

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Request for Comments on Enhancing Patent Quality

Docket No. PTO-P-2014-0043

COMMENTS OF THE INTERNET ASSOCIATION

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STATEMENT OF INTEREST

The Internet Association is the unified voice of the Internet economy, representing the interests of America's leading Internet companies and their global community of users.¹ The Association is dedicated to advancing public policy solutions to strengthen and protect Internet freedom, foster innovation and economic growth, and empower users.

The Internet Association is ideally situated to comment on the PTO's patent quality initiatives. Each year, Association members collectively invest billions of dollars on research and development, frequently driving the development of technological products and societal freedoms through their creativity and innovation. The Internet Association's members collectively own tens of thousands of patents, which they rely upon to protect their substantial investments in research and development. At the same time, those members also face an unprecedented barrage of patent assertions and litigation—the vast majority of which involve low quality patents. Given the substantial experience of its members on both sides of patent enforcement and litigation, the Internet Association can offer a balanced perspective on the PTO's efforts to enhance patent quality.

INTRODUCTION AND EXECUTIVE SUMMARY

The Internet Association submits these comments in response to the PTO's Request for Comments on Enhancing Patent Quality ("Request").² The Internet Association applauds the PTO's work to improve patent quality. High quality patents promote innovation in numerous ways: By allowing inventors to recoup their investment in research and development during the exclusivity period, by fostering further innovations and design-around research during the exclusivity period, and by allowing the public free access to the innovation following the exclusivity period.

But low quality patents stifle innovation and injure the public by generating wasteful litigation, creating business uncertainty, and preempting subject matter that ought to be part of the public domain.

¹ The Internet Association's members include Airbnb, Amazon, AOL, Auction.com, Coinbase, eBay, Etsy, Expedia, Facebook, FanDuel, Gilt, Google, Groupon, IAC, Intuit, LinkedIn, Lyft, Monster Worldwide, Netflix, Pandora, Pinterest, Practice Fusion, Rackspace, reddit, Salesforce.com, Sidecar, Snapchat, SurveyMonkey, TripAdvisor, Twitter, Uber Technologies, Inc., Yahoo!, Yelp, and Zynga.

² *Request for Comments on Enhancing Patent Quality*, PTO-P-2014-0043, 80 Fed. Reg. 6475 (Feb. 5, 2015) ("Request").

The PTO's proposals are a promising first step in addressing the problem of low quality patents. The Internet Association particularly supports the PTO's proposal to bring clarity to patents and to their prosecution record. In the patent system, a clear understanding of each party's rights is necessary for the success of the participants and ultimately the system itself.³ In contrast, obscuring information regarding the thing patented—through ambiguous claiming and less-than-forthright patent prosecution—hurts the public. Because a patent is a potentially powerful government grant that provides the patent holder with the right to exclude others from making, selling, or using a claimed invention, the public deserves notice of exactly what the inventor is claiming. Low quality patents undermine the notice function of patents and thereby inhibit the very progress the patent system was designed to promote.

The problems with low quality or unclear patents are seen in modern patent litigation. Specifically, many patent assertion entities ("PAEs") prize patents of unclear scope that can be used to leverage settlements or create windfalls unrelated to the patent's actual contribution to innovation. The dramatic rise in PAE activity in the past decade and the incredible surge in patent grants currently taking place in the PTO threaten to retard innovation for the foreseeable future.

There is no single fix. Vigorous post-grant review, patent reform legislation, and further development in case law are needed to curtail this problem. But at base these assertions are born from the abundance of low quality patents. Improving the quality and clarity of issued patents and improving examination so that only those applications worthy of patenting are issued are both necessary to address the litigation boom and to ensure that patents drive innovation.

As detailed below, the Internet Association believes that the PTO's proposal to promote clarity of the record is most crucial to the Office's efforts to improve patent quality. The Office's proposal to implement automated pre-examination searches will also enhance patent quality and should be pursued. In addition, the PTO's proposals to review and revise minor aspects of its patent quality metrics and its compact prosecution model will have greater utility if both are expanded into comprehensive reviews. Conversely, the PTO's proposals to allow applicants to invoke midstream review of their individual applications and to provide nationwide in-person Examiner interviews are unlikely to enhance patent quality and ultimately would waste Office resources better spent elsewhere.

