



PLEAS (Patent Litigation Expense Avoidance System)

I was prompted to begin writing this two years ago upon receiving the following post from the PIAUSA.org Discussion Listserv:

THU., AUG 27, 2009 - 10:36 AM

Wanted: a patented plan for reform

A State Journal editorial

America 's ability to invent its way to new economic success is being handicapped by, of all things, the agency that is supposed to promote and protect innovation -- the U.S. Patent and Trademark Office. The overworked and underfunded agency has become a barrier to the entrepreneurship and invention needed to create jobs and income. Wisconsin 's congressional delegation should make it a priority to help solve the problem.

At stake is Wisconsin's ability to benefit from the innovative technologies developed through UW-Madison research and by entrepreneurs.

. . .As a result, the office has lacked the money to hire and train patent examiners to handle an increased workload.

In fact, the office is now under a hiring freeze and has canceled all overtime.

The raiding of fees has stopped, at least temporarily. But the office needs a reform plan -- including a permanent end to fee raids -- to restore its ability to serve America 's cutting edge competitiveness. Wisconsin 's representatives and senators should promote that reform.

And later reading the following from WIPO¹:

Geneva, September 18, 2009

PR/2009/604

A two-day [international symposium](#) concluded on September 18, 2009 with broad agreement on the need to pool efforts at the international level to address the problem of backlogs in patent applications.

Closing the first [Global Symposium for Intellectual Property Authorities](#), WIPO Director General Francis Gurry referred to [recently published data](#) that showed that the global backlog in unprocessed patent applications around the world in 2007 was a staggering 4.2 million. These backlogs have grown on average at a rate of 8.7% over the past five years. "This is unsustainable," Mr. Gurry said.

"We have moved beyond consciousness of the need to address unsustainable processing of patent applications to action," Mr. Gurry said, noting that the main challenge of the future is to promote coordinated international action to enhance efficiency of operations and encourage dissemination of best practices in modernizing the infrastructure, operations and management of IP offices.

The United States Patent and Trademark Office ("PTO") overload (i.e. the increased pendency time and resultant delay in issuance of patents) is not a problem unique to Wisconsin or any other state, or even any other country, it is a world-wide problem, as evidenced by the WIPO/OMPI post. I have practiced patent law in Texas, Oklahoma, Connecticut, New Hampshire, Missouri, and now in Illinois over a 40 year career. I have trained at WIPO in Geneva and talked over this issue with IP attorneys from all 7 continents

¹ http://www.wipo.int/pressroom/en/articles/2009/article_0035.html

at length. The problem exists in each of those places, too. It is national problem, and an international problem, as noted by WIPO above. Unlike the Wisconsin attorney posting the first post above, I think the problem is not with the United States Patent and Trademark Office, and I do agree with WIPO Director Gurry that action is promptly needed to increase efficiency. I write this article to propose an elegant, but simple solution, and submit that the real problem is with the patent system itself. Relatively simple but very dramatic changes to our current patent system, or those of any other country, could make efficient use of the best resources available to minimize cost, maximize quality, maximize speed, increase certainty of result, increase the incentive to disclose, and make the system more impartial to all. This has increased urgency, since the US is about to enact “patent reform” legislation that may well make the current ineffective system much, much worse, particularly for small businesses and independent inventors such as those I specialize in representing.

Subsequent to writing the initial draft of this in October 2009, I came across several real life examples that emphasized the problem. One, an inventor who, due to the high cost of patent preparation, and despite knowing patent preparation is an art that may well require the expertise of an experienced patent attorney, filed his application pro se in 1996 as a provisional and in 1997 as a regular utility patent application, but prosecution took until 2002 to get his patent. Meantime the industry adopted his invention. Bad enough you might think, but it gets worse . He is an independent inventor and the main infringer is the Government, and the damages, even at a several million dollars are still small enough that no large contingent fee firm really wants to take it on, so he is left with a wonderful patented invention that is bringing him no reward despite having done the right thing by protecting it with a patent. Then, another independent inventor came to me with a nifty motorcycle accessory invention that he had taken to an invention submission firm and gotten scammed even to the point of having his maintenance fee check cashed by the scammer so his patent lapsed. These are not all that unusual as any patent attorney who has dealt with independent inventors knows all too well. This patent prosecution delay followed by inability to financially protect a smaller patent is the death of many a new invention and disillusion many a small inventor with the system. We all suffer as a result when great new ideas never see the light of day because of this.

