



## COMMENTS OF THE ELECTRONIC FRONTIER FOUNDATION REGARDING PATENT PENDENCY

**Docket No. PTO-P-2014-0025**

The Electronic Frontier Foundation (“EFF”) is grateful for this opportunity to respond to the request by the United States Patent and Trademark Office (“PTO”) for comments regarding optimum first action and total patent pendency.

EFF is a nonprofit civil liberties organization that has worked for more than 20 years to protect consumer interests, innovation, and free expression in the digital world. EFF and its more than 27,000 dues-paying members have a strong interest in helping the courts and policy-makers in striking the appropriate balance between intellectual property and the public interest. As an established advocate for consumers and innovators, EFF has a perspective to share that might not be represented by other persons and entities who submit comments in this matter, where such other commentators do not speak directly for the interests of consumers or the public interest generally.

### **I. Introduction**

While there are many reasons to favor timely examination, this cannot come at the cost of patent quality. The PTO’s first goal must always be to ensure that patent applications receive adequate scrutiny. Overwhelming evidence shows that patent examiners do not have enough time to adequately review applications. In particular, examiners do not have time to thoroughly search and analyze prior art. This has resulted in many thousands of low-quality patents issuing, with significant harm to innovation. Rather than considering pendency in isolation, EFF urges the PTO to work proactively to improve patent quality while reducing pendency and the application backlog. A multi-pronged strategy could include increasing fees, reducing the flood of continuation applications, and improving prior art searching.

## II. Patent quality suffers because examiners do not have sufficient time to review applications and search for prior art.

Patent examiners must review applications for compliance with many complex requirements. These include: patentable subject matter, indefiniteness, utility, double patenting, enablement, and written description. In addition to these complex tasks, the examiner must also search for, review, and analyze prior art. No examiner, regardless of how diligent and dedicated she is, can perform these tasks without sufficient time. Any push to reduce patent pendency, or for compliance with pendency targets, should ensure that examiners have time to do their job.

Evidence strongly suggests that examiners do not currently have enough time to review applications diligently. While the time spent on each application will vary by examiner and Art Unit, the average for all applications is around 19 hours. With only some of this time available for prior art searching, this is not nearly enough time for a thorough review. As EFF explained in previous comments, prior art searches must involve more than a quick keyword search of databases of patents and scholarly papers.<sup>1</sup> For software-related applications, the most relevant prior art will likely include numerous sources – such as open source software code – that are not easily located and searched. If an examiner does not have time to perform these searches, invalid patents will issue.

Recent empirical research confirms that examiners perform lower-quality review when pressed for time. Michael Frakes and Mellissa Wasserman analyzed 1.4 million patent applications considered by the PTO from 2002 to 2012.<sup>2</sup> They found that while the average time spent on each application was approximately 19 hours, the most experienced examiners spent only 10 hours reviewing each application.<sup>3</sup> By comparing the file histories of applications reviewed by examiners with more or less time, the researchers noted a strong relationship between review time and the result of examination. Most alarmingly, they discovered that

---

<sup>1</sup> See Comments of Public Knowledge, The Electronic Frontier Foundation, and Engine Advocacy, Docket No. PTO-P-2013-0064, available at [https://www.eff.org/files/2014/03/17/comments\\_to\\_pto\\_from\\_public\\_knowledge\\_eff\\_engine.pdf](https://www.eff.org/files/2014/03/17/comments_to_pto_from_public_knowledge_eff_engine.pdf)

<sup>2</sup> Michael D. Frakes & Mellissa F. Wasserman, *Is the Time Allocated to Review Patent Applications Inducing Examiners to Grant Invalid Patents?: Evidence from Micro-Level Application*, NBER Working Paper No. 20337 (July 2014), available at <http://www.nber.org/papers/w20337>.

<sup>3</sup> *Id.* at 10.

obviousness rejections become rarer as examiners become more pressed for time.<sup>4</sup> As the researchers explained:

If patent examiners are already pressed for time and the time allocated to review an application is further decreased, it is likely that examiners will spend less time searching the prior art, and that's going to make it harder for them to figure out which patents are really new, and which ones represent just a trivial advancement over current scientific understanding. ... [Examiners are] just not given enough time to look through everything that has already been created and invented to determine whether or not the claimed invention is really new or non-obvious.<sup>5</sup>

As this research shows, any reduction in review time will likely only reduce patent quality even further.

