

An Attorney Wish List For The Next USPTO Director

By **Ryan Davis**

Law360, New York (January 18, 2017, 3:23 PM EST) -- From managing the influx of America Invents Act petitions to grappling with emerging case law on patent eligibility, the next director of the U.S. Patent and Trademark Office will have a packed agenda. Here's a look at what attorneys want to see from the person President-elect Donald Trump picks for the job.

A fresh look at AIA reviews

Inter partes reviews and other AIA proceedings at the Patent Trial and Appeal Board have become the central battleground in many patent disputes since they became available in 2012, but some attorneys hope that the high rate at which the PTAB invalidates patents will spur the next USPTO director to re-evaluate the process.

"My personal view is that too many valid patents are being declared not patentable, and that can't be good for the country," said Brad Olson of Barnes & Thornburg LLP.

The examiners who issue patents and the PTAB judges who review them in AIA proceedings are all employed by the patent office, and many patent owners have argued that it is unfair to be granted a patent from one side of the USPTO, only to have it declared invalid by another.

The next director could work to ensure that examiners and PTAB judges are applying consistent standards so that patent owners can better rely on the rights issued by the patent office, said Angus Chen of Frommer Lawrence & Haug LLP.

"There should be more communication so that there is harmonization between the examiners who issue patents and the PTAB judges that review IPR petitions so that everyone looks at them in the same way," he said.

One way to ensure uniformity and predictability at the USPTO would be to have examiners, who generally have a technical background, and PTAB judges, who are generally experienced patent practitioners, work more closely together, said Fabio Marino of McDermott Will & Emery LLP.

"There is an opportunity for the PTAB judges to be involved in the training of examiners, which would likely result in a better exchange of ideas between the two parts of the patent office," he said.

Such an approach could appeal to Trump, whose campaign was largely focused on jumpstarting the domestic economy and bringing business and jobs back to America, Olson said.

"Hand in glove with that would be an attempt to reinvigorate the intellectual property system in the U.S.," he said.

Keeping up with the PTAB workload

In addition to evaluating the outcome of proceedings at the PTAB, simply keeping pace with the vast number of petitions challenging patents at the board will need to be a top priority for the next USPTO director, attorneys say.

The board has received about 1,600 new inter partes review petitions each of the last two years, which is considerably more than the office predicted it would get when the AIA was passed. The board has so far effectively managed the workload and completed the reviews on time, but it will be up to the next director to ensure that track record continues.

Inter partes reviews "are so prevalent that the number of appeals from the PTAB is even higher than the number from district court. It's a remarkable trend," said Bart Eppenauer of Shook Hardy & Bacon LLP. "I think that is going to be a key area of focus, ensuring that IPRs remain a successful and effective means of making sure patent quality remains high."

The office has "done a remarkably good job" keeping up with all of the PTAB proceedings so far, said David Enzminger of Winston & Strawn LLP, but the rate at which new cases are filed could mean that the USPTO will need to fight for more resources or find ways to make do with less.

"The office has budget constraints, and you wonder whether they've got enough judges to handle the increase in workload," he said.

Staying on top of patent eligibility

The question of what is and is not patent-eligible has been the most vexing issue in patent law over the past several years in the wake of the U.S. Supreme Court's Alice ruling. The USPTO has responded to new decisions on patent eligibility by issuing guidance to examiners about how to apply them and has established a template for the next director to follow, attorneys say.

Eppenauer said that the patent office "has really done an admirable job of trying to navigate a very murky situation over the last few years."

"Hopefully the next director can continue on that trajectory, which has been highly beneficial to the user community," he said. "That will be the No. 1 issue the new director will have to focus on."

While the office has been upfront about how it is instructing examiners to apply patent-eligibility rulings by the courts, the next director will still face a difficult task parsing those decisions, according to Enzminger.

"Continuing to work through what is patentable and what isn't patentable in the software space is going to continue to be a struggle for the patent office since the individual decisions have not been as clear as people would like," he said.

Fighting for the USPTO budget

A new administration and a new USPTO director could present an opportunity for the office to push for its long-sought dream of being able to keep all the fees it collects, attorneys say.

Although the USPTO does not receive taxpayer funds and is supported by fees from patent applicants, Congress sets a budget for the office each year. If the office collects more than that amount in fees, the money is put in an account it can access with permission from Congress.

The office is frequently unable to keep all the fees it collects. During the across-the-board budget cuts known as sequestration in 2013, the USPTO was forced to cut its budget by \$148 million, and it has reportedly had more than \$1 billion of its fees diverted to other agencies since 1990.

The USPTO can't do much more than lobby Congress to pass legislation allowing it to keep all of its fees. The next director will have a chance to make the case that doing so would let the office hire more examiners, give examiners more time and take other steps to issue higher-quality patents, said Colette Reiner Mayer of Morrison & Foerster LLP.

"I would think that a top priority would be improving patent quality by ending fee diversion," she said.

Giving the patent office more resources would strengthen U.S. patents and would be in line with Trump's call to boost U.S. companies, Olson said.

"A rising tide lifts all boats, and that's something the new administration will understand," he said.

Continued outreach to the patent community

Under President Barack Obama's two patent office directors, Michelle Lee and David Kappos, the USPTO has placed an emphasis on greater communication with patent attorneys, applicants and industry groups, and attorneys say they would like to see that continue.

The USPTO has held numerous roundtables, public forums and "roadshows" across the country over the last several years to discuss patent eligibility, the implementation of the AIA and other hot-button topics. Having that level of transparency means that everyone in the patent community has a chance to help the office, Mayer said.

"There have been far more efforts to engage between the office and the patent community," she said. "Hopefully, that can continue because that has been really positive."

The chance to directly interact with USPTO officials has been invaluable, and it would be a mistake for the next director to cut back on those efforts, Eppenauer said.

"It has been very helpful to hear from some of the high-level examination officials about how they deal with these things," he said.

Similarly, attorneys said they would also like to see the USPTO continue to work closely with patent offices in other countries to further strong IP rights around the world, as well as a bigger role assumed by the satellite offices the USPTO has opened across the U.S. in recent years.

If a PTAB proceeding involves two Silicon Valley companies, it would be ideal for it to be heard in front of PTAB judges in the USPTO's San Jose, California, office, which is often not the case now, Marino said.

"If they can come up with a system that really takes advantage of the geography, that would be a potential improvement to the service of customers," he said.

--Editing by Christine Chun and Kelly Duncan.

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