There is a solution, I submit. I call it PLEAS. That’s for Patent Litigation Expense Avoidance System. My purpose in writing this article is to make my pleas that we please consider something like PLEAS so we can address the problems identified by WIPO Dir. Gen. Gurry. This system I propose below relates to the United States and utilizes the United States Patent and Trademark Office to better efficiency by adopting an “explosive” procedure I call, pun intended, an IED². Or if you prefer things you can eat, we can call it PIES³, Patent Infringement Examination System, to emphasize its key new feature. Although proposed

2IED is normally used to refer to a improvised explosive device , e.g. a terrorist’s home made bomb.

3PIES, is also the acronym used by bomb experts for the components of an IED – power source, igniter, explosive & switch.

for the USA, the system should be applicable to any patent system in any country and should, once adopted, rapidly bring the backlog situation under control.

So here are the components of PIES or PLEAS:

1. Go to omnibus claiming⁴ or eliminate claims altogether in patent applications and thus greatly reduce both preparation cost and time and examination cost and time. The technical disclosure would still be present to advance the useful arts⁵ and the “certainty” now provided by claims would be achieved by other means described below.
2. Pre-issuance examination of patent applications would then be primarily just as to formalities⁶, and prior art⁷ searching by patent examiners prior to such issuance would be unnecessary. Without the need for prior art searching, and with electronic processing⁸, the backlog of unexamined applications should drop dramatically as searching time would be unnecessary at that stage. As to this lack of prior art search by a patent examiner prior to issuance or publication, it might be wise policy to allow patent applicants to have a patent search done and submitted to the PTO by a registered patent searcher, i.e. one registered by the PTO after examination as to his objectivity and thoroughness. This patent searcher

4For example the omnibus claim present in design patents is “My ornamental design as shown and described above.” For a utility patent, it could be “My invention as shown and described above.”

5Article 1, Section 8, Paragraph 8 of the Constitution states “To promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.”

635 U.S.C. §112

735 U.S.C.§§102 and 103

8http://www.uspto.gov/ebc/efs_help.html

registration could be issued by OED⁹, in much the same way as a patent attorney or patent agent registration is issued. As a long-time experienced patent attorney, I would expect pendency to drop dramatically within a year or less to just a few months under such a system from its current level of about three years pendency. The drop should be to a pendency time well below the current goal¹⁰. In fact, I think patent application pendency times would probably go down to less than 3 months and wouldn't that be a marvelous change for all involved with patent prosecution?

3. More patents would issue (because prior art rejections would be eliminated) and that would result in more of the enabling best mode technical disclosures, which would better advance the progress of the science and useful arts.¹¹ Before getting too alarmed about a plethora of invalid patents, read on.

4. We already do omnibus claiming on design patents, and there are few complaints. In 35 years of patent practice, I can't recall ever hearing anyone contend that the coverage of a design patent is uncertain to the point of not letting the public know what is covered. One argument against this is that design patents are specific and limited by the drawings while utility patents need to encompass all that is disclosed and not obvious from the prior art. Admittedly, it is much more difficult to assess the scope of a utility patent than a design patent because scope is determined from words rather than drawings. The mode of construction or operation is often key to the coverage of a utility patent and that requires reading and interpreting often complex technical words as well as drawings. So, I have proposed below a solution using the United States Patent and Trademark Office and its skilled examining corps to solve the uncertainty and this solution is described below.

5. Here's why this would work. So few patents are ever litigated that it would make economic sense to focus resources more on those patents that are likely to be litigated. This would save the time

⁹United States Patent and Trademark Office of Enrollment & Discipline, which is already set up to administer tests for registration of new patent attorneys & agents. OED could easily also administer tests for registration of new patent searchers and maintain a roster of registered patent searchers. Such a registration would really help independent inventors get a quality patent search, as under the current system there is no such registration and inventors really have no good way of knowing if a searcher is qualified. Indeed, the list could also specify the technical field for which the searcher is registered, which would be of great interest to inventors and patent attorneys alike.

