complies With 35 U.S.C. § 132(a) and 37 CFR § 1.104 Requiring Compact Prosecution

Second, quality review should be largely focused on compliance with 35 U.S.C. § 132(a) and 37 CFR § 1.104 – respectively a statutory section and USPTO rule already on the books.

35 U.S.C. § 132(a) states in relevant part:

Whenever, on examination, any claim for a patent is rejected, or any objection or requirement made, the Director shall notify the applicant thereof, stating the reasons for such rejection, or objection or requirement, together with such information and references as may be useful in judging of the propriety of continuing the prosecution of his application....

This statutory section mandates that each Office action state all the rejections, objections, or requirements applicable to the application at the time of examination – the information an applicant needs to judge whether the application is meritorious enough to justify continued prosecution. 37 CFR § 1.104(a)(2) essentially repeats the requirements of this statutory section.

37 CFR § 1.104 fleshes out this statutory standard with many specific requirements that, if routinely satisfied, would minimize the occurrence of elongated prosecution. 37 CFR § 1.104(a)(1) states,

On taking up an application for examination or a patent in a reexamination proceeding, the examiner shall make a thorough study thereof and shall make a thorough investigation of the available prior art relating to the subject matter of the claimed invention. The examination shall be complete with respect both to compliance of the application or patent under reexamination with the applicable statutes and rules and to the patentability of the invention as claimed, as well as with respect to matters of form, unless otherwise indicated.

37 CFR § 1.104(a)(3) states, “An international-type search will be made in all national applications filed on and after June 1, 1978.”

37 CFR § 1.104 (b) states,

The examiner’s action will be complete as to all matters, except that in appropriate circumstances, such as misjoinder of invention, fundamental defects in the application, and the like, the action of the examiner may be limited to such matters before further action is made. * * *

37 CFR § 1.104 (c)(2) states,

In rejecting claims for want of novelty or for obviousness, the examiner must cite the best references at his or her command. When a reference is complex or shows or describes inventions other than that claimed by the applicant, the particular part relied on must be designated as nearly as practicable. The pertinence of each reference, if not apparent, must be clearly explained and each rejected claim specified.

In short, piecemeal prosecution is not in accordance with the Rules and many of the tactics employed by examiners are against the established policy of the USPTO. The question is, how can these requirements be better enforced by quality review?

First, the main goal of quality review of rejections should be to root out and remedy instances of elongated prosecution, as opposed to second-guessing the Examiner's substantive decisions. If prosecution is truly compact and efficient, but the applicant simply disagrees with the Examiner's reasonable rejections, that is the role for appeals.

Another feature of a more robust system of quality review should be published, objective standards of review. The current Quality Review process is shrouded in mystery, both for applicants and for Examiners. The standards for review should be transparent and revised periodically as new practices arise that lead away from the goal of compact, even-handed examination.

Third, applicants and practitioners need to be able to initiate quality review of a rejected application. Unfortunately, this input is difficult for applicants and practitioners to provide at present. Examiners necessarily have considerable discretion in determining whether to allow or reject an application, and many Examiners will exercise that discretion uniformly against an individual who has complained about the Examiner's conduct.

We suggest this problem of retaliation can be addressed by allowing applicants to file petitions for quality review of a rejection that do not enter the publicly available prosecution record and are not accessible to the Examiner involved. The petition would be sent to a special correspondence

address, and any meritorious complaints would be communicated in precisely the same fashion as USPTO-initiated quality reviews, so they would be indistinguishable to the Examiner. Desirably, the quality review petitioner examiner would find multiple instances of complained-of conduct in several cases and treat all the same, so it would not be clear which applicant complained, or even that any applicant complained. If anonymity of applicant complaints can be effectively maintained while taking appropriate action, applicants can provide the information needed to identify and suppress new tactics tending to elongate prosecution as they arise.