³ See, e.g., Ronald H. Coase, *The Problem of Social Cost*, 3 J. L. & Econ. 1, 19 (1960) ("[A]ll that matters (questions of equity apart) is that the rights of the various parties should be well-defined and the results of legal actions easy to forecast.").

STATEMENT

I. Background

A. The Importance Of Enhancing Patent Quality

Quality examination—for every patent application—is more important now than ever given the unprecedented surge in issued patents and the pace and nature of patent assertions.

The PTO has set a record for issued patents every year since 2010, when, for the first time, the PTO issued more than 200,000 utility patents.⁴ The number of issued patents has risen dramatically each year since. In 2014, four years after breaking 200,000, the Office issued more than 300,000 utility patents.⁵ As a result of this surge in patent issuance, nearly 15% of all patents issued since the PTO's founding in 1836 were issued in the last 5 years.

Once issued, patents do not sit idle in today's legal environment. Patent litigation and assertion has risen dramatically over the last decade to reach historic highs. The majority of patent litigation today is brought by PAEs—and an even higher percentage in the information technology industry.⁶ Some large companies are sued by PAEs almost weekly and, given the length of civil litigation, may face fighting 100-plus such cases at any one time.⁷ Smaller companies are also frequent targets of PAEs, often because they are simply users of technology.⁸

Those new heights have been reached primarily through PAEs acquiring and asserting low quality patents—principally software/Internet patents—against innovative companies, their business partners, and even their retail customers. Indeed, low quality patents can create inefficiencies and unfairness in the patent litigation system and PAEs exist to exploit those

⁴ See U.S. Patent Statistics, Calendar Years 1963-2014, available at http://www.uspto.gov/web/offices/ac/ido/oeip/taf/us_stat.pdf (“Grants: Total Utility”).

⁵ *Id.*

⁶ See Mark Lemley & A. Douglas Melamed, *Missing the Forest for the Trolls*, 113 Col. L. R. 2117 (2013); see also Robin Feldman, Tom Ewing & Sarah Jeruss, *The AIA 500 Expanded: The Effects of Patent Monetization Entities*, 17 UCLA J. L. & Tech. 1, 7 (2013) (“in 2012, litigation by patent monetization entities represented a majority of [U.S.] patent litigation”).

⁷ See Patent Freedom, “Most Pursued Companies,” available at <https://www.patentfreedom.com/about-npes/pursued/>.

⁸ See Colleen Chien, *Startups and Patent Trolls*, 17 Stan. Tech. L. Rev. 461, 485 (2014); see also Patent Freedom, “Exposure by Industry,” available at <https://www.patentfreedom.com/aboutnpes/industry/>.

inefficiencies. PAEs follow a business model of buying and asserting patents for profit.⁹ They typically do not engage in research, innovation, invention, production, or the sale of ideas, products, or technology.¹⁰ Instead, they target operating, productive companies by filing patent suits or otherwise asserting patent claims, regardless of the low quality of the patent in suit.

In the last several years, PAE litigation has increased markedly to the detriment of a broad range of companies, from web-based startups to coffee shops to large, high tech corporations.¹¹ In 2011, operating companies mounted a staggering 5,842 litigation defenses against PAEs—a *four-fold increase* from 2005.¹² In 2007, PAE suits accounted for less than a quarter of all patent litigation.¹³ By 2012, that number rose to nearly 60 percent of all patent suits.¹⁴ Although patent lawsuits dropped slightly in the latter half of 2014, that appears to have been an anomaly as patent lawsuits returned to 2013 levels in December 2014 and PAE suits in the first quarter of 2015 actually exceeded those in the same quarter of 2014.¹⁵

Better and better-documented examination of patents will benefit the U.S. economy by lessening the drag caused by low quality patents. PAE litigation and activity has placed a heavy burden on productive companies, totaling \$29 billion in direct payouts and associated costs during 2011 and annually averaging a total loss of wealth of over \$80 billion.¹⁶ In recent years, these annual losses represent over a quarter of U.S. Industrial R&D spending per annum.¹⁷

⁹ See Fed. Trade Comm'n, *The Evolving IP Marketplace: Aligning Patent Notice and Remedies with Competition* 51 (2011), available at <http://www.ftc.gov/os/2011/03/110307patentreport.pdf>.

¹⁰ See *id.* at 50-51.

