

Sens. Urge Changes At USPTO To Improve Patent Quality

By Ryan Davis

Law360 (October 30, 2019, 8:40 PM EDT) -- Members of a Senate panel said at a hearing Wednesday that they are concerned that too many patents are being found invalid and discussed what the U.S. Patent and Trademark Office could do differently to issue better patents that are less vulnerable to challenges.

The Senate Judiciary Committee's intellectual property subcommittee convened the hearing to explore how to keep the office from issuing what the senators called "poor quality patents" that are ultimately found invalid as anticipated, obvious or lacking proper scope and written description.

"Everyone seems to agree that patents are being issued by the USPTO that are adjudicated invalid under one if not multiple sections of the Patent Act. That shouldn't be happening," said subcommittee chairman Sen. Thom Tillis, R-N.C.

He said that when issued patents are later invalidated, it is unfair to inventors who receive only weak rights, to licensees who may end up paying for "a product that potentially never should have been patented" and to the American people, who "tolerate time-limited monopolies" only for inventions that are truly innovative.

"I believe this is a problem and we need to fix it," Tillis said. "It's wrong to put patent applicants through the rigorous examination process only to grant them a patent that has defects and flaws."

Committee ranking member Sen. Chris Coons, D-Del., said that there has been an "erosion of patent rights" in recent years, in part driven by concerns about quality, which has "handicapped entrepreneurs and innovators and reduced their confidence in our system."

He suggested that could be remedied in part by giving the office's 8,300 examiners more time to review applications, letting them use artificial intelligence and other new technologies to identify evidence that an application should be rejected, and ensuring that fees collected by the USPTO are not diverted to other government agencies.

"I think having reliable, enforceable patent rights is the lifeblood of our innovation economy," Coons said.

USPTO Commissioner of Patents Drew Hirshfeld told the panel that there have been "unprecedented

levels of change” at the agency in recent years to put an added focus on patent quality and that it has ongoing efforts to “better position ourselves for ongoing improvement.”

He said that includes new training for patent examiners and evaluation measures for their work, plans to develop new search tools and AI technologies, and an automated docketing system set to roll out next year that will assign applications to the examiners best suited to review them.

As for Coons' idea of giving examiners more time, Hirshfeld said the office is evaluating that issue and wants to ensure a proper balance, but noted that it needs to be carefully monitored.

"Examining time that takes far too long could impede a business' ability to make timely and cost-effective decisions, while examination that is concerned only with expediency could result in uncertainty due to insufficient patent quality," he said.

Other witnesses at the hearing presented their own ideas for how the USPTO could improve patent quality. Melissa Feeney Wasserman, a professor at the University of Texas at Austin School of Law, said that some of the USPTO's policies incentivize examiners to issue more and more patents and should be changed.

For instance, she noted that the fees for patent applications only cover half of the office's expenses for examination, with the remainder covered by fees the patentee pays only after a patent is granted, like issue fees and renewal fees. She suggested raising the initial fee for applications and abolishing the fee paid when a patent issues.

She also proposed limiting the ability of applicants to file requests for continued applications after a rejection. The fees the office collects for those proceedings are much less than the costs, which she said adds to a backlog that could lead the office to issue more patents “even if they are of questionable quality.”

Colleen Chien, a professor at Santa Clara University School of Law, proposed closer monitoring of how thoroughly examiners are considering applications and creating a new type of patent that could only be used for defensive purposes. Such patents would be subject to less rigorous examination with lower fees, and would “take the pressure off needing to make sure every patent is at a very, very high standard,” she said.

The USPTO's former acting director, Teresa Stanek Rea of Crowell & Moring LLP, floated the idea of the agency working more closely with patent offices in other countries and using other methods of “crowdsourcing” research into patent applications during prosecution to uncover prior art that could cause them to be rejected.

Wednesday's hearing mostly addressed issues like anticipation and obviousness, since Tillis and Coons are working on legislation on the even more contentious issue of patent eligibility, with a goal of limiting the number of patents invalidated as abstract ideas or laws of nature.

While the senators said earlier this year that they hoped to introduce their bill over the summer, it has not yet been finalized, and they did not provide an updated time frame for it on Wednesday. But Tillis again lamented what he called the frustrating lack of clarity in the law about what is and is not patent eligible, and said he wants to restore certainty on that issue.

"Nothing better demonstrates the madness in this area of law than the Chamberlain Group case, where the Federal Circuit found a garage door opener to be abstract," he said, making a confused expression while referring to an August decision that the patented door controller covered only the abstract idea of "wirelessly communicating status information about a system."

Hirshfeld told the panel that the amount of time examiners must spend considering complex eligibility issues is "one of struggles we've had in recent years," although new guidance the office issued to examiners in January "has gone a long way to help."

"But without a doubt, the more clarity that we have in the whole system, I think that would free up examiners to be focused on the other issues," he said.

--Editing by John Campbell.