

CHASING ITS OWN TAIL? AN ANALYSIS OF THE USPTO'S EFFORTS TO REDUCE THE PATENT BACKLOG

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I. INTRODUCTION

The United States Patent and Trademark Office's (USPTO) recently implemented procedural changes, and its recently proposed rule changes to the patent examination process, not only fall short of their intended goal of reducing the pending backlog of patent applications, but ignore what should be their true goal, patent quality. This Comment focuses on the USPTO's efforts to increase the speed and efficiency of examining patents in the face of an ever-increasing backlog and length in patent pendency,¹ particularly the addition of an option for accelerated examination and changes to the continuation practice.² While certainly the patent examination system needs to be changed to ensure the issuance of quality patents,³ these particular changes, while having some positive aspects, are neither sufficient to maintain or improve patent quality nor sufficient to

1. See United States Patent and Trademark Office, Proposed Rule Changes to Focus the Patent Process in the 21st Century, <http://www.uspto.gov/web/offices/pac/dapp/opla/presentation/focuspp.html> [hereinafter Proposed Rule Changes] (last visited Mar. 28, 2009) (proposing various changes to make the patent examination procedure more efficient); Carol M. Nielsen & Michael R. Samardzija, *Compulsory Patent Licensing: Is it a Viable Solution in the United States?*, MICH. TELECOMM. & TECH. L. REV. 509, 524, 527 (2007).

2. Changes to Practice for Petitions in Patent Applications to Make Special and for Accelerated Examination, 71 Fed. Reg. 36,323 (June 26, 2006) [hereinafter Accelerated Examination]; Changes to Practice for Continued Examination Filings, Patent Applications Containing Patentably Indistinct Claims, and Examination of Claims in Patent Applications, 72 Fed. Reg. 46,716 (Aug. 21, 2007) [hereinafter Changes to Practice for Continued Examination Filings] (to be codified at 37 C.F.R. pt. 1).

3. See Barry Ashby, *U.S. IP System Needs Improvement*, INDUS. HEATING, July 1, 2007, at 14 (discussing the problems facing the USPTO and the need for a stronger patent system); see also Nancy J. Linck et al., *A New Patent Examination System for the New Millennium*, 35 HOUS. L. REV. 305, 307 (1998) (calling for changes in the USPTO's patent examination system to keep up with the increasing workload). The patent examination system must reach an important balance between efficiency and patent quality, keeping the following goals in mind: 1) promoting the progress of useful arts; 2) providing high quality patents; 3) enabling the USPTO to handle the increased filing of applications and rapid advancement of technology; 4) being more responsive to the needs of individual applicants; 5) avoiding undue delay in examining applications; 6) avoiding burdening the federal judiciary; and 7) avoiding frustrating international harmonization of patent law. Linck et al., *supra*, at 309-13.

attain the USPTO's goal of reducing the patent application backlog. As this Comment will emphasize, via comparative analysis, foreign patent offices such as the European Patent Office (EPO) and Japan Patent Office (JPO) may provide more viable alternatives to change the USPTO's patent examination system.

USPTO examiners already face increasing pressure to approve patent applications due to an increased interest in obtaining patents, a limited time to examine the application, and aggressive tactics employed by patent attorneys.⁴ The increase in globalization and new markets only exacerbates the problem, increasing the examiners' workloads.⁵ As a result, the USPTO needed to institute rule changes to alleviate the pressure facing the patent system and the examiners.⁶

Part II of this Comment provides an overview of the patent examination process in the major patent offices, including the USPTO, EPO, and JPO, with a particular emphasis on the fundamental differences between the offices. Part III discusses the patent pendency problem and its severity. In addition, Part III details the actual and proposed changes in the patent examination process instituted by the USPTO.⁷ Finally, Part IV

4. James Nurton, *Patent Crisis Looms as Demand Soars*, MANAGING INTELL. PROP., Apr. 1, 2006, at 26.

5. *Id.* at 26–27.

6. See Robert Budens, *Interview: A Patent System Under Pressure*, MANAGING INTELL. PROP., June 1, 2007, at 23 (proposing the increase in patent applications could collapse the patent system). The backlog in patent applications is not unique to the USPTO. European Patent Office, *Patents Around the World*, <http://www.epo.org/focus/patent-system/patents-around-the-world.html> (last visited Mar. 28, 2009). Foreign patent offices implemented changes to speed up their patent examination process. See, e.g., Patrick YangOh Kim & Tae Jun Suh, *Speedier Patent Processes Spur Law Change*, MANAGING INTELL. PROP., July 2006, at 90 (the patent office in Korea implemented changes to expedite patent examination); see also MINISTRY OF ECON., TRADE & INDUS., *ADVANCED MEASURES FOR ACCELERATING REFORM TOWARD INNOVATION PLAN IN PATENT EXAMINATION (2007)*, http://www.jpo.go.jp/torikumi_e/hiroba_e/pdf/amari_plan/amari_plan.pdf [hereinafter *ADVANCED MEASURES*] (outlining change within the JPO to shorten examinations).

7. This Comment does not address whether the USPTO has the authority to make substantive rule changes to the patent examination process. The rule changes related to the continuation practice were to take effect on November 1, 2007. Paul Devinsky, *USPTO Rule Changes Stopped by Injunction*, MONDAQ BUS. BRIEFING, Dec. 17, 2007, <http://www.mondaq.com/article.asp?articleid=55044>. However, on October 31, 2007, U.S.

critiques the USPTO's changes, specifically the failure to adopt a more flexible deferred/accelerated examination system, to limit the continuation practice even further, and finally, ignoring the main problem facing the office—the exorbitant attrition rate of examiners. This Comment concludes by suggesting that the USPTO shift its focus from expedited examination to patent quality.

II. PATENT EXAMINATION IN THE TRILATERAL OFFICES

Traditionally the trilateral offices of the USPTO, EPO, and JPO have dominated the global patent arena.⁸ Despite the rapid growth in other foreign patent offices, the trilateral offices continue to dominate the current landscape.⁹ As a result, this Comment mostly focuses on the patent examination process in these three offices. While some similarities exist between the trilateral offices, major differences also continue to exist for a variety of reasons.¹⁰ To better understand the similarities and differences, the following provides a general layout as to how the examination process works in each of the trilateral offices.

A. *The United States Patent and Trademark Office*

The U.S. patent system awards patents on a first to invent system, rewarding the first inventor as opposed to the first person to file a timely application.¹¹ The requirements to obtain

District Judge James C. Cacheris, in the Eastern District of Virginia, enjoined the enforcement of the rule changes. *Id.* On April 1, 2008, Judge Cacheris issued a permanent injunction preventing the enforcement of the rules on the basis that the rule changes were substantive and outside the scope of the USPTO's rulemaking authority. *Tafas v. Dudas*, 541 F. Supp. 2d 805, 817 (E.D. Va. 2008). Currently the USPTO is appealing the decision, with oral arguments set to occur in December 2008. Donald Zuhn, *Law Professors Back USPTO in Tafas v. Dudas Appeal*, PATENT DOCS., Oct. 23, 2008, http://patentdocs.typepad.com/patent_docs/2008/10/law-professors-back-uspto-in-tafas-v-dudas-appeal.html

8. Patents Around the World, *supra* note 6.

9. *See id.* (noting that other foreign patent offices are catching up to the trilateral offices).

10. *Id.*

11. Charles R. McManis, *Intellectual Property and International Mergers and Acquisitions*, 66 U. CIN. L. REV. 1283, 1302 (1998).

a patent through the USPTO are found in the Patent Act.¹² In the United States almost anything is patentable.¹³ The inventor files a patent application mainly consisting of a description of the invention and claims that define the scope of the invention.¹⁴ Claims can be dependent by referring to a previous claim within the patent application, thus narrowing the subject matter or scope claimed, or claims can be independent of other claims.¹⁵ In the application, the applicant discloses any prior art of which she is aware.¹⁶

In an *ex parte* process, an examiner with the USPTO decides whether to issue a patent.¹⁷ The patent examination process consists of a back-and-forth process between the examiner and the applicant.¹⁸ In reviewing the application, the examiner looks to see if the application meets statutory requirements and conducts a prior art search.¹⁹ The examiner may then allow claims within the patent application.²⁰ Conversely, the examiner may reject some of the claims in the application for a variety of reasons, i.e., lack of novelty or failure to describe the invention in enough detail.²¹ The applicant may respond to the examiner's rejection in a variety of ways, including: disclosing further information, making a declaration of the invention's patentability, or amending claims to narrow them to avoid prior

12. 35 U.S.C. §§ 1–376 (2000 & Supp. V 2005).

13. Nielsen & Samardzija, *supra* note 1, at 515. Natural laws, phenomena of nature, and abstract principles do not qualify for patent protection. *Diamond v. Diehr*, 450 U.S. 175, 185 (1981).

14. 35 U.S.C. § 112 (2000).

15. *Id.*

16. Mark A. Lemley & Kimberly A. Moore, *Ending Abuse of Patent Continuations*, 84 B.U. L. REV. 63, 66 (2004). Prior art consists of patents and publications that make the invention in the application “unpatentable.” *Id.*

17. *Id.*

18. *Id.*

19. *Id.*

20. *Id.* at 66–67.