¹¹ See Chien, *Startups and Patent Trolls* at 485-86; see also James Bessen & Michael Meurer, *The Direct Costs from NPE Disputes*, 99 *Cornell L. Rev.* 387 (2014).

¹² See Bessen, *Direct Costs* at 391, Table 4 (2014).

¹³ See Feldman, *The AIA 500 Expanded* at 7.

¹⁴ See *id.*

¹⁵ See Unified Patents, *2015 Q1 Patent Dispute Report* (April 8, 2015), available at <http://unifiedpatents.com/q1-2015-patent-dispute-report/>; see also Michael Loney, *U.S. Patent Litigation Surges In February, Driven By Software Cases*, *ManagingIP.Com*, March 2015, available at <http://www.managingip.com/Article/3434536/US-patent-litigation-surges-in-February-driven-by-software-cases.html>.

¹⁶ See Bessen, *Direct Costs* at 408; see also James Bessen, Jennifer Ford & Michael Meurer, *The Private and Social Costs of Patent Trolls*, *Regulation* 34(4), 26 (2011).

¹⁷ See Bessen, *Private and Social Costs* at 31.

This drag is particularly significant on the Internet economy because of the abundance of low quality software and Internet patents. For example, Internet patents covering online business practices are nine times more likely to be litigated than non-Internet patents.¹⁸

It has been argued that devoting few resources to the examination of any one patent at the PTO is efficient because only a few patents will be litigated.¹⁹ Those litigated patents will then receive increased scrutiny.²⁰ But the business model of some PAEs turns that notion on its head. PAEs rely on litigation costs to drive settlement regardless of the quality of their patents.²¹ For these actors, patent quality is immaterial.²² Indeed, a low quality patent—e.g., one with near ambiguous claim scope—may be more valuable to PAEs than a patent with claims made clear by the specification and prosecution history.

The enormous surge in issued patents and the ongoing misuse of low quality patents render the PTO's efforts to enhance patent quality critical.

B. The Burden Of Increasing Patent Quality Should Generally Be Borne By Patent Applicants

The Internet Association recognizes that the PTO faces a vast number of patent applications, and that each Examiner spends very limited time on an individual application. Thus, each patent quality proposal should weigh the burdens imposed on the patent applicant and the Office in improving quality against the burden imposed on the public by the issuance of low quality patents.

As between the PTO Examiners and patent applicants, the applicants should generally bear a greater burden. In any legal regime, those that are best positioned to solve problems are typically required to do so. When it comes to patents, applicants in prosecution are undoubtedly best positioned to bring clarity to the application, which they draft, and to those parts of the record that they provide. Similarly, where applicants seek rights to assert against the public, it is not unfair to require them to clarify the rights sought.

With this background in mind, the Internet Association addresses the PTO's specific proposals to enhance patent quality.

¹⁸ See John R. Allison, *et al.*, *Patent Litigation and the Internet*, 2012 Stan. Tech. L. Rev. 3,11.

¹⁹ See Mark Lemley, *Rational Ignorance At The Patent Office*, 95 Nw. U. L. Rev. 1495 (2000-2001).

²⁰ See *id.*

²¹ See Lemley, *Missing the Forest for the Trolls* at 2126-27.

²² See *id.*

II. Work Product Proposals

The PTO has set forth three proposals aimed at enhancing excellence in work product. As set forth in detail below, the Internet Association believes that the Office's efforts to advance clarity in the record is most crucial to increasing patent quality. It also supports PTO enhancement of automated pre-examination searches. It believes, however, that the Office's proposal to permit applicant request for prosecution review will not further the goal of enhancing patent quality.

A. Enhancing Clarity Of The Record Should Be The Office's Top Priority

The Internet Association fully supports the Office's efforts to enhance the clarity of the record in patent examination. The need for a clear record extends throughout the process, from the filing of an application and the first set of claims to issuance or final rejection.

An examination process that brings clarity to the claims and the record—and relies on the applicant in doing so—would benefit the Examiner, the public, and the system as a whole.

1. Upon filing: Clarity starts with the claims and specification as filed

Clarity of the record begins with clarity of what is claimed. Too often, patents directed to software or involving the Internet are issued with vague or overbroad claims that recite merely the desired result or a function. The essential failure that leads to such patents is the failure to enforce Section 112 in examination.

The burden of clarity—particularly in the Section 112 context—should not fall on the Examiner alone. Rather, applicants are required by statute to claim “particularly” and “distinctly.”²³ And the applicant is best positioned to bring clarity to the claims and to the record as a whole.

