Patent Office Professional Association
Box 15848, Arlington, VA 22215

The Patent Reform Act Will Hurt, Not Help, the U.S. Patent System

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The Patent Office Professional Association (POPA), representing more than 5,200 patent examiners and other professional staff at the U.S. Patent and Trademark Office (USPTO), **opposes** the Patent Reform Act of 2007 (H.R. 1908 and S. 1145).

As now proposed, this legislation contains provisions that would hurt – not help – America's economic well being by weakening the U.S. Patent System.

- **Applicant Quality Submissions (AQS)**

  This requirement would make applicants provide a search report of all relevant patent and non-patent literature (prior art).

  The AQS requirement is dangerous. The USPTO wants to transfer the search from patent examiners to patent applicants. This would effectively outsource the search, allowing applicants to contract searches to anyone including foreign entities, bypassing the outsourcing protections of 35 U.S.C. 41(d).

  The search is a critical part of the examination process and should remain an inherently governmental function performed by patent examiners who are free of conflicts of interest.

  37 C.F.R. 1.56 already places a "duty of candor" on patent applicants to disclose relevant information to patent examiners. The AQS is unnecessary.

- **Inequitable Conduct**

  This change to the inequitable conduct defense would reduce or eliminate any enforceability of the existing "duty of candor" requirement or the proposed AQS requirement.

  The legislation would effectively remove inequitable conduct as a defense in infringement cases by first requiring a finding of prior art that invalidates the patent claim. If the claim is already invalid on the basis of the prior art, the issue of inequitable conduct becomes moot.

- **USPTO Funding and Fee Setting Authority**

  The legislation would significantly reduce Congressional oversight by giving the USPTO broad rule-making authority to set and adjust fees.

  While POPA supports allowing the USPTO access to all its fee income, we believe that continued Congressional oversight is necessary to insure efficient operations of the agency and to safeguard against elimination of outsourcing protections.

  We support allowing the agency to adjust its existing fees through the rule-making process. This will allow the agency to respond to changing economic and budgetary pressures more readily. The authority to create or eliminate fees, however, should remain with Congress.

- **Best Mode Requirement**

  The best mode requirement represents the very *quid pro quo* of the patent system. The U.S. Patent System is based on disclosure of inventions to the public. Eliminating the best mode requirement would significantly diminish the very worth of the U.S. Patent System as a driver of innovation.

- **First Inventor To File**

  POPA opposes the adoption of a first-inventor-to-file system unless and until foreign patent systems provide for grace periods for inventors analogous to existing U.S. patent laws.

- **Apportionment of Damages**

  The proposed legislation to limit damages would weaken patents and encourage infringement. POPA believes that existing laws and guidelines on damages are sufficient and should remain intact.

Needed Legislation: A Call to do the Job Right the First Time

The Patent Reform Act is an attempt to overcome some of the perceived shortcomings of patents that were issued because relevant prior art was not uncovered during examination. The proposed legislation attempts to solve the prior art problem by providing multiple opportunities for multiple parties to provide multiple prior art submissions to invalidate a patent. These rework solutions undercut the economic value of patents by dramatically increasing litigation costs and eliminating the certainty required by venture capitalists who provide funds to bring an invention to market.

A far simpler solution to the prior art problem is to retain experienced and highly skilled patent examiners and provide them with sufficient time and resources so they can uncover the relevant prior art during examination. The job should be done right the first time.

Despite increasing complexity of applications and growing volumes of prior art, the time allocated to examining a patent application has not changed since 1976.

To provide examiners with sufficient time, Congress should legislate a direct allocation of time for examination. The average time goal for examiners should equal the average total filing fee per application (Filing, Search, Examination and Excess Claim and Specification fees) divided by the average examiner hourly salary. The total filing fees represent approximately 30% of the agency's patent fee income, leaving more than two thirds of the agency's total patent fees for overhead expenses.