21. *Id.* at 67.

art.²² Once the examiner reviews the applicant's response, the claim may be allowed, or a final rejection of the application may occur.²³

After receiving a final rejection, the applicant faces three scenarios.²⁴ In the first, the applicant may request an interview with the examiner to convince the interviewer to withdraw the final rejection and to allow the claims.²⁵ Second, the applicant may appeal the final rejection to the Board of Patent Appeals and Interferences.²⁶ Third, the applicant may file a continuation application.²⁷ The filing of a continuance starts the examination process over with respect to the application.²⁸ In addition, a continuation application gets the benefit of the filing date of the first application filed.²⁹ Continuances may be filed after a final rejection or after the allowance of a claim.³⁰ Currently, an applicant may file continuances as many times as desired.³¹

B. The European Patent Office

The European Community established the EPO in 1973 at the Munich Convention on the Grant of European Patents.³² The rules governing the granting of a European patent are found in the European Patent Convention (EPC).³³ The

22. *Id.*

23. *Id.*

24. *Id.* at 67–68.

25. *Id.*

26. *Id.* at 68; *see* 35 U.S.C. §§ 134, 141, 145 (2000) (outlining the appeal process). Either the U.S. District Court for the District of Columbia or the U.S. Court of Appeals for the Federal Circuit receives subsequent appeals. Lemley & Moore, *supra* note 16, at 68.

27. Lemley & Moore, *supra* note 16, at 68; *see* 35 U.S.C. § 120 (2000) (allowing for continuances up until a patent is issued or the application is abandoned).

28. Lemley & Moore, *supra* note 16, at 68.

29. 35 U.S.C. § 120.

30. Lemley & Moore, *supra* note 16, at 68.

31. *Id.*

32. Andy Grubert, Baker Botts L.L.P., Understanding European Patent Opposition in Light of U.S. Patent Practice (July 2004), <http://www.bakerbotts.com/infocenter/publications/Detail.aspx?id=1c863973-930c-46cc-b943-dafdeda2faf7>.

33. *Id.* A revised EPC went into effect on December 13, 2007. European Patent Office, New Convention for European Patents, <http://epo.org/topics/news/2007/20071213.html> (last visited Mar. 28, 2009).

European patent system is a first-to-file priority system.³⁴ Similar to a U.S. patent application, a European application contains a written description of the invention and claims which define the scope of the invention.³⁵ But unlike an USPTO application, in which all relevant prior art must be listed, an applicant to the EPO does not need to disclose prior art.³⁶ Under the EPC, claims must be “clear and concise.”³⁷ The European system abides by a concept called unity of invention, which means applications should refer to only one invention or concept thereof.³⁸ As a result, European patent applications often are limited to one independent claim per claim category, as opposed to the United States where no limit exists on multiple independent claims as long as the claims refer to the underlying invention.³⁹

Also, patentable subject matter is more restrictive under the EPC.⁴⁰ In the EPC, a patentable invention must be of a technical nature.⁴¹ This requirement significantly reduces the types of inventions that may be patented.⁴²

Another significant difference between the European and the United States patent systems is the continuance practice.⁴³ The EPO, unlike the USPTO, limits continuing applications to

34. Grubert, *supra* note 32.

35. PageBox.net, Patent Examination-EPO, <http://pagebox.net/exam2.html> (last visited Mar. 28, 2009) [hereinafter Patent Examination]; see European Patent Convention art. 78, Oct. 5, 1973, 13 I.L.M. 268, available at <http://www.epo.org/patents/law/legal-texts/html/epc/2000/e/ma1.html> [hereinafter EPC].

36. Patent Examination, *supra* note 35.

37. EPC, *supra* note 35, art. 84.

38. *Id.* art. 82 (“The European patent application shall relate to one invention only or to a group of inventions so linked as to form a single general inventive concept.”).

39. Grubert, *supra* note 32. Patent applications to the EPO also tend to have fewer claims in general. Patent Examination, *supra* note 35.

40. Grubert, *supra* note 32.

41. *Id.*

42. *Id.* For example, mathematical methods and scientific theories are not patentable under the technical requirement. *Id.*

43. See Robert A. Clarke, *U.S. Continuity Law and Its Impact on the Comparative Patenting Rates of the U.S., Japan and the European Patent Office*, 85 J. PAT. & TRADEMARK OFF. SOC’Y 335, 337–38 (2003) (discussing how the European system limits continuing applications to divisional applications).

divisional applications.⁴⁴ Divisional applications consist of inventions disclosed in prior applications that diverged too much from the claimed invention in those previous applications to satisfy the unity of invention.⁴⁵ As a result, any approval of a continuance application in the EPO would result in a patent directed to a separate invention.⁴⁶

C. *The Japan Patent Office*

Though the Japanese patent system owes its origins to the European patent system, thus inherently having some similarities between them, the systems also possess significant differences.⁴⁷ Like the European patent system, the Japanese patent system revolves around the concept of unity of invention.⁴⁸ Also like the European patent system, the Japanese patent system also limits continuing applications to divisional applications.⁴⁹ In addition, both patent systems have first-to-file priority systems.⁵⁰ As to the actual requirements for patentability, the Japanese patent system is similar to the U.S. system.⁵¹ However, a Japanese patent examiner's inclination is to narrowly limit the scope of claims.⁵²

Many of the differences in the JPO from the other trilateral patent offices arise from the actual structure of the examination process. After submitting a patent application, the JPO performs a formal examination to determine whether the application fulfills the basic procedural and formal requirements.⁵³ The applicant, or a third party, then has three

44. *Id.* at 338

45. *Id.* Divisional applications are entitled to same date of filing as the parent application. Patent Examination, *supra* note 35.

46. Clarke, *supra* note 43, at 338.

47. See McManis, *supra* note 11, at 1303–04 (mentioning the transplantation of the Japanese patent system from Europe).

48. Clarke, *supra* note 43, at 338.

49. *Id.*

50. McManis, *supra* note 11, at 1303.

51. Omori & Yaguchi, General Information on Obtaining Patent in Japan, <http://www.omoriyaguchi.com/geninfoobtpatjp.htm> (last visited Mar. 28, 2009).

52. McManis, *supra* note 11, at 1303. This tendency to narrow claims results from the Japanese patent system's desire to promote new innovations in industry. *Id.*

53. Japan Patent Office, Procedures for Obtaining a Patent Right,

years to request an examination of the patent application.⁵⁴ If three years pass without a request for an examination, the JPO withdraws the application and the invention cannot be patented.⁵⁵ This three-year period allows for deferred examination.⁵⁶ Generally, both the USPTO and EPO lack deferred examination procedures.⁵⁷

Once the JPO receives a request for examination, a substantive examination of the application occurs to determine the patentability of the invention.⁵⁸ The rest of the examination period proceeds similarly to the USPTO examination period.⁵⁹ The examiner may grant the patent or give the applicant reasons for a refusal.⁶⁰ The applicant may then argue why the invention differs from prior art or the applicant may amend the claims.⁶¹ Finally, the examiner makes a final determination to grant or refuse the patent, which then may be appealed.⁶²

Thus, the main differences between the trilateral offices are

http://www.jpo.go.jp/tetuzuki_e/t_gaiyo_e/pa_right.htm (last visited Mar. 28, 2009). Eighteen months after the filing of a patent application, the JPO publishes an unexamined application. *Id.*

54. *Id.*

55. *Id.* Before 2001, the deferred examination period was seven years. McManis, *supra* note 11, at 1303. During this time, the majority of applications to the JPO were never examined and were eventually abandoned. *Id.* However, in October 2001, the JPO shortened the term from seven to three years. ADVANCED MEASURES, *supra* note 6. After an initial increase in requests for examination, the requests for examination began decreasing and have continued to decrease. *Id.*

56. Stephen B. Maebius & Sean A. Passino, *PTO Offers Accelerated Examinations: Practitioners Must Decide if Faster Patents are Worth Drawbacks*, NAT'L L.J., Aug. 28, 2006, at S5.

57. *See id.* (mentioning the lack of deferred examination procedure in the USPTO except in certain rare circumstances); *see also* McManis, *supra* note 11, at 1304 (stating that the EPO eliminated the deferred examination procedure to speed up the granting of patents). The EPO does allow for a period of up to six months to request examination after the eighteen-month publication of the application. Clarke, *supra* note 43, at 344.

58. Procedures for Obtaining a Patent Right, *supra* note 53. Starting in 1986, the JPO began providing an accelerated examination option. Japan Patent Office, Outline of Accelerated Examination and Accelerated Appeal Examination (Patents), http://www.jpo.go.jp/torikumi_e/index.htm (last visited Mar. 28, 2009).

59. *See supra* Part II.A (describing the examination procedure before the USPTO).

60. Procedures for Obtaining a Patent Right, *supra* note 53.

61. *Id.*

62. *Id.*

the continuance practices and the options for examination (accelerated/deferred). Both of these differences directly relate to the USPTO's response to the backlog and pendency problem as discussed below.