¹⁰Currently the goal is 14 months and the average is close to 30 months.

¹¹See footnote 4 above.

and effort that now goes into searching the majority of patents, about 85%, that are of insufficient commercial value to license or litigate. Under my proposed system, the applicant for patent on an economically insignificant invention (and often we do not know in advance which ones they are) gets the reward and distinction of a patent on his invention and gets it quickly and without aggravating back and forth of a process he or she does not understand and cannot navigate without expensive help from people like me, a registered patent attorney. In fact, in my system every applicant who fills out the forms correctly and submits a proper disclosure will get the honor of a patent certificate. I have run inventors' clubs for 15 years and can say with absolute confidence that independent inventors ("small inventors" who come up with a majority of the BIG inventions) would love this approach. First, it would lower their cost since they would not need to bear the cost of prior art patent examination by the Office since only formal examination would be required at minor cost more like that of a copyright application. That might cut both applicants' and the Office's cost by 80% or more, which to a struggling small inventor is huge, often the difference between filing and not filing a patent application. Second, it would reduce pendency so they get their patents quickly. The biggest frustration of independent inventors I deal with is not the cost but the fact that it takes so long to get a patent. Independent inventors not familiar with the extensive examination and back and forth negotiations of patent prosecution often think that it's inexcusable for their government to take three years to issue a patent. I, for one, think they are absolutely right. It is inexcusable, and they are right to be mad as hell that THEIR government doesn't serve them better.

6. The instant knee-jerk reaction I get from most patent lawyers to this "registration patent system" proposal is a quick "That will make patent coverage uncertain and stop investment in new technologies covered by patents." To that I say in Johnny Carson style "Oh not so fast mutton breath, I have a solution." What could it be, you say? To that I first ask if there was a solution under which certainty would be better achieved without claims, would that be of interest to most inventors? The answer is obviously, a skeptical "Yes, if that were actually possible." And, it would be if patent examiners were making the factual and legal decisions on scope of coverage such as the infringement issue in patent litigation or upon payment of an examination fee without litigation. That infringement examination fee would be paid, for example, where a competitor starts using a similar item and either the competitor or the patentee wants to know if the similar item infringes the patent. The examination fee might also be paid where a prospective license or assignment exists to justify the expense involved. That is, patent examination would only refer actual controversies and actual inventions of commercial importance to the PTO examining staff and let the patent examiners spend their time on those. That puts the examination focus where it matters most, on items of real value rather than wasting valuable patent examiner talents on a myriad of insignificant claims which will never see a dollar transferred because of them. This system would get the patent infringement issue out of the often inept, unqualified and unpredictable hands of District Court judges and juries, who are patent novices and scared by technology they do not comprehend and patent laws they do not understand. To paraphrase former Sen. Lloyd Bentsen's most famous quote, I would like to say to almost any US District Court Judge in a patent case: "Sir, I've been friends with a good number of patent claim experts. I know patent claim experts, and sir, you're no patent claim expert." Although the US District Courts have exclusive trial

court jurisdiction over patent infringement cases¹², few District Court judges have much, if any, technical expertise in the technologies involved¹³ and few have any expertise in patent law¹⁴. Indeed, very, very few (if any) District Court judges are registered patent attorneys. The world's best patent claim experts I have seen are sitting in offices in Alexandria, Virginia at the United States Patent and Trademark Office and are called patent examiners. Patent examiners can usually decide in minutes (and often, instinctively in seconds¹⁵) scope of claim issues, infringement or non-infringement, claim construction issues, written description issues, enablement issues, inequitable conduct issues, each of which might currently take a judge or jury unfamiliar with patents, years and millions of dollars¹⁶ to decide, and the patent examiners' decisions would be far fairer, far more consistent and far more predictable. If patent examiners, upon demand, presentation of a claim, proper description of the allegedly infringing item, and payment of a fee to cover the expense involved, could decide patent infringement questions, better decisions rapidly made would result¹⁷. This would result in a body of precedent as to each patent and to infringement analysis in general, and the more valuable the patent the more of these "infringement examination decisions"¹⁸ there would be and thus the more and more certainty as to what is and isn't

1228 U.S.C. §1338 http://uscode.law.cornell.edu/uscode/html/uscode28/usc_sec_28_00001338----000-.html

13After all, in be valid, claimed inventions (i.e. patent claims) are required to be not obvious to artisans of ordinary skill in the technologies to which they pertain. 35 U.S.C. §103

14Patent infringement cases are rare for most district court judges. It would not be unusual for a district court judge to have only one patent trial, on average, in a year.