The process should allow the Examiner to respond in writing if he or she chooses to do so. A process allowing both applicants and Examiners an opportunity to participate will be more acceptable than the current system. The applicant and Examiner should receive a written decision, but this correspondence should not be available to the public as part of the prosecution history. It should have nothing to do with the merits of patentability, and should not be subject to revelation under the Freedom of Information Act, as it is a personnel matter.

Additionally, the petition response time must be improved, at least for this type of petition essentially complaining about undue delay of prosecution by the Examiner. Elongated prosecution cannot be effectively remedied if the petition practice is itself elongated.

III. Proposed solution: Greater Emphasis on Quality Review of Outliers

Outliers are Examiners or examining groups allowing significantly more or fewer than the mean proportion of patent applications. Outliers should be subject to more stringent quality review than Examiners or examining groups that allow a more usual proportion of applications examined, although all examiners should be subject to quality review.

This is not to say that all examiners and all examining groups should allow the same proportion of patent applications. If quality review of a particular outlier indicates that the outlier Examiner or examining group is acting appropriately, the set point or allowance rate regarded as appropriate can be revised to reflect the experience of that examiner or examining group. With experience, the USPTO can move from identifying statistical outliers to identifying an appropriate norm for a given examiner or group.

IV. Proposed solution: Improved Consideration of Response After Final Action

Another change that would allow more compact prosecution would be to make somewhat more prosecution available after a final Office action is issued.

Current after-final practice commonly amounts to zero consideration of the merits until a request for continued examination or appeal is filed. Even if a response after final is entered (usually because it includes no claim amendments or new evidence), the Examiner usually just goes through the motions, stating in a sentence or two that the arguments have been considered but are not persuasive.

At a minimum, the Examiner should be required to provide specific rebuttal of an applicant's arguments on the merits if an amendment is entered. This would require a specific statement by the Examiner explaining why the line of reasoning asserted by the applicant lacks merit. The Examiner should not be allowed to simply say that the applicant's arguments are moot or not persuasive, without more.

V. Proposed Solution: Modifications to Restriction Practice

Two solutions are proposed to improve the present restriction practice and expedite prosecution of patent applications. First, a restriction requirement (if warranted) should routinely be entered in preliminary processing by a separate restriction office that is not rewarded with more work credit merely for breaking an application up into many small parts. Second, the Examiner should only be able to enter a restriction requirement if, after the application has been processed by the restriction office, amended claims present a separately patentable invention for the first time.

First, this proposal would take all routine restriction practice away from the Examiner. Many restriction requirements are proper, of course, but many more subdivide the application into an unwarranted number of parts. Such restriction requirements are used to maximize the number of counts the Examiner is able to earn for a limited amount of work, as often the work needed to search and examine all groups of claims largely overlaps.

It is suggested that the preliminary processing can be done by the personnel who direct new patent applications to the appropriate examining

Mr. David Kappos
March 1, 2010
Page 9

groups. This can and should occur long before first action, so an applicant who wants to pursue the elected and restricted out groups at the same time can file a divisional application before the applications are assigned to examiners. This approach also has the advantage that if different claimed inventions in one application are properly considered by different examining groups, the application can be routed to the appropriate examining group for the elected claims.

The proposal to curb late restriction practice (after examination) is made to curb an even more abusive practice of some Examiners or management, discussed above, of entering a restriction requirement to split up claims after they have already been searched and examined, sometimes more than once. This practice elongates prosecution by requiring a group of claims to be pursued in a divisional application and essentially re-prosecuted, beginning years after the original application was filed.


Of course, Examiners need to have some authority to address new inventions added by amendment after the applicant has already elected other claims. Again, however, this authority should only be available before the claims directed to the new invention are initially searched and examined.

VI. Conclusion

Careful consideration of these suggestions in response to the Notice is respectfully requested.

Sincerely,

Intellectual Property Law Association of Chicago



By: Patrick G. Burns, President

cc: patent_quality_comments@uspto.gov.