III. THE BACKLOG PROBLEM AND THE USPTO'S RESPONSE

After the first U.S. patent was granted in 1790,⁶³ two hundred years passed before the granting of the five millionth patent.⁶⁴ Remarkably, only seventeen years later, the USPTO granted the seven millionth patent.⁶⁵ As the rate of granted patents increases, so does the number of patent applications.⁶⁶ However, the tremendous demand for patents has swamped the limited resources of the USPTO, even with the hiring of more examiners.⁶⁷ As a result, the USPTO faces a backlog of over 700,000 patent applications.⁶⁸ This backlog has lengthened pendency, the time from filing the patent application to receiving a patent, to an average of 31.3 months⁶⁹ and depending on the class of patent, as long as four years.⁷⁰ Some fear that the length of pendency could increase to as long as six to ten years due to the emergence of new markets.⁷¹

63. United States Patent and Trademark Office, First U.S. Patent Issued Today in 1790, <http://www.uspto.gov/web/offices/com/speeches/01-13.htm> (last visited Mar. 28, 2009).

64. Budens, *supra* note 6, at 23.

65. *Id.*

66. Cecil D. Quillen, Jr., *Innovation and the U.S. Patent System*, 1 VA. L. & BUS. REV., 207, 221–22 (2006). In 2006, the USPTO received over 400,000 patent applications, a 160% increase from 2000. Patents Around the World, *supra* note 6.

67. See Nurton, *supra* note 4, at 24 (mentioning how the backlog of applications prevents a thorough examination due to the lack of resources); see also Maebius & Passino, *supra* note 56 (noting that the USPTO cannot hire enough employees to overcome the increase in patent applications and the patent pendency problem).

68. *Making Plans for March 2020*, MANAGING INTELL. PROP., July 2006, at 108; see also Ashby, *supra* note 3, at 14 (noting the backlog has increased over 500% in the last ten years).

69. Steve Seidenberg, *Novel Ideas: PTO Proposes a New Suite of Patent Products to Streamline Applications*, INSIDE COUNS., Jan. 2007, at 22.

70. Ashby, *supra* note 3, at 14.

71. Nurton, *supra* note 4, at 24. One applicant received notice to expect the first communication from the USPTO in approximately fourteen years. *Making Plans for March 2020*, *supra* note 68.

Both the backlog and pendency problem threaten the quality of patents⁷² and burden the courts with litigation over bad patents.⁷³

A. Efforts by Foreign Patent Offices to Reduce Patent Backlog

The USPTO is not the only patent office having its limited resources exasperated by a deluge of patent applications, resulting in a backlog.⁷⁴ The JPO also faces a significant backlog problem.⁷⁵ As of 2005, the JPO possessed a backlog of 755,000 applications with an average pendency of twenty-six months.⁷⁶ The EPO also faces a backlog, 284,414 patents in 2005, but by far maintains the shortest pendency period for patent examination among the trilateral offices at six to nine months.⁷⁷ Outside of the trilateral offices, the Korean Intellectual Property Office (KIPO) has no backlog and one of the shortest pendency

72. See Nurton, *supra* note 4, at 24 (discussing how the growing backlog puts pressure on patent offices to grant bad patents).

73. See Ashby, *supra* note 3, at 14 (listing along with the backlog problem, the additional problems of issuance of poor patents and an increase in litigation); see also Quillen, *supra* note 66, at 223–24 (discussing how the increase in lower quality patents may encourage litigation). Between 1990 and 2005, patent litigation has increased by 122%, twenty-five times faster than the increase of civil litigation in general. Ashby, *supra* note 3, at 14.

74. See Nurton, *supra* note 4, at 24 (stating that both the demands for patents and their associated problems are not limited to the United States); see also Patents Around the World, *supra* note 6 (identifying other patent offices with a backlog in patent applications).

75. Patents Around the World, *supra* note 6.

76. *Id.* While the JPO takes longer to examine patents, it should be noted the office places a greater emphasis on appeals and post-grant review. HAROLD WEGNER, PATENT REFORM IN THE 110TH CONGRESS: LESSONS FROM TOKYO 1 (2007), <http://weblog.ipcentral.info/JapanComparisonWegner2007.pdf>.

77. Patents Around the World, *supra* note 6. The main problem facing the EPO is not a backlog of applications, but providing more access to applicants since costs are high to validate and translate patents. Nurton, *supra* note 4, at 24. However, the backlog problem appears to be growing, with the number of patent applications increasing between 5% and 7% each year. Peter Ollier, *Facing the Asian Patent Challenge Head-on: World Intellectual Property Organization's 2006 Patent Report*, MANAGING INTELL. PROP., Nov. 2006, at 17.

times⁷⁸ despite being the busiest patent office in the world behind the JPO and USPTO.⁷⁹

In response to the backlog and pendency problem, or threat thereof, these foreign patent offices have, or are in the process of, making changes to the patent examination process.⁸⁰ The JPO hired more patent examiners, revised some of the examination procedures, and expanded the outsourcing of some of its workload.⁸¹ The EPO has launched programs with other patent offices to increase harmonization and cooperation⁸² and amended their patent examination guidelines.⁸³ Likewise, KIPO, in order to reduce the patent examination time, hired more examiners and instituted rule changes that cut pendency by eight months.⁸⁴

B. USPTO's Response to the Backlog Problem

Besides hiring more patent examiners,⁸⁵ the USPTO responded to the patent backlog by implementing procedure changes and proposing rule changes to the patent examination process in an effort to “make its operations more efficient, to ensure that the patent application process promotes innovation,

78. See Patents Around the World, *supra* note 6.

79. Ollier, *supra* note 77. However, the lack of a pendency problem may change in the future. *Id.* at 16.

80. See Patents Around the World, *supra* note 6 (mentioning some of the changes made by patent offices in response to the backlog problem).

81. *Id.*; see also ADVANCED MEASURES, *supra* note 6 (outlining the measures taken and goals of the JPO to shorten and make more efficient the patent examination procedure).

82. See, e.g., Patents Around the World, *supra* note 6 (noting joint programs between the EPO and the State Intellectual Property Office of China to reduce backlog). Unlike the JPO, the EPO does not outsource any of the workload. *Id.*

83. European Patent Office, Guidelines for Examination in the European Patent Office, <http://www.epo.org/patents/law/legal-texts/guidelines.html> (last visited Mar. 28, 2009).

84. See Ollier, *supra* note 77; see also Kim & Suh, *supra* note 6, at 90–91 (examining the changes made to speed up the examination process and their consequences). As a result, South Korea made sweeping changes to its Patent Act. *South Korea: Licensing and Intellectual Property*, ECON. INTELLIGENCE UNIT, July 24, 2007, at 16, available at 2007 WLNR 14446561.

85. See *infra* Part IV.C (discussing the hiring and retention of patent examiners by the USPTO).

and to improve the quality of issued patents.”⁸⁶ The first of these changes involved the implementation of an accelerated examination program in August 2006.⁸⁷ The program aspires to complete an examination on the patent application within twelve months of the filing date.⁸⁸ However, numerous substantive and procedural requirements must be met to qualify for accelerated examination.⁸⁹ For example, any new patent application must be complete and ready for immediate examination.⁹⁰ Additionally, the program limits the number of claims in a patent application to no more than three independent claims and twenty total claims.⁹¹ The claims must also be directed to a single invention.⁹² In addition, an applicant must conduct an extensive pre-examination search into the believed technical field in which the invention belongs, while giving the claimed invention and all of its features the broadest scope.⁹³ Also, the applicant must provide an accelerated examination support document that includes: (1) an information disclosure statement (IDS) listing all relevant prior art, and (2) if any references are cited, a detailed characterization of both the invention and the prior art.⁹⁴ If the applicant learns of any material prior art subsequent to submission, the applicant must submit a new accelerated examination support document

86. Proposed Rule Changes, *supra* note 1.

87. Accelerated Examination, *supra* note 2. Prior to this procedure change, the USPTO provided a rarely used program to allow out of turn examinations of certain special applications. David Schaeffer, *USPTO's Accelerated Examination Program: Speed at a Price*, PAT. STRATEGY & MGMT. (June 2007), at 5, available at <http://www.stroock.com/SiteFiles/Pub531.pdf>. The USPTO issued the first patent under the accelerated examination program in March 2007. Assoc. Press, *U.S. Patent Applications Can Opt for a Fast Track*, INT'L HERALD TRIB., Mar. 15, 2007, <http://www.iht.com/articles/2007/03/15/business/patent.php>. The patent examination took less than six months. *Id.*

88. Accelerated Examination, *supra* note 2, at 36,323.

89. Schaeffer, *supra* note 87.

90. *Id.*

91. Accelerated Examination, *supra* note 2, at 36,324. In addition, the application cannot contain any multiple dependent claims. *Id.*

92. *Id.*

93. *Id.* at 36,324–25.

94. *Id.* at 36,325.

discussing that prior art.⁹⁵ Finally, in the case of a rejected application, the applicant has a single opportunity to respond within one month.⁹⁶

The USPTO's second change to address the patent backlog involves the proposal of rule changes to the IDS statements.⁹⁷ An IDS statement is a communication provided by the applicant to the examiner that lists relevant information to consider in the examination.⁹⁸ The USPTO proposed the IDS rule changes to encourage applicants to provide the invention's most relevant information early in the examination process.⁹⁹ The USPTO hopes to curb some applicants' practices of providing information that hinders the examination process or that obscures the most relevant information within the application.¹⁰⁰ In addition, applicants often provide long documents without explaining their relevance or fail to provide important information relevant to the examination.¹⁰¹

The proposed IDS rule changes will eliminate the fee requirement for submitting an IDS, but will require timely IDS submissions.¹⁰² Previously, applicants could keep an examiner from receiving relevant information until after the initial

95. *Id.* at 36,325–26.