15Almost any registered patent attorney can verify this from countless interviews with patent examiners on pending applications. Patent examiners must be able to do this or they will not survive at the United States Patent and Trademark Office because they are rated on their speed of "disposal" of patent examination issues.

16A full blown patent infringement suit will currently run \$2-5 million and take 5-10 years. A patent examiner could probably decide the ultimate issue of infringement more reliably and fairly in less than a day at under a \$1000 cost, as that is what they must to in every patent examination they perform.

covered by that patent. What a pity, we have this incredibly talented group of scientists and engineers¹⁹ sitting in Alexandria wasting their efforts examining mostly insignificant claims relating to insignificant inventions when my approach would put them to a magnificent use that would take the tedium out of their jobs and make them do critically important and interesting real life work. I am not a patent examiner, but I have known and worked with hundreds of patent examiners over the years. If I were a patent examiner, this change would make me ecstatic and change a tedious job into an exciting job that would make me absolutely love to come into work each day and give me great pride in what I did every day. I think patent examiner IEDs would actually make patents better and allow patents to yield their true value and make that value less dependent on who has the money to hire a top patent litigator and more dependent on the actual technical merits of the invention. Most patent examiners know their art so well that very few patent advocates are good enough to routinely get a bogus result from them, where that cannot be said to be true for a judge or jury unversed in patent law, unfamiliar with patent claims, unfamiliar with patent prosecution and ignorant of the technology involved.

7. A compromise solution might be that no claims are needed in a patent and current style patent claims are to be made and examined only upon special request alleging some threshold of commercial value, actual or potential licensing, actual or impending alleged infringement, or after filing infringement suit. If any of those conditions exist, then it is entirely proper and fit that the claims involved are examined on a top priority basis by the PTO, which then would have the benefit of knowing what is being commercially produced, what is alleged to infringe and what the likely commercial result of the claim would be on the infringement charge. For the patentee, this would give the huge benefit that the claims could be tailored to cover the allegedly infringing device if possible, subject of course to the statutory requirements of novelty, non-obviousness, enablement, best mode and antecedent basis. That

¹⁷Of this there can be no doubt, as this is precisely what the patent examiners do now. They are the world's best experts at locating prior art and determining if the patent claims submitted "read on" or are "obvious from" the prior art located. In other words, a patent examiner sees if the prior art would be infringed by the claim. If so, the claim is rejected. It would not be proper to issue a patent claim that would be infringed by something in the prior art, because that would have the effect of giving a patent applicant the right to exclude something from the public that is already in the public's possession. The prevention of such a result is why patent examiners are there and why patent applications are examined.

¹⁸This is a new kind of "IED", more deliberate but perhaps just as explosive as a roadside bomb when millions of dollars in commercial value are at stake.

¹⁹By almost all accounts the very best in the world at what they do.



would make the analysis infinitely more interesting for the patent examiner, and make a quantum jump in the importance to them of their work. That should, in turn, make them do a better job of examining. In that scenario, once the claims issued the licensing or litigation result would essentially be forced. Either infringement is found to exist or not, and what judge is going to second guess the best qualified experts in the world on patentability and claim interpretation in that technological area. For impartial decision on infringement, I would much prefer the decision of a patent examiner knowledgeable in the applicable technical field and familiar with patents and patent law than some liberal arts schooled, technophobic judge trying to dump the case or some unpredictable and technically unqualified jury thinking mostly about how neat it is to get a paid day off from work and how they will describe this to their family, their friends back at work or their buddies at the bar or club. Indeed, there is probably no one better qualified in the entire world to make infringement decisions than the patent examiner who has spent his career examining patent claims in that very field. What a pity that we don't make the best use of the best qualified decision makers and instead force these patent infringement decisions upon generally unqualified people with unpredictable results that all too often depend more on what advocate you can afford than the merits. I know as a patent attorney it would make my advice to clients much easier and more certain if I knew a patent examiner would be making the decision on infringement.

