

From:

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To: patent_quality_comments

Subject: thoughts on improving patent quality -- David J. Rosenblum

Dear Roundtable Participants:

In attempting to discuss to some degree comprehensively the topic of patent quality, a review is first provided on why practitioners are confined to billing so few hours for an office action, and the implications of this.

A patent/patent application is a commodity whose value is uncertain. It serves to prevent at least some infringement and allows the assignee to sue. However, it is prospectively unknown whether such a suit will become necessary or feasible, and what are its prospects, net return, etc. The importance of patent's underlying technology may wither as the years go by. It is also subject to contingencies during examination that could reduce claim coverage scope, as when it runs up against particularly relevant prior art or, on occasion, a difficult examiner. The patent may become merely part of the assignee's portfolio, and be of questionable relative value within the portfolio. Its ability to hold up under litigation may depend on what has happened during prosecution, with regard to possible inequitable conduct, the strength of the prior art search, etc.

Consequently, a patent, at the outset, has something akin to an "expected value" that limits realistically how much money can be spent for preparation or prosecution, and therefore how much compensation is available for these services. Notably, the expected value corresponds to an "expected quality level." Presumably, raising the expected quality level increases the expected value, at least as a general proposition and at least to a degree.

As it turns out, the number of hours that can be billed (or alternatively, the fixed fee available) within these constraints is typically considerably lower than what the conventional law firm model can tolerate, without big-time corner-cutting that is.

Big-time corner-cutting is learned not only at the law firm, but at law school and as an examiner at the USPTO.

In law school, it is difficult to actually read through all the cases carefully within the time available, which may be your first glimpse of what it is like to work at a firm (patent or otherwise).

At the USPTO which has been underfunded for many years, there are suggestions/hints to speed through a prior art search, cut down on the size of office actions, etc.

It is also my understanding that if an examiner makes the action long, the response will be long (thereby eating up the examiner's scarce time); but if the action is kept short, the response will be short.

Safe to say, big-time corner-cutting is the norm, and patent quality is one of the casualties.

The cost of doing business as usual also includes lack of pride in one's work (offset perhaps to the extent speeding through your work "safely" is an accomplishment), whether you prepare, prosecute or examine, and perhaps a lowering of respect for the institutions involved.

As one step toward a practical solution, how about more examining time, coupled with measures to ensure that the office action actually is proper (e.g., with attention paid not just to the independent claims and some dependent claims but to all of the claims, no more quick §112's if it is just a matter of reading an understandable specification, no more "pattern-matching" obviousness rejections without real foundation, etc.)? Right now, office actions free of the above three items are, I believe, the exception rather than the rule. If more examiners or other resources are needed to supervise/oversee examination, it would be an investment with real returns.

Make the examiner's performance evaluation actually depend (in a real and significant way) on quality of work, rather than emphasizing production numbers.

Show the assignee a comprehensive, well-thought-out and well-written office action, and maybe some extra funds for prosecuting it will free up for those willing/able to deliver quality.

In other words, I believe there would be a tendency to match the examiner in terms of quality.

Patent examination/prosecution is like a conversation to resolve an issue. If you get to the point quickly because you prepare well for each time it is your turn to speak, the conversation can be kept short, and even shorter if both parties prepare well. Thus, what post-filing leads to a quality patent generally leads there quicker.

Through measures to increase quality, you can cut down on cycle time (which, for these purposes, will mean the amount of time the USPTO spends processing an invention, exclusive of the time the applicant takes to respond to office actions), since fewer office actions are needed until "real" abandonment (i.e., not that which accompanies an RCE) or allowance is reached.

This, in turn, means applications being examined at a greater rate, because an examiner who otherwise would continue with the examination of the same patent application is, instead, available to examine the next application.

The increased examination rate decreases the patent application backlog.

Furthermore, since the real compensation to the USPTO comes from issue/maintenance fees and since there is generally at most only one set of those per application, the increased issue rate resulting from the increased examination rate enlarges the revenue stream from the above-mentioned fees. This offsets the cost of the quality measures.

Another and perhaps more fundamental aspect of raising patent quality is to improve preparation, especially in a way that facilitates subsequent examination. There is no "requirement" that the patent application be written so as to lead a less technical person (e.g., judge or jury member) through it. Just that it be clear to one of ordinary skill in the art (which quite understandably means it may be less than clear to many examiners, particularly with attrition being what it is). It has been my experience too that some foreign patents computer-translated into English are hard to follow.