96. *Id.* at 36,325.

97. Changes to Information Disclosure Statement Requirements and Other Related Matters, 71 Fed. Reg. 38,808 [hereinafter Disclosure Statement Requirements] (proposed July 10, 2006) (to be codified at 37 C.F.R. pt. 1). On December 12, 2007, the Office of Management and Budget reviewed and approved the IDS rule changes. Andrew C. Wegman, Associate, Senniger Powers LLP, PTO Considering Substantial Changes to Information Disclosure Statement Requirements, (Apr. 3, 2008), http://www.senniger.com/pdf/2008_04_03_PTO_Consider_Changes.pdf. The USPTO has not published a final rule yet. *Id.* This Comment will not focus on critiquing the changes to this particular rule. In addition, only some of the rule changes are discussed due to the complexity of these changes.

98. Proposed Rule Changes, *supra* note 1.

99. *Id.*

100. *Id.*

101. *Id.*

102. Disclosure Statement Requirements, *supra* note 97, at 38,809.

examination by paying a fee.¹⁰³ Also, under the rule changes, an applicant will be required to personally review every single citation.¹⁰⁴

Additionally, under the IDS rule changes, the USPTO will limit the number of documents submitted with an IDS to twenty, but applicants may submit more than twenty if certain requirements are met.¹⁰⁵

In applications with twenty or fewer documents, explanations will only be required for referenced English-language documents over twenty-five pages and any foreign language documents.¹⁰⁶ The submission of over twenty documents will require the applicant to disclose further information to the examiner.¹⁰⁷ In addition, the applicant will have to provide an explanation for each cited document within the IDS that identifies the information within the document relevant to the invention.¹⁰⁸

Finally, under the proposed IDS rule changes, more extensive disclosure will also be required for IDS submissions that occur after the first office action by the USPTO.¹⁰⁹ The more extensive disclosure will be required to include a description and an explanation for every document submitted after the first office action.¹¹⁰ The USPTO believes that the IDS rule changes will allow an examiner to review only those documents directly related to the claimed invention.¹¹¹

103. *Id.*

104. *Id.*

105. *Id.* at 38,810.

106. *Id.*

107. *Id.*

108. *Id.*

109. *Id.*

110. *Id.* Some of the other rule changes will include: only permitting an IDS in cases where an applicant provides a narrowing amendment to an unpatentable claim after a notice of allowance, allowing third parties to submit prior art up to the mailing of notice of allowance after the publication of an application, and deeming that an IDS does not satisfy the submission requirement for a request of continued examination. Gen. Servs. Admin., Office of Mgmt. & Budget, <http://www.reginfo.gov/public/do/eAgendaViewRule?ruleID=278899> (last visited Mar. 28, 2009).

111. Proposed Rule Changes, *supra* note 1.

However, the most significant proposed rule changes by the USPTO in addressing the backlog problem involve the claims and continuance practice. Under the final rule changes, the application will not be able to contain more than five independent claims or twenty-five total claims without providing an Examination Support Document (ESD).¹¹² The ESD provides the examiner with the “most relevant prior art and other useful information” to help determine the patentability of the claimed invention.¹¹³ This differs from the initial proposed rule changes that would have allowed an unlimited amount of claims but would have forced the applicant to select ten representative claims for the initial examination.¹¹⁴

As to the continuations practice, the USPTO’s final rule will allow only two continued examination filings for each initial patent application.¹¹⁵ Any subsequent continued examination filing will have to be made by petition showing why the information could not have been previously submitted.¹¹⁶ The

112. Changes to Practice for Continued Examination Filings, *supra* note 2, at 46,721. The regulation provides:

[I]f the number of independent claims is greater than five or the number of total claims greater than twenty-five, the applicant must help focus examination by providing an examination support document covering all the claims in the application . . . before the issuance of a first Office action on the merits of an application.

Id. Also, the 5/25 claims rule will apply to each continuation or continuation-in-part application, prosecuted serially or that contains a patentably distinct claim, for a possible total of fifteen independent claims and seventy-five total claims. *Id.* These limitations will also apply to divisional applications. *Id.*

113. *Id.*

114. See Changes to Practice for the Examination of Claims in Patent Applications, 71 Fed. Reg. 61, 62 (proposed Jan. 3, 2006) (to be codified at 37 C.F.R. pt. 1).

115. Changes to Practice for Continued Examination Filings, *supra* note 2, at 46,716.

[A]n applicant may file two continuation applications (or continuation-in-part applications), plus a request for continued examination in the examination family, without any justification Specifically, the Office is revising the rules of practice to require a justification for any third or subsequent continuing application that is a continuation application or a continuation-in-part application, and any second or subsequent request for continued examination in an application family.

Id. at 46,716.

116. *Id.* at 46,719.

rule initially proposed by the USPTO would have limited each initial application to one continuing application with the applicant submitting by petition any subsequent continuing applications.¹¹⁷

In the final rule changes, the USPTO will require applicants to provide additional information when filing multiple applications that contain patentably indistinct claims (essentially claims with similar scope of subject matter).¹¹⁸ Normally, in the case of these patentably indistinct claims, the applicant should remove the claim from all but one application.¹¹⁹ With this final rule change, the applicant will now have to identify pending applications or patents that are “commonly owned, have a common inventor, and have a claimed filing or priority date within two months of the claimed filing or priority date of the application.”¹²⁰ If any of the above pending applications or patents have “substantial overlapping disclosures” and the same filing date, the USPTO “will presume that the applications contain patentably indistinct claims.”¹²¹ The applicant will then have to rebut the presumption by providing an explanation as to how the claims are patentably distinct.¹²² If an application does have a patentably indistinct claim, the application’s independent and dependent claims, along with those of the other applications, will be subject to determination if an ESD is necessary.¹²³

117. See Changes to Practice for Continuing Applications, Requests for Continued Examination Practice, and Applications Containing Patentably Indistinct Claims, 71 Fed. Reg. 48, 50 (proposed Jan. 3, 2006) (to be codified at 37 C.F.R. pt. 1).

118. Changes to Practice for Continued Examination Filings, *supra* note 2, at 46,721.

119. *Id.*

120. *Id.*

121. *Id.* at 46,722. “The Office . . . requir[es] that all patentably indistinct claims in such applications be submitted in a single application or effectively treating the multiple applications as a single application.” *Id.* at 46,716.

122. *Id.* at 46,722.

123. *Id.* (“If multiple applications, including applications having a continuity relationship, contain patentably indistinct claims, the Office will treat the multiple applications as a single application for purposes of determining whether each of the multiple applications exceeds the five independent claim and twenty-five total claim threshold.”).

Thus, the USPTO's implemented procedural changes and planned rule changes, in an effort to address the backlog and pendency problem, may be an even more drastic solution than changes proposed or made by the other foreign patent offices.

IV. THE SHORTCOMINGS OF THE USPTO'S CHANGES

Although the USPTO proposed and implemented some of the above changes to deal with the backlog of patent applications and the lengthy pendency time, the changes fall far short of the goal. The implementation of the accelerated examination program, while a step in the right direction, fails to provide the needed flexibility that would truly reduce the backlog and improve the examination process. The proposed changes to the continuation practice will likely hamper a reduction in the backlog rather than relieve it.¹²⁴ In addition, none of the rule changes address the chief cause to the patent backlog and the deterioration of patent quality—the high attrition of examiners in the USPTO.¹²⁵

A. *Lack of a Flexible Deferred/Accelerated Examination Option*

In March 2007, John Dudas, head of the USPTO, declared the accelerated examination program a success.¹²⁶ This declaration referred to the ability of the USPTO to grant a patent in less than twelve months.¹²⁷ Unfortunately, it did not address the acceleration program's failure, the patent backlog, and the pendency time of patent applications.¹²⁸ To effectively address the USPTO's goals, the office should adopt a more flexible system providing the option of either a deferred or accelerated examination.

124. Douglas Agopsowicz & James G. McEwen, Stein, McEwen & Bui LLP, USPTO Proposed Rule Changes: A Brief Overview (May 1, 2006), <http://www.smbiplaw.com/docs/Summary%20paper%20-%20PTO%20proposed%20rule%20changes.doc>.

125. See generally U.S. GOV'T & TRADEMARK OFFICE, GAO-07-1102, U.S. PATENT AND TRADEMARK OFFICE: HIRING EFFORTS ARE NOT SUFFICIENT TO REDUCE THE PATENT APPLICATION BACKLOG 4–6 (2007).