The PTO should thus require applicants to provide the requisite clarity—to all key claim terms and, particularly, where the applicant claims recite a function or result—throughout prosecution. Armed with this information the Examiner will be better able to search the art, consider the novelty and nonobviousness of the invention, and enforce Section 112. Where the applicant fails to do so, the Office can simply flag terms that need clarifying or defining before engaging in arduous examination.

²³ See 35 U.S.C. § 112(b) (“The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the inventor or a joint inventor regards as the invention.”); see also *id.* § 111(a)(2)(A).

a) Applicants should demonstrate support for the initial claims

Applicants submitting a new application to the Office should be required to identify and explain the support in the specification for each limitation recited in the claims. Too often, the patent prosecution history of an asserted patent consists of only a back-and-forth comparison of claim language and amended claim language with prior art. There is typically no linkage between the disclosure in the specification and the claims nor any explicit definition of key terms to assist in defining the meaning of the claims.

Identifying Section 112 support for the claims as filed is a proper requirement for patent applicants to satisfy. The same requirement is found in reexamination and in AIA proceedings before the PTAB. In both *ex parte* and *inter partes* reexamination, patent owners that wish to add or amend claims in their patent are required to provide “an explanation of the support in the disclosure of the patent for the changes to the claims.”²⁴ The PTAB goes further. It requires patentees to set forth “support in the original disclosure of the patent for each claim that is added or amended” and to bear the burden of proof to establish that Section 112 is satisfied.²⁵

This requirement should not be satisfied by mere citation to the specification but instead require the patentee to explain how the disclosure supports the claim language—*i.e.*, to link each limitation found in the claims to the disclosure in a way that makes clear how every claim limitation in the patent is supported.

b) Applicants should define key terms

Applicants should also be required to identify and define the key terms that appear in the claims in the patent application. Most claims are a mix of commonly used words and terms of art. Key claim terms may be of either type. Where common words are crucial to defining claim scope, the applicant should articulate the intended meaning of those terms for the PTO and the public. For example, terms of degree should be accompanied by definitions that allow the public to understand the standard for measuring that degree.²⁶ Similarly, where the applicant seeks to establish rights in a particular technology the applicant should present the meaning of any terms of art intended to have special meaning in that field.

Key terms under the PTO’s Glossary Pilot program include terms of art, substantive terms within the context of the invention, abbreviations, acronyms, evolving technological

²⁴ 37 C.F.R. §1.530(e).

²⁵ 37 C.F.R. § 42.121(b); *Int’l Flavors & Fragrances Inc. v. The United States of America*, IPR2013-00124, Paper 12 at 7 (PTAB May 20, 2014) (Representative Decision on Mtn. to Amend).

²⁶ See MPEP § 2173.05.

nomenclature, relative terms, terms of degree, and functional terminology.²⁷ Requiring applicants to define these key terms in all applications would improve clarity and quality of issued patents.

Finally, the PTO should require applicants to define key terms upon filing so that no Examiner time is wasted and no confusion is caused by the changeable nature of terms in developing technologies. For example, where patent applicants fail to note and define key terms, the Office of Initial Patent Examination (“OIPE”) may require correction before the application is docketed to an Examiner. Having the key terms identified and defined prior to any examination would also allow the Examiner to better understand the invention and simultaneously inform and improve the automated pre-examination search the PTO proposes in the Request.

c) The PTO should scrutinize functional claim language

As part of the demonstration of support, applicants that prefer to state their claims in functional language should be required to identify in the specification the thing that performs the recited function. The Examiner, when necessary for clarity, should require that those function-performing structures, algorithms, et cetera be recited in the claims.

For members of the Internet Association, undefined functional claim language is one of the most prevalent and vexatious aspects of asserted patents. Determining the metes and bounds of functional language in software patents has proven to be one of the most costly aspects of patent litigation, often resulting in counter-intuitive meanings after millions of dollars are spent.

This is no accident. While the Office strives for clarity, patent applicants and their representatives are taught that “[i]t is the claim drafter’s job to have written the claims in the application to . . . cover competitive products which neither the inventor nor the attorney thought of or *could even have imagined* at the time.”²⁸ And clearly defining “the invention” or the “present invention” in a patent specification amounts to “patent profanity” among patent drafters.²⁹

Requiring applicants—before a patent issues—to identify and explain support for functional language would allow the claims to better define the invention, increase the quality of issued

²⁷ See Glossary Pilot Program, PTO-P-2013-0041, 79 Fed. Reg. 17137, 17138 (Mar. 27, 2014).