Other research suggests that patent quality is especially low for software-related patents. One study estimated that, if challenged in court and litigated to judgment, approximately 50 percent of software patents would be found invalid.<sup>6</sup> This number is likely to be even higher in the wake of *Alice Corp. Pty. Ltd. v. CLS Bank International*, 134 S. Ct. 2347 (2014) (“*Alice*”). Indeed, based on a review of some recently-issued patents—particularly in Class 705—EFF has identified numerous patents that, in our view, are plainly invalid under *Alice* despite being issued after the decision (these include US 8,762,173 US 8,793,159, US 8,793,178, and US 8,793,183). EFF also recently drew attention to a truly shocking decision by an examiner to allow a patent in response to an application that was little more than incoherent ramblings.<sup>7</sup> The pressure to meet pendency targets, together with pressure to reduce the application backlog, is leading to cursory review by examiners and the issuance of thousands of invalid patents. Any strategy to reduce patent pendency cannot come at the cost of diligent review.

---

<sup>4</sup> *Id.* at 34.

<sup>5</sup> Science Daily, *Patent examiners more likely to approve marginal inventions when pressed for time* (Aug 13, 2014), available at <http://www.sciencedaily.com/releases/2014/08/140813174445.htm>

<sup>6</sup> Shawn P. Miller, *Where's the Innovation? An Analysis of the Quantity and Qualities of Anticipated and Obvious Patents* 27 (2013), available at [http://www.vjolt.net/vol18/issue1/v18i1\\_1-Miller.pdf](http://www.vjolt.net/vol18/issue1/v18i1_1-Miller.pdf)

<sup>7</sup> Deeplinks Blog, *Magical Drug Wins EFF's Stupid Patent of the Month* (Aug 28, 2014), available at <https://www.eff.org/deeplinks/2014/08/magical-drug-wins-effs-stupid-patent-month>

### III. Meeting pendency goals while improving patent quality will require a multi-pronged approach.

EFF understands that timely examination benefits both applicants and the public by providing more certainty about patent rights. To meet pendency targets *without* sacrificing patent quality, the PTO will need to make significant changes. Many of these changes cannot be achieved by the PTO alone, but the agency can be a voice for reform. EFF recommends a number of reforms including: (1) increasing renewal fees, (2) improving prior art searching, and (3) reducing continuation abuse.

#### *Increasing Renewal Fees*

Dealing with patent quality and pendency will require more resources. The PTO should increase fees, particularly renewal fees late in the patent term. This could provide some of the funding necessary to increase examination time. In addition, increased renewal fees would likely promote innovation by clearing the system of low quality patents that are most attractive to patent assertion entities.<sup>8</sup> United States renewal fees are generally much lower than those of peer nations.<sup>9</sup> So increasing renewal fees is a promising place to start when finding the funds needed to improve patent quality.

#### *Improving Prior Art Searching*

EFF, together with Public Knowledge and Engine Advocacy, previously submitted comments on prior art searching.<sup>10</sup> In those comments, we recommend that the PTO engage with communities of small software developers, including the startup and open source software communities, to develop prior art resources.

#### *Reducing Continuation Abuse*

Unlimited requests for continued examination burden the patent system. No other nation gives patent applicants an endless series of mulligans. The huge volume of RCEs is a major, and

---

<sup>8</sup> See generally Brian J. Love, *An Empirical Study of Patent Litigation Timing: Could A Patent Term Reduction Decimate Trolls Without Harming Innovators?*, 161 U. Pa. L. Rev. 1309 (2013).

<sup>9</sup> *Id.* at 1358 (also noting that, in real terms, US fees are 10 times lower than they were in 1800).

<sup>10</sup> See Comments of Public Knowledge, The Electronic Frontier Foundation, and Engine Advocacy, Docket No. PTO-P-2013-0064, available at [https://www.eff.org/files/2014/03/17/comments\\_to\\_pto\\_from\\_public\\_knowledge\\_eff\\_engine.pdf](https://www.eff.org/files/2014/03/17/comments_to_pto_from_public_knowledge_eff_engine.pdf)

largely unnecessary, segment of the application backlog. The PTO has previously attempted to reform continuation practice without success. When communicating with Congress and the Administration the agency should make clear that the current practice of unlimited requests for continues examination contributes to the PTO's inability to get the application backlog under control. The PTO should recommend that any future patent legislation include reform of continuation practice. Alternatively, the agency should recommend to Congress that it be given clear authority to reduce RCEs and continuation abuse.

#### **IV. Conclusion**

EFF again thanks the PTO for the opportunity to comment regarding patent pendency. For the reasons given above, we urge the PTO to focus first on patent quality. Ultimately, if it diligently reviews applications and promptly rejects invalid claims, the PTO will begin to receive fewer low-quality applications. In EFF's view, this is the best way to reduce the application backlog and meet pendency goals.

Respectfully submitted,

**Electronic Frontier Foundation**

Daniel Nazer

Staff Attorney

Vera Ranieri

Staff Attorney

Michael Barclay, Reg. No. 32,553

EFF Special Counsel

September 8, 2014