126. Shahnaz Mahmud, *Dudas: Accelerated Examination Works*, MANAGING INTELL. PROP., Apr. 2007, at 22.

127. *Id.*

128. Proposed Rule Changes, *supra* note 1.

The current accelerated examination program imposes extra burdens on the applicant.¹²⁹ An applicant now bears the investigative burden under the accelerated examination program, requiring significant effort by the applicant upfront in preparing the necessary documents.¹³⁰ This additional effort increases the cost of the examination process to the applicant.¹³¹

Of even greater consequence than the applicant's time and money are the potential strategic choices the applicant must make in deciding to submit an application for accelerated examination.¹³² For example, since a limitation exists on both the number of independent and total claims in an application submitted for accelerated examination, the number of claims may not provide adequate protection for a complex invention.¹³³ In addition, the support document requires an explanation of how each claim is patentable over the prior art and a characterization of the invention.¹³⁴ This becomes part of the application record, allowing adversaries to use such statements in challenging the validity or enforceability of the patent.¹³⁵ By shifting the burden of the search report to the applicant, patent-practicing law firms may face additional risks besides the potential for litigation.¹³⁶ For example, an attorney's failure to mention a reference in the prior art could later be used to invalidate a patent.¹³⁷ As such, a patent applicant must consider

129. Schaeffer, *supra* note 87.

130. *Id.*

131. *Id.* The costs of accelerated examination could be three to five times greater than a normal application. *U.S. Patent Applications Can Opt for a Fast Track*, *supra* note 87.

132. *See* Schaeffer, *supra* note 87.

133. *Id.*

134. Accelerated Examination, *supra* note 2, at 32,325.

135. Schaeffer, *supra* note 87.

136. Nerac.com, *Patents on the Fast Track Means More Legwork for Applicants*, <http://web.archive.org/web/20070322220637/http://www.nerac.com/2006/06/30/will-there-be-a-requirement-to-file-patentability-search-results-with-every-patentapplication/> (last visited Mar. 28, 2009).

137. *Id.*; *see also* Schaeffer, *supra* note 87 (discussing how failure to meet the continuing obligation to list prior art puts a patent in jeopardy). The risks of estoppel exist, limiting a patent to what it literally says, thus preventing protection under the doctrine of equivalents. Maebius & Passino, *supra* note 56.

these risks when opting for the benefit of a quicker examination.¹³⁸

The USPTO's goal in implementing these new procedures for accelerated examination is to issue quality patents in less time,¹³⁹ aiding the overriding goal of reducing the patent backlog and pendency time of patent applications.¹⁴⁰ By reducing the backlog, the USPTO believes patent quality will improve.¹⁴¹ The requirements for the accelerated examination program reduce the amount of time the examiner spends on searching and also reduces the amount of time to process each patent application due to the efforts of the applicant.¹⁴² In fact, the USPTO's accelerated examination program differs from other patent offices by placing the burden on the applicant to conduct all the searching and analysis upfront.¹⁴³ In most other offices, the patent examiner conducts the full examination on an accelerated basis.¹⁴⁴ Thus, the USPTO's program may be more effective at reducing the patent backlog than other patent office's programs.

Although the accelerated examination program reduces patent pendency, the program alone does not provide enough flexibility to applicants.¹⁴⁵ All patent applications differ—some may require immediate examination while others could be deferred.¹⁴⁶ The addition of a deferred examination system, like the JPO's system, may add flexibility by allowing the applicant to file an application and to decide later whether to pursue examination of the application for a fee.¹⁴⁷ The deferred examination would benefit many companies by allowing them to

138. Schaeffer, *supra* note 87.

139. Proposed Rule Changes, *supra* note 1.

140. Nerac.com, *supra* note 136.

141. Maebius & Passino, *supra* note 56.

142. Nerac.com, *supra* note 136.

143. Maebius & Passino, *supra* note 56.

144. *Id.*

145. A. Scott Whitaker, *The Comments of the Biotechnology Industry Organization on the United States Patent & Trademark Office Proposed Rule Changes Concerning Continuation Practice and Claim Limitations*, 25 BIOTECH. L. REP. 473, 481 (2006).

146. *Id.*

147. *Id.*

save time and money that otherwise may be wasted on a useless patent due to a change in the market or technology.¹⁴⁸ In addition, the USPTO would benefit from deferred examination by shifting the efforts of the examiners from less valuable applications to more valuable ones, permitting better uses of their resources.¹⁴⁹ The USPTO could rely more upon searches and examinations conducted by others prior to the request for examination.¹⁵⁰

More importantly, a deferred examination program would result in fewer applications to be examined by the USPTO.¹⁵¹ The option of deferred examination in the JPO led to a 65% decrease in applications proceeding to examination.¹⁵² If the USPTO provided deferred examination, the examiners would not waste time on examining applications that applicants no longer want.¹⁵³ In addition, the quality of patent examination, and thus patents, likely will increase.¹⁵⁴

Commentators criticize a deferred examination option, arguing that the option hinders competition among companies.¹⁵⁵ Deferred examination makes it difficult for companies to know what rights will be granted to competitors based on their claims in patent applications.¹⁵⁶ As a result, these unknown rights may discourage the development of new products.¹⁵⁷

Despite this criticism, the USPTO should focus on adopting a more flexible system that provides the choice of both a deferred and accelerated option.¹⁵⁸ This would provide a more

148. Seidenberg, *supra* note 69, at 24.

149. Linck et al., *supra* note 3, at 318.

150. *Id.*

151. *Id.* at 320 n.64 (citing H. Geoffrey Lynfield, *Deferred Examination*, 11 IDEA 552, 569, 572 (1967)).

152. Clarke, *supra* note 43, at 344.

153. *Id.*

154. *See id.* (noting the difference between the trilateral offices in terms of quality of patent examination due to the ability to defer examination).

155. *See* Seidenberg, *supra* note 69, at 24 (presenting some of the criticisms of deferred examination).

156. *Id.*

157. *Id.*

158. Whitaker, *supra* note 145, at 481.

efficient use of the patent system and help reduce the backlog of patent applications¹⁵⁹ by reducing applications across the board by at least 10% to 30%.¹⁶⁰

Two foreign patent offices provide examples of a flexible deferred/accelerated examination option for the USPTO, the JPO, as described above, and the KIPO.¹⁶¹ KIPO allows an applicant, or an interested party, to request examination of an application up to five years from the filing date.¹⁶² The KIPO also provides accelerated examination under certain circumstances that reduces the examination time to five months.¹⁶³

The USPTO should continue its accelerated examination program while adding a deferred examination option. The limitation on the time period would be “somewhat arbitrary,”¹⁶⁴ but would be outweighed by the benefit of instituting flexibility into the process to reduce the backlog and improve patent quality.

B. Failure to Tighten Continuations Practice Even Further

The USPTO’s focus on proposed rule changes to claims examination and the continuation practice involves increasing the efficiency of the USPTO to reduce the backlog of patent applications.¹⁶⁵ These changes, however, have been met with vigorous resistance.¹⁶⁶ Opponents of the proposals call the rule changes too “radical and complex.”¹⁶⁷ In addition, opponents

159. *Id.*

160. Seidenberg, *supra* note 69, at 24.

161. *See supra* Part II.C (discussing the patent examination process before the JPO); *South Korea: Licensing and Intellectual Property*, *supra* note 84 (discussing the patent examination process before the KIPO).

162. *South Korea: Licensing and Intellectual Property*, *supra* note 84.

163. *Id.*

164. Linck et al., *supra* note 3, at 318. For example, Canada defers examination up to five years and Germany up to seven years. *Id.* at 318–19.

165. Nielsen & Samardzija, *supra* note 1, at 524–25; *see also* Whitaker, *supra* note 145, at 473 (noting application pendency, patent quality, and notice for intellectual property rights as intended subjects of the USPTO’s proposed rules).

166. *See* Nielsen & Samardzija, *supra* note 1, at 524–29 (discussing the public comments towards the proposed rule changes).

167. *Id.* at 525. The opponents of the rule changes include various associations like

claim the rule changes will make the backlog problem worse, as well as decrease the quality of issued patents.¹⁶⁸ Many of these critics propose rule changes that focus on patent quality as opposed to wholesale rule changes directed solely at reducing the backlog.¹⁶⁹

However, the USPTO's proposed rule changes do not go far enough to address the continuation practice. Critics of the proposals have not addressed how the continuation practice in the USPTO contributes to less rigorous examination of patent applications, thereby adversely affecting the quality of issued patents.¹⁷⁰ The continuation practice in the U.S. patent system, as currently structured, essentially prevents the final rejection of a patent application from a determined applicant.¹⁷¹

Contrary to the EPO and JPO, the USPTO provides three types of continuing applications to patent applicants.¹⁷² These include continuations, continuation in part (CIP), and divisional applications.¹⁷³ The growth in the number of continuing

the American Intellectual Property Law Association and the Medical Device Manufacturers Association. *See id.* at 525–27 (noting the criticism of the rule changes by these groups).

168. *Id.* at 524; *see also* Whitaker, *supra* note 145, at 473, 480 (claiming the proposed rule changes will have other unintended consequences such as increasing the administrative cost burdens on the USPTO and narrowing of disclosures in patent applications).

169. Nielsen & Samardzija, *supra* note 1, at 524. Some of the alternative proposals include modifying the restriction practice, improving cooperation with other patent offices, creating an ombudsman position to evaluate examiners' errors, creating satellite offices, and changing the rules to deal with continuation abuse via prosecution laches. Whitaker, *supra* note 145, at 480–83.