²⁸ Robert C. Faber, *Faber on Mechanics of Patent Claim Drafting* 10-3 (6th ed. 2011) (emphasis added).

²⁹ David Pressman, *Patent It Yourself* 196 (15th ed. 2011) (describing “the invention” or the “present invention” as “patent profanity”); *see also id.* (“Never refer to ‘the invention.’”).

patents, and prevent some of the claim construction gamesmanship present in modern patent litigation.

2. During prosecution: Applicants should have a duty to maintain clarity

a) Applicants should demonstrate support for new and amended claims and make claim construction explicit for limitations relied on in overcoming rejections

When claims are amended, or entirely new claims are introduced, the problem of claim clarity is exacerbated. The MPEP states that applicants “should show support in the original disclosure for the new or amended claims.”³⁰ But in practice, this is not done.

The Internet Association proposes that the PTO require applicants to specifically point out the support for the claim amendments and new claims in the disclosure. To the extent new key terms are introduced, the applicant should define those new terms, just as discussed above with respect to the initial filing.

Regarding the proposed requirement to make claim construction explicit in the record, the ideal time for the applicant and Examiner to set forth explicit claim construction is during amendment, when the focus is on the new claim language and the art it purportedly overcomes.³¹ Thus, the applicant should be required to define the scope of claim language that is relied on to overcome a rejection. Such a construction should, at a minimum, disclose what the language includes and does not include from that present in the art of record. The Examiner may then agree or disagree with the applicant.

These twin requirements—showing support for new limitations and construing limitations relied on—should apply regardless of when the claim amendments or new claims are introduced. Thus, an applicant should be required to maintain claim clarity in all responses to Office Actions and in the filing of continuations under Section 120.

In the experience of the Internet Association’s members, continuations are a particular problem in litigation. Continuations often contain claims that are simply not supported by the original specification, which may have been filed years earlier. Thus, requiring the applicant to demonstrate support and define key terms for claims in continuations will amplify the benefits of doing so in original applications. Particularly where terminology in the field has developed—and the meaning of terms may have changed—since the priority filing.

³⁰ See MPEP § 2163 II.A.; see also § 2163.06.

³¹ See Request at 6479.

b) Interviews should be recorded

Interviews with Examiners should be recorded and placed on the record. This requirement would be far less burdensome than the PTO's proposal to have Examiners "provide further detail in the recordation of interviews."³² It would likely be far more useful as well because the recording of the interview would always more truly and fully reflect the actual content of the interview.

The technology exists to record every interview—whether conducted by telephone, over the Internet, or in person—and there is no reason that the applicant's representations to the Office during these extensive exchanges should be reduced to a few sentences in the record. For example, the PTAB has every oral hearing recorded, transcribed, and placed on the record.³³ There is no reason why the PTO Examiner interviews should not be treated the same.

Furthermore, while a candid exchange between Examiner and applicant should be encouraged, an interview is not a meeting among deliberating public officials. It is a plea for an agency to grant rights that may be asserted against the public. The public is entitled to know the representations patent applicants make in securing the rights granted.

3. Upon allowance: Increasing the Examiner's burden at allowance is unlikely to increase clarity

The Internet Association is hesitant to support a requirement that the Examiner set forth a narrative at the conclusion of examination that provides a "detailed summary" addressing amendments, argument, and evidence of record.³⁴ This proposed requirement focuses Examiner time on summing up the record at the end of prosecution—a process that may have taken several years. It is a better to devote Examiner time to ensuring that applicants maintain clarity—by working with applicants throughout the prosecution to make certain that the record demonstrates that (1) all claims limitations are supported, (2) all key terms are defined, and (3) claim language used to overcome rejections is construed.

Furthermore, under the PTO's current proposal the burden would be entirely on the Examiner. The Internet Association suggests that the Office consider alternatives that place the burdens associated with record clarity upon allowance on the applicant—*i.e.*, those better positioned to bear additional burdens needed to bring clarity to the claims and the record.

³² *See id.*

³³ *See Oral Hearing Transcripts, available at* <http://www.uspto.gov/page/oral-hearing-transcripts>.

