

A Push By The USPTO For Faster Patent Processing

Law360, New York (January 14, 2014, 9:33 PM ET) -- Investors and acquirers of companies in the life sciences arena are becoming more sophisticated about intellectual property rights such that almost everyone knows the difference between an issued patent and an application that is still pending. This hasn't always been the case. It is now more important than ever to have a solid patent portfolio of issued patents with defensible claims, rather than a collection of unexamined patent applications with broad, shoot-for-the-moon claims.

The main hurdles in building a significant patent portfolio are the high prosecution costs and the lengthy delays at the U.S. Patent and Trademark Office caused by backlogs of patent applications waiting to be examined. The average time from filing until the first office action hovered between 25 and 26 months in fiscal years 2008 to 2010, went up to 28 months in FY 2011 and has started to noticeably decline, with the time-to-first-action being 21.9 months in FY 2012 and a realistic target of 18 months set for FY 2013. You have to add roughly another year to these numbers to arrive at an average total pendency for the cases that eventually grant.

Over the last few years, the lengthy pendency of patent applications has been addressed by the USPTO via some popular pilot programs to expedite examination, now offered for utility applications in all technology areas. If you are not taking advantage of these programs, you are missing out, unless, perhaps, you are filing for purely defensive purposes and don't mind lengthy pendency — sometimes, a very legitimate strategy.

Finding the Right Program

Under the USPTO's accelerated examination program ("Track One"), the office will expedite examination of your patent application with the goal of getting you to final disposition (allowance or final rejection) within about 12 months for an extra fee (currently \$4000 for large entities, \$2000 for small entities and \$1000 for micro entities). The trade-off is that you must limit your number of claims and satisfy other requirements that are geared toward making the examiner's job easier.

So far, the USPTO is achieving its goal. In fact, as of Nov. 21, 2013, the average pendency to final disposition for cases accepted into the Track One program was just 6.1 months. As of that date, 3,535 allowances had been granted out of 6,498 final dispositions, for an allowance rate of 54.4 percent. For comparison purposes, the allowance rate for nonprioritized cases was running between about 46 percent and 54 percent over the same time period that Track One has been available. Thus, Track One has offered about the same allowance rate as normal prosecution, with completion of prosecution in significantly less time.

Second, there is the First Action Interview Pilot Program. Unlike the Track One program, the First Action Interview Pilot Program does not speed up the time that your case is picked up for examination, but it does facilitate a first action allowance once your case is picked up. The program provides for an interview with the examiner before she/he issues a first Office action on the merits.

Again, as with Track One, the applicant is limited to a certain maximum number of claims, and there are other requirements geared toward making the examiner's job easier, but these are not very burdensome requirements to meet. Even if the limitation on the number of claims is a problem for you, you can pursue additional claims/inventions in continuations or divisionals.

The First Action Interview pilot program has had 3,533 participants as of November 2013, and has had a first action allowance rate of 29.4 percent, compared with an 11.5 percent first action allowance rate for all original noncontinuing applications in FY 2012 — more than double the rate.

Not only are first action allowances beneficial in that patents issue more quickly, shorter prosecution histories associated with first action allowances may also provide a benefit in the enforcement of the patent. For a patent issuing from a first action allowance, there will be a short file history, hence, there may be less opportunity for a defendant to point to statements in the file history that limit the scope of the claims or that support the defendant's position that the claims are invalid.

Third, the After Final Consideration Pilot ("AFCP 2.0") allows examiners to get credit for additional work they perform in "after final" situations to move applications toward allowance. If not for AFCP 2.0, such cases may otherwise be appealed, or a Request for Continued Examination ("RCE") would be required thereby significantly lengthening pendency. If an applicant receives a Final Rejection and would like another bite at the apple without paying for a whole new examination, the applicant can file a request for consideration under the AFCP 2.0, along with an amendment to at least one independent claim that narrows the scope of that claim. Such amendments are limited to those that would require only limited further searching and/or consideration by the examiner.

Another program that is geared toward reducing patent pendency and backlog at the USPTO is the Quick Path Information Disclosure Statement ("QPIDS"). This provides for consideration of an information disclosure statement submitted after payment of the issue fee without requiring a RCE, which would significantly lengthen pendency. This is for the situation in which new prior art is discovered after payment of the issue fee, and the applicant would like the prior art to be considered by the examiner without having to start prosecution all over again.

Looking Ahead

The Global Patent Prosecution Highway Pilot ("Global PPH"), which began on Jan. 6, 2014, is intended to simplify qualifying requirements for the current patent prosecution highway program ("PPH"), which helps expedite an allowance of cases filed in more than one jurisdiction whose patent offices are participating in the program. PPH allows an applicant receiving a favorable ruling on claims of a patent application examined at a first office to request that a second office fast track the examination of corresponding claims in a corresponding application at that office. Thus, the applicant is able to parlay the benefit of a favorable examination from one jurisdiction to one or more other jurisdictions. There are 13 patent offices around the world, including the USPTO, participating in the pilot Global PPH arrangement.

For companies building patent portfolios, the above-described initiatives can help reduce cost and speed

the issuance of U.S. patents. By reducing the number of claims and taking a more collaborative role with the examiner, an applicant can speed up the sometimes painful and lengthy process of moving patent applications from filing to issuance. These programs can help applicants build portfolios of issued patents having favorable and reasonable scope, in less time, and with shorter file histories. Furthermore, such portfolios are likely to be more attractive to a potential acquirer, partner, or investor than a collection of pending applications that have yet to be examined or that have lengthy file histories.

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