170. *See* Quillen, *supra* note 66, at 230–31, 233–34 (suggesting the continuation practice affects standards of patent examination in the USPTO); *see also* Cecil D. Quillen, Jr. & Ogden H. Webster, *Continuing Patent Applications and Performance of the U.S. Patent and Trademark Office*, 11 FED. CIR. B.J. 1, 14 (2002) [hereinafter Quillen & Webster I] (providing empirical evidence that suggests the continuation practice affects the standards of patent examination).

171. Lemley & Moore, *supra* note 16, at 64.

172. Quillen & Webster I, *supra* note 170, at 4; *see supra* Part II.B–C (discussing that the EPO and JPO have continuation practices limited to divisional applications).

173. Quillen & Webster I, *supra* note 170, at 4–5. Continuation applications involve a subsequent application for the same invention of a prior application with the prior application being abandoned upon filing of the continuing application. *Id.* A CIP application not only incorporates a portion, if not all, of an earlier application, but also

applications increasingly outpaces the number of original applications.¹⁷⁴ This ongoing increase in continuance applications can only lower the standards of patent examination and patent quality.¹⁷⁵ The EPO and JPO, which lack this extensive continuance practice, possess higher examination standards.¹⁷⁶

Continuation applications present additional problems besides adversely affecting examination standards.¹⁷⁷ First, their increased use lengthens the pendency time of applications and puts competitors in a state of limbo, not knowing if a particular product falls under a pending patent application.¹⁷⁸ Patent applications with at least one continuance take twice as long to prosecute as original applications.¹⁷⁹ Prosecution of continuation applications proves to be inefficient and only further burdens the backlog facing the USPTO.¹⁸⁰ The delay resulting from examining continuation applications allows the

adds material not previously disclosed. *Id.* at 5. A CIP application need not be for the same invention in the earlier application. *Id.* As discussed previously, divisional applications involve inventions disclosed in a prior patent application that differed too much from the invention claimed in the first application. Clarke, *supra* note 43, at 338.

174. Cecil D. Quillen, Jr. & Ogden H. Webster, *Continuing Patent Applications and the U.S. Patent and Trademark Office—Updated*, 15 FED. CIR. B.J. 635, 655 (2006) [hereinafter Quillen & Webster II]. From 2000 to 2005, the number of continuing applications before the USPTO grew at over twice the rate of original patent applications (50% versus 24%, respectively). *Id.* Also, during that same time period, the proportion of continuing applications making up the total number of applications increased from 27% to 31%. *Id.*

175. See Lemley & Moore, *supra* note 16, at 70 (noting that patents issued from continuing applications represent the majority of patents involved in litigation).

176. Quillen, *supra* note 66, at 230–31; Quillen & Webster I, *supra* note 170, at 13. *But see* Clarke, *supra* note 43, 347–49 (claiming that when continuing applications are taken into account, there is no difference in the quality of examinations conducted by the USPTO, EPO, and JPO). Even accounting for the continuance practice, the USPTO has a less rigorous patent examination than the EPO and JPO. Quillen & Webster II, *supra* note 174, at 662–63.

177. See Lemley & Moore, *supra* note 16, at 71–83 (discussing in detail the problems with continuation applications).

178. *Id.* at 71–74.

179. See *id.* at 71 (stating the issuance of a patent with at least one continuance took 4.16 years compared to 1.96 years with an original application).

180. See *id.* at 72 (mentioning examiner turnover and the backlog as possible reasons for the inefficiency).

applicant to keep her invention a secret while also receiving patent protection, thus hindering competition.¹⁸¹

Second, the inability to terminate the examination of a patent application due to the continuance practice eventually wears down the examiner resulting in the issuance of a poorer quality patent.¹⁸² Examiners facing a large backlog in applications have no incentive to expend more time on difficult applications because they are only awarded for responding and disposing of applications.¹⁸³ As a result, in the face of a persistent applicant, an examiner may be tempted to approve a poor patent in order to get rid of it.¹⁸⁴

Third, some applicants take advantage of the continuance practice to change their claims in an abusive manner in order to trump competitors.¹⁸⁵ After an applicant files an application, she monitors the market to learn ideas from competitors, and then amends her claims to cover that idea.¹⁸⁶ As a result, the competitor, or the true first inventor, would infringe upon the other's patent.¹⁸⁷

Fourth, the continuance practice provides for "submarine patenting."¹⁸⁸ Submarine patenting involves delaying the issuance of a patent in order to increase the value of that patent.¹⁸⁹ An applicant's ability to abandon and re-file applications indefinitely under the continuance practice provides the necessary vehicle to maximize the value of a patent.¹⁹⁰

Finally, the continuance practice results in "evergreening," in which multiple patents cover the same invention.¹⁹¹ These multiple patents sometimes occur when an applicant obtains a

181. *Id.* at 73.

182. *Id.* at 74–75.

183. *Id.* at 74.

184. *Id.* at 75.

185. *Id.* at 76–78.

186. *Id.* at 76.

187. *Id.* at 78.

188. *Id.* at 79.

189. *Id.*

190. *Id.*

191. *Id.* at 81–82.

narrow patent but continues to seek a broader patent.¹⁹² The use of continuation applications allows usage of the same priority date so the patents will not invalidate each other.¹⁹³ Also in some cases, as long as the applicants file a terminal disclaimer to limit patent terms, applicants can receive multiple patents that do not cover exactly the same subject matter and avoid “double patenting,” the situation where a patentee is forbidden from acquiring two or more patents covering the same scope.¹⁹⁴

Although the continuance practice has many drawbacks, it also has some benefits. The continuance practice allows applicants to fully protect their entire invention.¹⁹⁵ Sometimes applications are filed early in the development of an invention, prior to fully developing or determining its value.¹⁹⁶ Continuation applications allow the applicant to broaden the scope of patents to cover subsequent data gathered, where otherwise the applicant would have to file multiple independent applications in a costly process.¹⁹⁷

Another benefit of the continuation practice involves allowing applicants to correct errors by the USPTO.¹⁹⁸ Examiners may take awhile to understand a complex invention and to approve the patent.¹⁹⁹ In the process many errors may occur.²⁰⁰ A continuation application allows an applicant to correct these errors.²⁰¹ For example, an applicant could rebut an obviousness rejection by providing evidence to refute it through a continuation application.²⁰² Additionally, sometimes the

192. *Id.* at 81.

193. *Id.*

194. Lemley & Moore, *supra* note 16, at 81–82.

195. Whitaker, *supra* note 145, at 473.

196. *Id.* at 474.

197. *Id.* at 474–75.

198. *Id.* at 475.

199. *Id.*

200. *See id.* (mentioning that errors may occur more often in examination due to the high turnover in examiners).

201. *Id.*

202. Nielsen & Samarzija, *supra* note 1, at 525.

applicant simply needs to correct poorly drafted claims²⁰³ or the applicant discovered new prior art not disclosed at the initial filing.²⁰⁴

Despite these benefits, opponents of the continuation system continue to insist on the elimination of all continuation applications with the exception of the divisional applications.²⁰⁵ Previous attempts to address problems with the continuation practice have fallen short.²⁰⁶ Elimination of most of the continuation applications would free up about a third of the USPTO's examination resources, helping to alleviate the backlog and pendency problem.²⁰⁷

The final rule published by the USPTO will make the applicant petition for any continuation applications beyond the second one, instead of eliminating the continuation practice.²⁰⁸ The USPTO believes that this limiting factor will help relieve the backlog problem by reducing the number of continuation applications.²⁰⁹ This limitation will not, however, impose a real limit; the limitation will not substantially affect the number of

203. Lemley & Moore, *supra* note 16, at 76.

204. Nielsen & Samarzija, *supra* note 1, at 525; *see also* Whitaker, *supra* note 145, at 475–76 (discussing the necessity of allowing continuation applications containing new references to provide flexibility in protecting the invention).

205. Quillen, *supra* note 66, at 233–34; *see also* Lemley & Moore, *supra* note 16, at 93–94 (stating that eliminating the continuance practice would be the obvious solution but recommending other less drastic alternatives).

206. Lemley & Moore, *supra* note 16, at 83. Previous attempts include: limiting the patent term to twenty years to reduce the incentive to extend prosecution via continuations, publishing patent applications eighteen months after their filing, strengthening of the written description requirement within a patent application, and developing the prosecution laches defense. *Id.* at 84–93. Alternatives suggested to reform the continuation practice include: limiting the number of continuations, preventing the broadening of claims via continuations, modifying the publishing of applications, and providing intervening rights to competitors using a patented invention prior to the broadening of claims in a continuation application. *Id.* at 106–10.

207. Quillen, *supra* note 66, at 234 n.81.

208. *See supra* Part III.B (discussing the requirements and changes within the final rule involving the continuation practice).

209. Changes to Practice for Continued Examination Filings, *supra* note 2, at 46,718–19.

continuation applications because most applications do not involve more than one such application.²¹⁰

Any recommendation that the USPTO eliminate or limit the number of continuation applications—to model the continuation practice after the EPO or JPO—would be superfluous because it would require Congress to make statutory changes to the patent law.²¹¹ Also, any recommendation to change the limit of continued applications requiring a petition from greater than two to greater than one, as proposed initially by the USPTO, would have a minimal effect on the patent because most applications do not involve more than one continuation application.²¹² In addition, in all likelihood, the USPTO lacks the authority to impose any limit on continuations.²¹³ Even if the final rule went into effect, according to the USPTO's own figures, it would not decrease the backlog in patent applications.²¹⁴ Taking this into consideration, the USPTO should abandon the rule changes to the continuations practice and focus on the other suggestions within this Comment.