³⁴ *See Request at 6479.*

B. Automated Pre-Examination Searches Should Be Enhanced

The Internet Association supports the proposal to expand the PTO's automated pre-examination search capability. In particular, the PTO's pre-examination search capability should be extended beyond the current limits of U.S. patents and published applications to include non-patent literature. Non-patent literature, particularly in software examination, may contain the best art. Unfortunately, much of the useful prior art in the software area is embedded in computer code or detailed in non-digitized user manuals or technical disclosures. The Internet Association supports Office efforts to create a prior art repository to facilitate searches and the use of more advanced tools.

The Internet Association further notes that automated pre-examination searches would be greatly enhanced by the requirement—proposed above in Section II.A.1—that applicants identify and define key terms used in their claim when filed. The identified terms (and perhaps additional terms from the definition) could be profitably used in any pre-examination search.

C. Applicant Requests For Midstream Quality Assurance Review Are Unjustified And Unnecessary

While the Internet Association unreservedly supports the PTO's goal of enhancing patent quality, it believes that some of the Office's proposals would not effectively further that goal. For that reason, the Internet Association opposes the proposal to permit individual applicants to request Office of Patent Quality Assurance (OPQA) review of their particular applications. As the Office recognizes, its "time and resources are limited."³⁵ Those limited resources are better spent on improving overall patent quality than on assisting dissatisfied applicants that already have ample recourse to obtain review of their individual applications.

1. The Office of Patent Quality Assurance should focus on overall quality

The benefit to the public of each patent quality initiative must be measured against the burdens imposed on the patent applicant and the Office. The Internet Association believes that here, the additional burden on the OPQA—one likely to interfere with its valuable work—will not be met by a corresponding increase in examination quality.

The role of OPQA is not to police Examiner procedural errors or address the merits in applicant-selected cases, but rather to investigate and maintain quality throughout the Office. OPQA review is one of the very few mechanisms for reviewing the grant of a patent on the merits. This Office-wide review of patent grants—currently limited to less than 1% of all patent

³⁵ *Id.* at 6478.

allowances in a given year—will be diluted if OPQA review may be invoked by any dissatisfied applicant in a particular application.³⁶

Because few applicants will request that OPQA review allowances that are less than rigorous, the likely result of instituting applicant-requested reviews would be less OPQA time to review allowed cases. To the extent the Office plans to make additional resources for OPQA review available to institute this proposal, those resources would be better used to review additional allowed applications.

2. Dissatisfied patent applicants already have ample recourse

Unlike the public, dissatisfied patent applicants have well-defined mechanisms to obtain review of any application that stands rejected for any reason. These current review mechanisms render on-demand OPQA review unnecessary.

Patent applicants dissatisfied with the merits of examination may appeal the decision to the Patent Trial and Appeal Board.³⁷ While full appeal may take some time for certain art groups, clear errors—of the type this proposal seems to be addressing—may be corrected in short order by an Appeal conference, or even more quickly by requesting a pre-Appeal Brief conference.³⁸

Patent applicants dissatisfied with procedures used in examination may petition the Director for review.³⁹ Such petitions are generally handled by the Director’s delegate, which may include the Tech Center Director, the Office of Petitions, or the Office of Patent Legal Administration.⁴⁰

Moreover, in every situation, applicants—after first seeking resolution from the Examiner—may call the Supervisory Patent Examiner (“SPE”) responsible for the case or informally seek higher review up the chain of command within the Tech Center.

Finally, the Ombudsman program exists in every art unit to assist applicants and their representatives in applications that suffer a “breakdown in the normal application process.”⁴¹

³⁶ See Office of Inspector General, Department of Commerce, *USPTO Needs to Strengthen Patent Quality Assurance Practices*, Final Report No. OIG-15-026-A (April 10, 2015) at 2 n.c, (“Inspector General’s Report”).

³⁷ See 35 U.S.C. § 134.

³⁸ See MPEP §§ 1207.01, 1204.02.

³⁹ See 37 C.F.R. §1.181.

⁴⁰ See MPEP §§ 1002.02(b)-(o).

⁴¹ See Ombudsman Program, available at <http://www.uspto.gov/patent/ombudsman-program>.

