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IN THE FAST LANE

BY MEG SATROM, ESQ.



Imagine you're stuck in an epic traffic jam, the kind that would make the evening news. You might be OK stuck for hours because you're not in a rush, or you might be in the type of rush that makes the wait an emergency.

The U.S. Patent and Trademark Office has had an epic traffic jam for years. Some estimate the backlog of patents is 300,000 applications deep with a three-year wait. Yet there's hope. The patent office has opened a lane of traffic for those willing to pay.



The recent America Invents Act ushered in a number of changes to U.S. patent law, among them a prioritized examination system that allows inventors to file claims for guaranteed review within one year of filing. And for some companies and inventors, the promise of a quick review is one that couldn't come quickly enough.

Dion Messer, an intellectual property senior corporate counsel with Limelight Networks, has already paid and cashed in on the quick reward. Limelight, a content delivery network service provider based in Tempe, Ariz., is in the midst of an intellectual property battle with a competitor, and Messer's focus is "obtaining as many high quality patents as possible, as quickly as possible," she said. "We want all of the ammunition we can to defend ourselves when litigation happens."

The new system, introduced at the end of September, has already delivered on its promise for quick response. Of 1,000 patents filed so far this fiscal year, 40 percent have been approved. Yet, the 1,000 filed since September falls well short of the 10,000-per-year allotment the office allows. Some patent attorneys are avoiding the new system in favor of the established channels.

Recent history of examinations

The patent office has attempted many fixes in recent years to address its backlog. Six years ago, it created Accelerated Examination, a program that promised patent results within a year. Three years ago, when David Kappos took over as director, the office promised additional fixes.

"There have been a lot of different techniques on how to get through the patent system more quickly," Tom Franklin of Kilpatrick Townsend & Stockton and Limelight's attorney said. One of the most recent was requesting Accelerated Examination, "which was very expensive" and involved expansive searches requiring increased costs for attorneys' time. Additionally, the search results had to be analyzed in an Examination Support Document and was an unattractive alternative for some because it created a written commentary that could later be used against the patent applicant.

"You were required to put together an analysis document and do an expansive search for any similar ideas, but if you did all of this, you might get a decision on your patent in a year." Accelerated Examination was used because it the only option to receive quick engagement at the time.

Other efforts involved using the Patent Prosecution Highway, which allowed a faster examination of applications that had been approved in other countries. The U.S., in conjunction with countries in Europe and Japan, started accepting applications from one another a few years ago. The process didn't provide automatic approval, as each country would review applications

fresh, but it did provide some context for U.S. examiners who might give deference to a patent accepted in another country.

More recently, Australia also joined the process, which helped some companies because patents in Australia can be quickly reviewed without jumping through extra hoops. Yet many companies don't have an interest in obtaining patents in more than one country or don't want to pay the additional fees associated with the transcontinental work.

"We used the Patent Prosecution Highway with some success, despite the costs associated with filing in more than one country," Franklin said, referring to a handful of Limelight patents he worked on in the eight years he has represented it. The Patent Prosecution Highway was often cheaper and avoided the written commentary while achieving a patent nearly as fast as Accelerated Examination.

Kappos also encouraged participation in the first action interview program, which requires patent examiners to make a personal call to the applicant providing a brief report on his or her findings. That's followed up with an hour-long in-person interview at the patent office in Washington,

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D.C. While the program has been around for some time, Kappos hoped to provide an alternative to the paper war.

Those interviews have long been a tool in negotiation for patent attorneys.

"Typically you'd file a patent application and you'd receive a rejection from the office that gives reasons why it wouldn't qualify for issuance, and then you'd start a paper battle," Franklin said. The in-person interview allows applicants to sit down across from the examiner and have a conversation. "My experience is that the examiner's thinking about the patent is much more malleable when the interview occurs early in the process."

Messer agreed. "In some of the cases we've interviewed, the examiners didn't even have an idea about what the patent was and why we were there, so it was a much easier conversation," she said.

But the backlog of patents, especially in hot areas like technology and software, kept mounting. The patent office at one time had an estimated first action date on some patents eight to nine years out. Even among the faster systems, there were still long waits.

That delay was troublesome for small



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companies relying on these patents to take off. In some cases, by the time the patent is issued the company had come and gone because it couldn't keep its doors open. And for some software ideas, by the time the patent is issued it is no longer relevant.

Limelight experienced some of those

setbacks, seeing a few of its ideas lose their viability in the wait time. It is still awaiting action on patents that were filed in 2004.

Prioritized examination takes hold

The introduction of the America Invents Act came with the promise of a guaranteed prioritized patent system. This new prioritized examination created a third track for patent applications. The first is the standard system with its backlog, and the second is a deferred examination. Patents only qualify for this third track if they are plant or utility applications; applicants must pay a \$4,000 fee in addition to the regular filing fees; and patents could only have four independent and 30 total claims.

Gary Connell, a shareholder with Sheridan Ross who practices primarily patent prosecution in bio-technology and pharmaceutical areas, has filed a relatively high number of prioritized patent examinations for his clients, and he is sitting on seven or eight applications, five of which have received substantive action since September.

Connell says that applying for prioritized examination takes some selling to

clients, who have to pay a higher amount up front and still may not get the result they want. Clients should understand the prioritized examination is ideal for narrowly focused claims, Connell said. "This will necessarily be a spare tool because it really has to be in the right circumstances."

"Early phase companies that don't have a patent portfolio are often more interested in the prioritized examination," Franklin said. Their quickly generated patent portfolios are used as a defense to established companies that might use their patent portfolio offensively to deter new entrants. An early phase entrant neutralizes the threat of patent litigation so that companies compete for business in the marketplace. "These early phase companies create a value proposition and surround that with as many patents as possible to protect themselves from patent litigation," he said.

For Messer and Franklin, prioritized examination has been ideal. And the work has been worth it, as one of the 15 applications they applied for received approval in 43 days and others are following. "We're getting engagement in months rather than years," Franklin said.

The why and why not

For some, paying fees upfront is a sacrifice worth its expense, but for others, there may be reasons to keep spread the costs over a number of years and stay in line.

Connell, like Franklin, was busy filing applications in the first weeks of the program. "We didn't have any idea how popular it would be, and we were concerned enough to get things in quickly," he said. As it turns out, the program has not filled up.

"On reflection it makes sense that a lot of companies in different technology areas already have hundreds of patents they file a year, so there is not one that is not deemed to be more important than another," Connell said. And for many that have pre-existing portfolios, there's no need to expedite more patents.

Additionally, in certain technology areas prioritized examination doesn't make sense, like the pharmaceutical industry, where companies can wait just as long for a patent as they do for FDA approval on drugs or for clinical trials to finish.

Ultimately, deciding on filing prioritized requests "depends on a case by case basis," Connell said. •

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