C. Failure to Address Patent Examiner Attrition

The USPTO faces a chicken and the egg scenario. What came first—the backlog problem in patent applications that swamps examiners or the Office's inability to retain examiners that contributed to the backlog? Even though the quality and stability of the examination corps have been recognized as essential to addressing both the quality and pendency of patents,²¹⁵ the USPTO's recent actual and proposed changes fail

210. Nielsen & Samardzija, *supra* note 1, at 525.

211. Lemley & Moore, *supra* note 16, at 105, 107.

212. See Changes to Practice for Continued Examination Filings, *supra* note 2, at 46,717–18 (stating that the proposed rule would have affected about 11% of continuation applications in 2006, while the final rule would have affected 3%); Nielsen & Samardzija, *supra* note 1, at 525.

213. Whitaker, *supra* note 145, at 478–79; Lemley & Moore, *supra* note 16, at 107.

214. Whitaker, *supra* note 145, at 479–80.

215. NAT'L ACAD. OF PUB. ADMIN., U.S. PATENT AND TRADEMARK OFFICE: TRANSFORMING TO MEET THE CHALLENGES OF THE 21ST CENTURY 79 (2005).

to address the most glaring problem—the high patent examiner attrition rate.²¹⁶

Patent examiners have one of the highest turnover rates in the government workforce.²¹⁷ It is so severe that in some years the USPTO loses more examiners than it hires.²¹⁸ The USPTO's continued solution of hiring more examiners²¹⁹ only exacerbates the patent pendency problem by ignoring the real problem of retention.²²⁰ In addition, the retention problem wastes valuable resources²²¹ and leads to an examiner corp lacking experience.²²²

Numerous reasons exist as to why the USPTO maintains such a high attrition rate.²²³ In a report issued to Congress, the

216. The entirety of the USPTO's consideration given to improving the retention of examiners during the changes consists of brief responses to public comments. *See* Changes to Practice for Continued Examination Filings, *supra* note 2, at 46,817–18 (noting public comments and USPTO responses involving increased compensation, better working conditions, and satellite offices).

217. *Id.* at 80; Brian Friel, *Government's Staying Power*, GOV'T EXECUTIVE, Oct. 1, 2001, at 66. The average attrition rate of the USPTO from 2000 to 2007 was three times that of the federal government (16% compared to 6%). Ashby, *supra* note 3.

218. Ashby, *supra* note 3.

219. The USPTO plans on increasing the examination corps by 1,200 people thru fiscal year 2012. Changes to Practice for Continued Examination Filings, *supra* note 2, at 46,817; *see also* U.S. PATENT AND TRADEMARK OFFICE, 2007–2012 STRATEGIC PLAN 16 (2007) (discussing the foreseeable hiring of patent examiners in the coming years), available at <http://uspto.gov/web/offices/com/strat2007/stratplan2007-2012.pdf>. These large increases in hiring tend to lead to poor personnel decisions. *See* NAT'L ACAD. OF PUB. ADMIN., *supra* note 215, at 79 (discussing how the “rush to hire” patent examiners results in hiring less competitive candidates).

220. *Cf.* NAT'L ACAD. OF PUB. ADMIN., *supra* note 215, at 79 (suggesting that when faced with alternative measures, the USPTO will usually choose hiring examiners). The fact that the number of patent applications increased at a higher rate than the growth in patent examiners from fiscal years 1999 to 2005 shows the significance of the problem facing the USPTO. *Id.* (noting that the 35% increase in patent applications filed outweighs the 23% increase in nonsupervisory examiners).

221. *See id.* at 81 (noting that the USPTO spent almost \$22 million in 2000 to train junior examiners after 308 examiners, each with less than three years of service, left the Agency).

222. *See id.* at 80 (stating that 55% of the patent examiners at the USPTO had less than five years experience). A patent examiner needs three to five years experience to achieve proficiency. *Id.*

223. Currently the number of examiners sits at around 5,000 with the USPTO maintaining a 10% attrition rate among them. Budens, *supra* note 6. The USPTO hired

U.S. Government Accountability Office identified three major issues facing the USPTO in regards to retention.²²⁴ First, the USPTO lacks any effective strategy to deal with the perpetual problem of a lack of communication and collaboration between managers and examiners.²²⁵ Second, the system used by the USPTO to award examiners relies on assumptions about production from over thirty years ago.²²⁶ Finally, the USPTO does not require continuous technical training for patent examiners.²²⁷

Despite recognizing better communication and collaboration as a goal, the USPTO has failed to develop a strategy.²²⁸ USPTO efforts to improve communication focus on management and neglect examiners.²²⁹ Patent examiners believe they have no input with the USPTO and that all communications flow “one way,” from manager to examiner.²³⁰ Labor issues between the

1,200 examiners but lost 510 in fiscal year 2006. *Id.*

224. U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-05-720, INTELLECTUAL PROPERTY: USPTO HAS MADE PROGRESS IN HIRING EXAMINERS, BUT CHALLENGES TO RETENTION REMAIN 25–32 (2005). The report did acknowledge progress by the USPTO in recruiting examiners via flexible work schedules and competitive salaries. *Id.* at 4. For example, the USPTO instituted a “patents hoteling” program that allows examiners to perform their duties at alternative work sites to reduce commutes. *Assessing Telework Policies and Initiatives in the Federal Government: Hearing on S. 1000 Before the Subcomm. on Oversight of Government Management, the Federal Workforce & District of Columbia of the S. Comm. on Homeland Security & Government Affairs*, 110th Cong. (2007) (testimony of Jon Dudas, Dir., USPTO). Programs such as this have led the USPTO to be ranked among the top federal agencies in family friendly environment and benefits. *USPTO Far from One of the “Best Places to Work”*, POPA NEWS, July 2007, at 5. *But see Bait-and-Switch Recruiting Demoralizes New Hires*, POPA NEWS, Mar. 2006, at 5 (noting that deceptive recruiting lauding these benefits has caused some examiners to leave the USPTO earlier).

225. U.S. GOV'T ACCOUNTABILITY OFFICE, *supra* note 224, at 25.

226. *Id.* at 28.

227. *Id.* at 30.

228. *Id.* at 25.

229. *Id.*

230. *Id.* Examiners feel even when the USPTO solicited input, the agency ignored it. *See, e.g., USPTO Contract Will Speed Examiner Exodus: Agency Ignores Employee Input; Harsh Proposals to Worsen Pendency Problems*, POPA NEWS, Mar. 2006, at 1 (showing the USPTO ignored suggestions by the examiners in contract negotiations). Managers believe their past experience as examiners suffices to represent the current examiners' perspectives in decision-making. U.S. GOV'T ACCOUNTABILITY OFFICE, *supra* note 224, at 28.

USPTO and the patent examiners' union also contribute to this cantankerous relationship,²³¹ which further worsens the pendency problem.²³² Some of the USPTO management admits the union does a better job of orientating and providing useful information to the examiner.²³³ Unless communication improves, as well as the relationship between management and patent examiners, any measures taken by the USPTO to improve the efficiency of the examination process will fail due to a loss in productivity.²³⁴

Besides poor interaction with management, patent examiners leave the USPTO due to a stressful work environment caused by time constraints resulting from outdated assumptions on the time needed to examine a patent.²³⁵ These outdated assumptions fail to take into account the additional responsibilities examiners face in modern patent processing.²³⁶ Examiners find the structure of the production quota system inconsistent with the issuance of quality patents.²³⁷ Credit is awarded to examiners when the patent is first examined and again when the examiner disposes of the patent.²³⁸ In addition, all of the incentive awards are based on production, thus the

231. U.S. GOV'T ACCOUNTABILITY OFFICE, *supra* note 224, at 25–28.

232. See NAT'L ACAD. OF PUB. ADMIN., *supra* note 215, at 107–08 (describing conditions in labor management relations that potentially add to USPTO pendency).

233. *Id.* at 124.

234. See *id.* at 108 (noting that under the current system examiners who fail to meet production goals may be issued an oral warning and have an additional quarter to correct their performance before the USPTO takes any action); see also *Proposals to Reduce Examiners' Time per Case Are Wrong-Headed*, POPA NEWS, Mar. 2006, at 1 (illustrating that the USPTO and patent examiners have two different views on what needs to be done to improve the patent examination process).

235. U.S. GOV'T ACCOUNTABILITY OFFICE, *supra* note 224, at 5. In 1976, an examiner needed to meet a 75% production standard to receive a successful performance rating. *The Creeping 95% Production Standard*, POPA NEWS, July 2007, at 3. The production standard today is 95%, with no corresponding increase in the examination time per case. *Id.*

236. U.S. GOV'T ACCOUNTABILITY OFFICE, *supra* note 224, at 29. For example, the electronic technology to help in searches, instead of speeding up the examination process, increases the overall examination time. Budens, *supra* note 6.