Thus, in addition to all the formal and informal procedures available to the patent applicant, the Ombudsman can assist in getting a derailed application “back on track.”⁴²

III. Measuring Patent Quality Proposal: The PTO Should Reevaluate Its Patent Quality Metrics

The Internet Association believes that measuring patent quality begins with the end product—issued patents. That is, the PTO’s quality metrics should be focused on whether allowed applications should issue as patents and correction of prosecution errors that lead the Office to issue low quality patents.

But the PTO’s Quality Composite Metric heavily weighs subjective factors such as surveys—*i.e.*, the perceptions of applicants and Examiners—and procedural factors—*i.e.*, the quality index report, which apparently measures PTO-wide compliance with compact prosecution timelines.⁴³ The subjective factors, particularly the perception of applicants, would appear to skew toward higher quality with more allowances, and should likely be separated out from any hard measure of patent quality. Similarly, procedural compliance should not be relevant to issued-patent quality, particularly because the PTO’s procedures have been linked to poor quality patents.⁴⁴

Furthermore, there is a stark disconnect between the poor quality of patents that members of the Internet Association see asserted every day—detailed above—and the PTO’s “final disposition review” metric, which currently stands at 97% compliance and has been between 94.4% and 96.6% since 2009.⁴⁵

Regardless of the ultimate changes to patent quality metrics, the Internet Association would encourage transparency in the Office’s gathering and use of patent quality data. Given the focus on process in the current metrics, making available all data gathered across all patent applications would allow for parties outside the Office to assess quality and to assist in the identification of trends and areas for training. In particular, data broken down by technology or claim type might well show a need to refocus resources on a particular area—*e.g.*, software patents with functional claims.

⁴² *See id.*

⁴³ *See* Request at 6478 and documents cited therein; Inspector General’s Report at 12.

⁴⁴ *See* Section IV.A., below, and references cited therein.

⁴⁵ *See* USPTO Data Visualization Center, *available at* <http://www.uspto.gov/dashboards/patents/main.dashxml>; *see also* Inspector General’s Report at 11.

IV. Customer Service Proposals

Before commenting on the PTO’s individual “excellence in customer service” proposals, the Internet Association first addresses an overarching fundamental issue with these proposals—their emphasis on the “customer.” Indeed, the Internet Association objects to the terms “customer service,” “customer satisfaction,” “customer experience,” “customer interactions” and “customers” used throughout the Request.⁴⁶ This language reflects a view that inappropriately exalts patent applicants over the general public that the patent system, and the PTO, must ultimately serve.

The Supreme Court has long understood that “the primary purpose of our patent laws is not the creation of private fortunes for the owners of patents, but is ‘to promote the progress of science and the useful arts.’”⁴⁷ And the Court has further instructed “that the primary responsibility for sifting out unpatentable material lies in the Patent Office. To await litigation is—for all practical purposes—to debilitate the patent system.”⁴⁸ Thus, the PTO’s role in the system is not to serve “customers” but rather to separate the nominal advance from the patentable invention, rejecting the former and granting the latter when properly defined.

Similarly, Congress has identified those who appear before the Office seeking powerful rights against the public: They are not “customers”; they are “applicants.”⁴⁹ And unlike the proverbial customer, applicants may be right or wrong in seeking a patent.

Respectfully, the PTO’s top priority should be the public’s interest in promoting innovation. That interest should be paramount in all of the Office’s actions and proposed actions. The gloss of “customer service” suggests a different priority.⁵⁰

With that view in mind, the Internet Association now addresses each of the Office’s “customer service” proposals.

⁴⁶ Request at 6475 (“customer experience”; “customer service”), at 6476 (“customer service”; “customer interactions”×2; “customer experience”; “customers”), at 6477 (“customer support”), at 6478 (“customer service”×2), at 6480 (“customer satisfaction”; “Customer Experience”; “Customer Service”), at 6481 (“Customer Experience”; “Customer Service”).

⁴⁷ *Quanta Computer, Inc. v. LG Electronics, Inc.*, 553 U.S. 617, 626 (2008) (quoting *Motion Picture Patents Co. v. Universal Film Mfg. Co.*, 243 U.S. 502, 511 (1917) (quoting in turn U.S. Const., Art. I, § 8, cl. 8)).

⁴⁸ *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 18 (1966).

⁴⁹ *See, e.g.*, 35 U.S.C. § 2.

