

## Problems Pending: Patent, Trademark Plan Far from a Fix

by Ronald Stern

*The following commentary was submitted to The Federal Times and published on June 17, 2002.*

*The Los Angeles Daily Journal* quoted James Rogan,

### POPA BARGAINING UNIT MEETINGS

#### TOPICS:

- ★ **Work at Home**
- ★ **Radical Changes at USPTO**

July 17, 10 a.m. & 1:30 p.m.

Crystal Forum

All bargaining unit members are invited. One hour of official time will be available. All dues-paying POPA members will have the opportunity to vote on POPA's negotiating position regarding work-at-home policies and the USPTO strategic plan.

For more information, go to [www.popa.org](http://www.popa.org)

director of the U.S. Patent and Trademark Office, speaking about the USPTO, "We're going to blow it up and reassemble it." On June 3, he announced the details of the planned explosion at a press conference, including a new higher fee structure. Will the exploded parts fit back together "to promote the useful arts" as required by the Constitution? Numerous experienced patent examiners say no.

The plan breaks up the current system in three key ways. First, it separates the investigation of prior inventions (the prior art search) from decisions on intellectual property rights (examination) and gives control over who will do the search to patent applicants. Second, it allows applicants to defer decisions on intellectual property rights, lengthening the period of uncertainty over who is entitled to what. And third, it seeks to reassign the duty of classifying patents to foreign intellectual property offices or the private sector.

Under the plan, commercial search services chosen by the applicant will conduct the bulk of prior art searches. This will lead to abuse. Patent applicants by definition want patent rights for themselves. Evidence of prior, very similar inventions uncovered during the search stands in their way. Letting them choose who finds (or doesn't find) the prior art evidence to be used against their application, and how much the searcher gets paid, pits the searcher's efforts against the applicant's interest. It is the equivalent of letting the fox guard the henhouse.

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## USPTO Misleads Public, Congress on Work at Home

The USPTO threw some red herrings at employees, the news media and members of Congress in an attempt to obscure the real issues hampering a negotiated agreement with POPA on work at home.

A WTOP-Radio report on June 15 stated, "The Patent Office's Richard Maulsby says this [the negotiations disagreement] is about whether employees with performance problems should be allowed to take secret documents home, and the office wasn't willing to continue a pilot program past its expiration date until that's settled."

This is false.

At the point that the agency halted the program, POPA and USPTO negotiators believed that conduct and performance issues were only minor points that could be resolved without delay. POPA and the agency agreed in the Millennium Agreement that to be eligible, an employee had to "be performing at least at Fully Successful in the current

rating of record and for the employee's cumulative most recent four full quarters of work." Both the USPTO team and POPA team still agree with that. POPA has also agreed that the agency may add a clause that "Management may exclude or remove an employee from the program if an employee's conduct justifies their exclusion or removal."

The agency is misleading the public away from the real reasons for the impasse: 1) USPTO insistence on a one-year program limit and consequently additional employee concessions next year, and possibly every year; 2) severe reductions in the number of work at home Level 1 and Level 2 positions; 3) USPTO's demand that Level 2 employees use all USPTO-supplied software and take personal time to install it or fix bugs when agency software fails on employees' own at-home equipment; 4) USPTO's requirement that

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We must also think of the international consequences. Can we sufficiently assure the quality of patent searches coming from Japan or Germany to justify granting a monopoly in the United States to Mitsubishi or Siemens? Will they agree to use Microsoft's searches in their countries?

Even with the best of intentions, search quality is likely to suffer. As the only American patent office, the USPTO is able to direct all the applications in a particular field to a small group of examiners. Commercial search services, on the other hand, will need to cover a broad area of technology to amass sufficient business. Examiners as specialists have an inherent advantage over their private sector generalist counterparts.

The functions of patent searching and patent examining shouldn't be separated at all, even within the government. The Europeans had such a separation, and are now more than halfway to converting to the more efficient system in which the same individual conducts searching and examination. During the search, examiners think about how they will combine what they find into a decision. They have read the application and analyzed the scope of the proposed invention. Once examiners select the relevant prior art documents, writing the decision is straightforward: the examiners were thinking about it all along. The agency's plan to separate the functions would eliminate that synergy and require a duplication of effort to read and analyze the application, and read and analyze the selected prior art.

Deferred examination will "marginalize" the patent system, says scholar Sri Krishna Sankaran in his law review article on "Patent Flooding in the United States and Japan." Patent flooding involves filing volumes of patent applications covering minor variations on a groundbreaking technology. Using the potential for a flood of deferred, unexamined patent applications and the resulting expensive litigation, one company can coerce patent rights from another, often smaller, company. A substandard search of the prior art compounds the uncertainty and increases the advantage of those who would abuse the system.

The third piece, patent classification, provides the fundamental framework to organize the USPTO. It organizes our files of patents into small sections for prior art searching, and organizes our people into narrow areas of specialty. Both productivity and quality increase with more reclassification. In many areas reclassification has been neglected so that now searching is like trying to find a needle in a haystack. With more resources, it could be like trying to find a needle in a sewing kit.

Rather than relinquishing control of patent classification, we should beef up our activities. That coupled with providing examiners an adequate amount of time time per case is the best road to quality patents that meet our Constitutional mandate. ▽

## More Fees, Less Service

### Proposed USPTO Fee Legislation, from the 21st Century Strategic Plan

*Note: Fees would apply to future and existing applications and patents.*

Basic Patent Fees	Current	Proposed
Filing Fee	\$ 740	\$ 300
Examination Fee	N/A	\$1,250
Issue Fee	\$1,280	\$1,660
Maintenance-1st	\$ 880	\$ 900
Maintenance-2nd	\$2,020	\$3,000
Maintenance-3rd	\$3,100	\$5,000
<b>Total for Basic</b>	<b>\$8,020</b>	<b>\$12,110</b>
[Total for Proposed is 51% higher]		

### USPTO Proposed Fees to Affect Applicant Behavior

Description	Current	Proposed
Sheets of Spec and Drawing in Excess of 50	None	Prescribed by Director
Independent Claims	\$78/claim in excess of 3 claims	\$160 to \$640 for 4th to 6th, 125% more for each additional
Total Claims	\$18/claim in excess of 20 claims	Scale rises from \$80/claim in excess of 20 to \$640/claim in excess of 35. Scale rises 125% per claim for each group of 5 beyond 40 claims.
Continuing Applications	None	Scale rises from \$1,000 per application that refers to more than 3 earlier applications.
Claims Not Patentably Distinct	None	Scale rises from \$10,680 for one application with a claim not patentably distinct.

*Preceding from information prepared by the Intellectual Property Organization*