237. U.S. GOV'T ACCOUNTABILITY OFFICE, *supra* note 224, at 29; see *The Creeping 95% Production Standard*, *supra* note 235, 3 (suggesting that not allowing for more examination time will hurt patent quality).

238. NAT'L ACAD. OF PUB. ADMIN., *supra* note 215, at 99.

USPTO effectively fails to award examiners for quality patents.²³⁹ In order to retain quality examiners and to address the pendency problem, the USPTO needs to update the assumptions underlying the production quota system and grant examiners what they really want: more time to examine a patent.²⁴⁰

Given the USPTO's strategy of increasing the number of patent examiners to help address the backlog in patent applications, training examiners becomes an important issue.²⁴¹ However, the USPTO has no ongoing technical training for examiners.²⁴² The USPTO finds such training unnecessary since patent examiners stay current with the latest technology via their job.²⁴³ This further exemplifies the USPTO's narrow focus on efficiency in processing patents as opposed to the quality of the patent.²⁴⁴

Managing the examiner attrition rate is essential to reducing the backlog of patent applications.²⁴⁵ While the USPTO may not be able to entirely eliminate the attrition rate, solutions to significantly reduce the problem can be found by looking at

239. *See id.* at 99, 104 (stating that quality considerations are not sufficiently factored into the production standard); Budens, *supra* note 6 (expressing concerns that the backlog is impacting the quality of patents).

240. *See* Budens, *supra* note 6 (stating that the number one factor explaining the level of turnover is insufficient time to complete the job). Patent examiners from foreign patent offices also share the same sentiment for more examination time. *See id.*

241. *See id.*

242. U.S. GOV'T ACCOUNTABILITY OFFICE, *supra* note 224, at 30. Newly hired examiners spend their first eight months at a training academy learning various "technology skills, legal skills, and [the] procedural requirements" involved in patent examination. Changes to Practice for Continued Examination Filings, *supra* note 2, at 46,818–19. However, this training fails to provide the necessary exposure to the situations encountered in examining the patent. Budens, *supra* note 6.

243. U.S. GOV'T ACCOUNTABILITY OFFICE, *supra* note 224, at 31.

244. *See id.* at 6 (noting the lack of required training could affect the quality of patent examination); *see also* Changes to Practice for Continued Examination Filings, *supra* note 2, at 46,818–19 (illustrating the USPTO's continuous effort to deflect criticism regarding training of examiners and patent quality).

245. *See* Whitaker, *supra* note 145, at 481–82 (suggesting that the USPTO develop programs to improve the examiner attrition rate instead of implementing rule changes to the patent examination process).

foreign patent offices such as the EPO and JPO.²⁴⁶ Neither of these patent offices faces an attrition problem among examiners, thus they are able to maintain an experienced examination corps.²⁴⁷ In contrast, the USPTO has an increasing experience gap between senior examiners close to retirement and entry-level examiners who have the highest attrition rate among patent examiners.²⁴⁸

The occupation of patent examiner is considered a prominent position in both Europe and Japan.²⁴⁹ As a result, those who become patent examiners tend to have long careers at both the EPO and JPO.²⁵⁰ To become an examiner in either office, new recruits must face a more stringent interview and testing process than at the USPTO.²⁵¹ In addition, the JPO and EPO salaries are more generous in relation to the local economies when compared to salaries of USPTO examiners.²⁵² All of this may be due to fundamental differences existing between the various offices.

In addition to the previously mentioned differences, the EPO limits the number of examiners hired.²⁵³ Of those hired, examiners typically have at least five years of experience.²⁵⁴ The JPO targets recent college graduates with a legal aptitude as opposed to the USPTO, which tries to hire people with advanced degrees and industry experience.²⁵⁵ Patent examiners at the

246. *Id.* at 481.

247. *Id.*; NAT'L ACAD. OF PUB. ADMIN., *supra* note 215, at 87.

248. Budens, *supra* note 6; *see* NAT'L ACAD. OF PUB. ADMIN., *supra* note 215, at 81–82 (describing the impact that retirements and entry-level examiners have on the attrition rates). There are numerous reasons for the high attrition rate among entry-level examiners in the USPTO: 1) recent graduates' lack of understanding about the real-world work environment; 2) differences between examination duties and examiners' past research training; 3) using the USPTO experience as a platform to future career endeavors; and 4) pay in relation to an area's cost of living. NAT'L ACAD. OF PUB. ADMIN., *supra* note 215, at 82.

249. NAT'L ACAD. OF PUB. ADMIN., *supra* note 215, at 87.

250. *See id.*

251. *Id.*

252. *Id.*

253. *Id.* at 88.

254. *Id.* EPO examiners must also become proficient in all three official EPO languages. *Id.*

255. Wegner, *supra* note 76, at 1, 3. Due to cultural differences somebody hired to

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EPO get more time per application and examine fewer applications than examiners for the USPTO and JPO.²⁵⁶ Finally, all three offices vary in their budget expenditures on personnel.²⁵⁷

In order to reduce the patent backlog and improve the quality of patents issued, the USPTO should look to other trilateral offices to find solutions to lower the attrition rate among examiners and improve the quality of examination.²⁵⁸ The USPTO should study and implement some of the policies found within the human resource departments within the EPO and JPO.²⁵⁹ As opposed to following the JPO model of hiring people straight out of college, the USPTO should consider hiring examiners with examining experience in a fashion similar to that of the EPO.²⁶⁰ This may reduce the number of examiners using the USPTO as a springboard to other positions. In addition, the USPTO should elevate the hiring standards to those of the EPO and JPO.²⁶¹ However, the USPTO's top priority, in order to improve upon the attrition rate, involves improving general communication between examiners and management, and also between the USPTO and the examiners'

work for the JPO will tend to stay with the office. NAT'L ACAD. OF PUB. ADMIN., *supra* note 215, at 87. Also, the JPO provides a wider variety of training opportunities to examiners than the USPTO. *See id.* at 88.

256. NAT'L ACAD. OF PUB. ADMIN., *supra* note 215, at 88. In addition, the EPO places more realistic performance targets on its examiners than the USPTO. *Cf. id.* at 101 (noting that the EPO sets performance targets annually based on a number of conditions, including years of experience and backlog).

257. *Id.* at 88.

258. *See* Whitaker, *supra* note 145, at 481 (noting that the EPO and JPO have significantly lower attrition rates and that it may benefit the USPTO to consider the policies of these offices).

259. *Id.*

260. *See* NAT'L ACAD. OF PUB. ADMIN., *supra* note 215, at 88 (noting that the EPO tends to hire examiners with five years of experience).

261. *See id.* at 87 (stating that the EPO and JPO recruits go through more difficult testing and interviewing procedures with increased senior management involvement).

unions.²⁶² Finally, the USPTO should modify both the awards system and the evaluation process to help improve the examination process to insure higher quality patents.²⁶³

V. CONCLUSION

The U.S. patent system exists to encourage and develop new products and innovations that benefit and advance society.²⁶⁴ However, the increase in the backlog of patent applications has resulted in the deterioration of examination quality and thus patent quality.²⁶⁵ As a result, the chief purpose of the patent system, innovation, is threatened.²⁶⁶

The USPTO's myopic focus on increasing the efficiency of the Office has resulted in actual or proposed changes that either fall short of, or impede that goal. The introduction of an accelerated examination program, while beneficial to those who need immediate protection for their invention, does not offer the required flexibility that an accelerated/deferred examination option, similar to that provided in the JPO, provides to applicants.²⁶⁷ The USPTO's efforts to limit the number of continuation examinations²⁶⁸ will only exacerbate the backlog problem because it will not reduce the number of continuation applications. Instead, the limitation will only increase the work of the examiner, requiring her to examine petitions for continuances.²⁶⁹ In the absence of any authority to eliminate most types of continuances, the USPTO should scrap the rule

262. See U.S. GOV'T ACCOUNTABILITY OFFICE, *supra* note 224, at 32 (mentioning the USPTO needs to develop an "open, transparent, and collaborative work environment").

263. NAT'L ACAD. OF PUB. ADMIN., *supra* note 215, at 106–07; Whitaker, *supra* note 145, at 481.

264. Whitaker, *supra* note 145, at 473.

265. See Quillen, *supra* note 66, at 223–24 (listing the effects of the increased backlog problem).

266. *Id.*

267. See *supra* Part IV.A (discussing in greater detail the benefit of providing both an accelerated and deferred examination option).

268. See *supra* note 206 and accompanying text (describing the previous attempts to address problems with the continuation practice).

269. See *supra* Part IV.B (detailing the effect of the continuation practice on the backlog problem and the USPTO's ineffective rule changes).

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changes affecting the continuation practice. In the midst of its procedural and rule changes, the USPTO ignores the true key to reducing the backlog and improving patent quality: reducing the attrition rate of examiners.²⁷⁰ Thus, the USPTO should look internally to improve the communication within the Office and externally at the EPO's and JPO's policies to see why these Offices retain more patent examiners. By focusing on these suggestions, the USPTO would better allocate its efforts and improve patent quality while simultaneously reducing the backlog and decreasing the length of patent pendency.

²⁷⁰. See *supra* Part IV.C (detailing the effect of the high attrition rate on patent quality and the backlog problem and the USPTO's failure to adequately address the problem).