⁵⁰ *See* Lemley, *Rational Ignorance* at 1496 n.3 (The focus on “‘helping our customers’ get patents . . . is an indefensible position for a quasi-judicial administrative agency that is trusted with representing the public interest in deciding whether to issue patents.”).

A. The PTO Should More Broadly Evaluate Its Compact Prosecution Model

The Internet Association supports the PTO’s evaluation of its compact prosecution model. But the PTO’s focus on a single step in prosecution is far too narrow.⁵¹ Any evaluation of the PTO’s examination model should include a transparent reevaluation of:

- the PTO “count” system, whereby Examiner work quantity is recognized and rewarded;
- the PTO quality control processes for evaluating the quality of Examiner work; and
- the PTO policy of allowing indefinite prosecution before the examining corps.

Both the count system and the PTO’s review policies appear to incentivize Examiners to issue patents regardless of the merits rather than to perform high quality examinations.⁵² More transparency is needed with respect to how the PTO evaluates and rewards its Examiners.

Moreover, indefinite prosecution wherein an applicant can maintain an application—and a multitude of co-pending continuations thereof—before the examining corps indefinitely cannot contribute to patent quality. Instead, it allows the applicant to wear down an Examiner over time, or hunt for a more pliable Examiner through continuation practice, without ever appealing to the PTAB or Federal Circuit for a definitive ruling on patentability.⁵³ This can only increase the Examiner’s incentive to find patentable subject matter.⁵⁴

B. Nationwide In-Person Examiner Interviews Will Not Enhance Patent Quality

The Internet Association does not support expanding the Examiner’s responsibilities to include travel to a “remote interview location” on demand.⁵⁵ The amount of resources—in

⁵¹ See Request at 6479.

⁵² See Clarisa Long, *The PTO and the Market for Influence in Patent Law*, 157 U. PA. L. REV. 1965, 1990-91 (2009); see also Inspector General’s Report at 18 (explaining how some Examiners use quarterly end loading to pressure supervisors to approve decisions without sufficient time to review).

⁵³ See Michael D. Frakes & Melissa F. Wasserman, *Does The U.S. Patent And Trademark Office Grant Too Many Bad Patents?: Evidence From A Quasi-Experiment*, 67 Stan. L. Rev. 613, 616-617 (2015).

⁵⁴ See *id.*; Learned Hand’s view that “the antlike persistency of solicitors has overcome, and I suppose will continue to overcome, the patience of examiners, and there is apparently always but one outcome” is regrettably more apt nearly a century later. *Lyon v. Boh*, 1 F.2d 48, 50 (S.D.N.Y. 1924) *rev’d on other grounds*, 10 F.2d 30 (2d Cir. 1926).

⁵⁵ See Request at 6480.

Examiner time alone—devoted to such interviews would be a significant loss for the Office. If the Examiner travel time were considered to be part of the Examiner's allotted time for examining the application-in-question, this proposal would tend to reduce the quality of that examination. If, on the other hand, the Office has a mechanism for allotting additional time for examination, that additional time would undoubtedly be better spent examining the application.

A more prudent use of the Office's limited resources would be to expand and further improve the PTO's collaboration tools, which are already in place and permit electronic face-to-face interviews.⁵⁶ The Internet has opened up modern communication for individuals, businesses, and government. In every stage of life, communication has been made easier by the Internet. The PTO—the government leader in utilizing a remote work force—should not take a step backward by requiring Examiners to spend additional time traveling to interviews. Instead, the PTO should continue to provide better tools for Examiners to do their jobs all around the world without leaving their desk.

An added benefit of providing Examiners with the best tools for digital communications is that interviews conducted using Internet tools may be easily recorded and entered into the record so that the public may see and hear everything the Examiner is told and shown during the interview. The benefits of recording all interviews are discussed above with respect to clarity in the record. Sending Examiners to remote facilities for interviews with applicants will only make it more difficult to record the interviews and bring clarity to the record.

CONCLUSION

The Internet Association understands that raising the quality of patents is an ongoing challenge with no easy panacea. But each low quality patent that the Office does not issue—or each high quality patent with clear claims limited to an actual invention properly disclosed that is issued—will eliminate a potential resource sink in patent litigation and enforcement (particularly by PAEs), in licensing, and in post-issuance proceedings. The PTO's proposals modified as suggested would be a recognizable positive step in addressing and ultimately reducing the effects of low quality patents throughout the patent system.

⁵⁶ *See id.*