8. This description-only approach to patent applications²⁰ and use of IEDs²¹ would open up another possibility, that of protection for the inventor during pendency, in fact during the entire period of pendency of the examination. It would make a provisional patent application unnecessary as the provisional patent application (if done properly) is generally just that, a description without claims. The current fee for a provisional patent application²² is \$220.00 for a large entity²³ and \$110.00 for a small

²⁰Much like provisional patents are, if done right, under current practice.

²¹ See sections 6 & 7 above

entity²⁴ at the time this was written so the filing fee for a regular utility patent application filing, search and examination²⁵ under this system should be about the same, for an 80% reduction in patent filing fee. Currently the “basic filing fee” portion of the initial fees for a new utility patent application is \$330 for a large entity and \$165 for a small entity (\$82 if filing is done electronically) so that it is reasonable to estimate that would become about the filing fee for a regular utility patent application if you PLEAS. From the current \$540 and \$270 search fee and \$220 and \$110 examination fee²⁶, we can reasonably estimate that an IED as noted above would be priced at around \$750 for a large entity and \$375 for a small entity if you PLEAS. We can contrast that with the typical price of about \$500,000-\$5,000,000 for a simple-complex patent infringement decision at a US District Court. Also, once a patent application is filed and a patent claim is submitted for an IED, and the allegedly infringing device is adequately described to the patent examiner, the patent examiner would have all that is needed to render an IED. So, an inventor might be allowed to submit a patent claim with a description of an allegedly covered device and, for an appropriate fee (which would be gladly paid) receive an IED as to whether that claim is valid (sufficiently definite, supported by the description and not obvious from the prior art) and covers that device. Alternately, it might be left up to the patent examiner to write a claim based on the disclosure and examination of the prior art and to state whether that covers the device. That IED would, in turn, produce the certainty that is currently lacking during pendency as to what is and isn’t covered. A patent applicant that just wants the distinction of a patent would not need to spend the money to submit a claim and get an IED unless there appears on the market a possibly infringing item. On the other hand, a prospective licensee could get a patent claim from the applicant and pay for an IED and know whether or not the license is needed. The law could even be that an applicant for patent (or later a patentee) must provide a patent claim if a third party requests an IED as to that application (or patent)

²²<http://www.uspto.gov/web/offices/ac/qs/ope/fee2009september15.htm#patapp>

²³Over 500 employees

²⁴Under 500 employees

²⁵Currently \$1090 and \$545 for a large and small entity basic utility patent application filing, search and examination, respectively

²⁶See footnote 22 above

or the patent examiner will be authorized to write the claims, subject to a short period response by the patentee if the patentee thinks the examiner can be convinced to amend the claim. This would then give a mechanism for an IED that might in most cases avoid patent litigation since the IED would normally dictate the result of an infringement litigation and thus make the litigation moot except where a potential infringer is brazen enough to challenge the IED and put something the PTO has said infringes into the market notwithstanding the IED. That would be an extremely rare situation as the downside risks of being found a willful infringer (as in treble damages) would be unbearable for most businesses. In situations where the alleged infringer is an agency of the US Government (which has a huge advantage in resources over any patentee in an infringement matter) this would really level the playing field, as a favorable IED could be applied rapidly to get a settlement from the US Government since a Government agency will be quite obligated to accept its own Government's most expert finding on the ultimate issue of whether or not there is infringement. If the IED is favorable, the discussion would simply turn to how much the Government will have to pay for the infringement. I have represented and do represent inventors trying to collect for Government infringement and it is not a level playing field now, but this could make it so with proper deference being required by other Government agencies to an IED from the United States Patent and Trademark Office.

9. PLEAS please. Let us bring fairness, sanity, and certainty to the field of patents and patent litigation with a system that increases efficiency, enhances issued patents, reduces cost, reduces patent pendency times, increases certainty in patent infringement analysis, enhances the prestige and usefulness of patent examiners and the PTO, and benefits independent inventors and large companies alike. In 2007, at least 4.2 million patent applications were **pending** around the world. The USPTO accounted for around 28% of this backlog, followed by Japan, the EPO and the ROK.²⁷ The need is urgent.

²⁷http://www.wipo.int/pressroom/en/articles/2009/article_0034.html