A more complete discussion of patent quality probably includes those patent applications that are worthy but did not make it. Notably, it often happens that one needs to file an appeal to get an allowance or an office action of sufficient quality, or, alternatively, the assignee decides to just abandon the case despite the patent application having merit. At least pre-*KSR*^[1], literally dozens of appeal briefs could be filed without

^[1] *KSR Int'l Co. v. Teleflex, Inc.*, [550 U.S. 398 \(2007\)](#)

a single case going to an examiner's answer. My understanding is that, beside the loss of count-compensated examining time, the failed appeal will tend to reflect negatively on the supervisory patent examiner's (SPE's) bonus. Perhaps, the penalty should be increased, to cut down on the number of unnecessary appeal briefs; although there is, to my understanding, a countervailing consideration -- sometimes, the examiner resorts to appeal to see the "Summary of the Invention" in the appeal brief so as to understand the invention. It is only first here, when faced with the possibility of an adverse decision, that the prosecutor is willing to offer an explanation, only implicit in the specification (or perhaps vaguely so), that potentially gives rise to prosecution history estoppel. If applications were to be written more clearly and if examiners were to be given more time to examine, then there probably would be fewer appeals resorted to for this reason. In that event, the production/bonus penalty would be more on-target. It is noted however that it is likely that a larger percentage of the appeals have resulted from the mistaken notion that higher rejection rates mean higher quality. This idea would naturally phase out if examination quality were to significantly improve.

If quality-improvement efforts are made on a number of fronts (i.e., the preparation, the examination, the prosecution in response), synergy can, in my opinion, kick in to produce a result greater than the sum of its parts. An example would be the above-mentioned tendency, I believe, for the prosecutor, in responding, to live up to or match the quality of the office action.

Notwithstanding the recent changes to the count system to blunt the windfall of the RCE, further steps to realize a holistic solution can be taken, steps which also have potential benefits for work life quality and which could boost preparer/prosecutor/examiner/inventor morale. As to work life quality and examiner morale, reduced examiner attrition lowers recruiting and training costs, and maintains higher quality of examination, i.e., by more experienced examiners.

If, for example, the USPTO would announce that the quality of patent examination will, starting now (i.e., once the mechanism, and funding, is in place to make it a reality), improve dramatically and very noticeably, this might ease the way toward subsequently pointing out the quality office action mentioned above and allowing for more time to draft a quality response. Those prosecutors slow to adjust to the new regime would soon find themselves "out-gunned" (or further out-gunned) by the USPTO, and this would tend to be noticeable if sufficient publicity attends announcement of the reform measures.

Even from the standpoint of better claims alone, both the higher-quality office action and the higher-quality response will improve the quality of the patent application. In addition, the uncertainty to the patentee if post-grant opposition becomes a reality can be eliminated if the USPTO examination is strong enough so that the issuing patent can forego post-grant opposition. *KSR* also introduced more uncertainty into patent examination and into patents; but, would *KSR* have been decided as it was, if examiners had more time to search for that extra reference?

Both for the applicant and the USPTO, the cost of measures for attaining a patent of higher quality would be largely, or perhaps completely, offset by the savings resulting from the increased examination rate and revenue stream as noted above.

Other cost savings include those associated with foregoing the need to implement unpopular changes in an effort to reduce the backlog -- since reduction of the backlog can

already be attributable to the shortened cycle times giving rise to increased examination rate in accordance with what is proposed herein.

In addition, as recently pointed out by Chief Judge Paul Michel, United States patents are vulnerable to foreign exploitation between the time of publication and the patent grant, a time period widened by the backlog. The United States may also be paying a “brain drain” price largely as a result of the backlog and shortcomings in patent quality. Many foreign students studying in this country would stay longer if research and development were not hampered by these problems.^[2]

Even, if the cost of the reform measures is not completely offset by the increase in the revenue stream, raising the “expected quality level” (mentioned further above), by means of the measures discussed herein, increases the “expected value” of the patent. Presumably, the patent community would be willing to pay slightly more for a considerably better product, and/or an infusion of public money as Judge Michel has proposed may be forthcoming.^[3]

Sincerely,
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^[2] See “Judge Michel: USPTO Should Receive \$1 Billion Infusion of Cash,” Dennis Crouch’s Patently-O, May 13, 2010.

^[3] *Id.*