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IP FRONTIERS

Speed and the patent office: A contradiction?

You have just invented a fuel injection system that allows one to run an automobile on water instead of gasoline. The device is easily reverse-engineered and is readily manufactured from inexpensive parts.

You have decided that rather than allow the oil companies to suppress and conceal the invention — as has been reliably reported in the National Enquirer to have occurred in the past — you are going to seek a patent for your device in the U.S.

Speed in obtaining the patent is of the essence because knockoff artists will be on the market as soon as your device becomes a commercial success.

Meanwhile, your neighbor, Juan, has been working feverishly in his secret laboratory in the basement and has come up with the formula for the elixir of youth. He, too, has decided that he is going to seek a patent for his elixir in the U.S. His elixir, unlike your device, is not easily reverse-engineered and cannot be sold without the approval of the FDA, which moves with the speed of a mollusk on muscle relaxant.

You and Juan are both in luck. Well, you are in luck if you have lots of money — Juan, maybe not so much.

By PHILIP E. HANSEN
Daily Record Columnist

From 1790 to 2000, the U.S. Patent and Trademark Office had a single-track system of patent examination. You and Juan filed your applications, paid your filing fees, and waited in the queue for an examiner to pick up your application and begin examining it.

The queues varied in length depending on the technology. For your simple mechanical device and for Juan's elixir, the queue is about two years long.

Recently, and particularly under the new director, David Kappos, the USPTO has made earnest efforts to become more responsive and user-friendly. At the beginning of February, the USPTO announced that it is implementing the second track of a three-track system; a third track has been sketched out, but details remain to be ironed out.

The three-track system would consist of a fast-track, a medium track and a slow track. The medium track is the system that has been in place since the beginning of the USPTO. The first (fast) track is the subject of the newly proposed rules, which will presumably go into effect around July of this year. The third (slow) track is still percolating through the USPTO, although some of its features are in place in other programs.

Under the current system — Track Two, the medium track — you and Juan both wait in the queue for a bit less than two years to first action. Assuming that the examiner recognizes the truth and beauty of the inventions, U.S. patents are issued to you and to Juan about three years from filing.

Under the soon-to-be-implemented Track One, the fast track, you would have the opportunity to pay a surcharge of roughly $4,400. For that fee, your application would be taken out of order and examined under a tightly constrained examination process, which would result in the issuance of a patent at about 12 months from filing. At that point you could begin immediately enforcing your patent against the slimy infringers who have already begun ripping off your invention.

Juan, meanwhile, is in no hurry, because neither he nor anyone else will be able to market his elixir for at least four years, and more likely for five or six. He saves his money and waits in the queue. Even more to his liking, under the proposed Track Three, he would be able to pay a small sum (undetermined, but presumably in the $100 range) to have his application pulled aside from the queue for 36 months. Since the queue is itself 18 to 24 months and his application is merely put back into the queue at 36 months, this allows Juan to postpone the expense of prosecuting a U.S. application probably for a total of about five years from initial filing. Juan is not going to have a revenue stream until the FDA approves his elixir, so this suits him just fine.

In theory, the three track system sounds attractive. In practice, one can envision problems arising. First, applicants who have a lot of capital will be systemically favored over applicants who don't. Second, it seems probable that Juan is an anomaly; most applicants will want a patent as quickly as possible.

Even large pharmaceutical companies want to know early on what will be the extent of coverage for the tens of millions of dollars they are about to spend on FDA approval. As a result, it is predicted that Track Three, if implemented, will be functionally almost insignificant and Track One will become quickly overloaded.

It should be noted that programs not unlike Track One and

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Track Three already exist in USPTO practice. Both are used by less than 1 percent of applicants. The existing slow track system (known as 103[d], if it is known at all) is good for 30 months' delay (six months less than proposed Track Three), costs $130, and nobody uses it.

There is no reason to expect that usage will mushroom if it is modestly transformed into Track Three. The fast-track system currently in place (known as the "Accelerated Examination Program") requires that the applicant be willing to give up important procedural rights to obtain narrow claims whose enforceability is undermined by the process of obtaining them.

Not surprisingly, the current Accelerated Exam Program has not proven very attractive to applicants. However, when the only barrier to speed becomes money, rather than the relinquishing of rights, there is every reason to expect that Track One will rapidly grow in popularity among the well-capitalized.

Finally, it should be noted that at present there are mechanisms for jumping line in the two-year queue. One can analogize to a ski lift. The current programs for jumping line get you to the front of the line faster, but the lift is still going its regular speed. The Accelerated Examination Program and the soon-to-be-implemented Track One will get you in a separate line for the high-speed lift.

For line-jumping at present, there are three options: (1) be old or sick and file a petition; (2) invent something related to energy or environment and file a petition; or (3) get claims allowed in Europe, Canada, or certain other foreign countries and file a request for examination of those claims under something called the Patent Prosecution Highway.

Your injection device qualifies you for line jumping under provision (2). Fortunately Juan isn't in a hurry, because even if he had earlier qualified for (1), after taking his elixir, he would no longer qualify.

Philip E. Hansen is a registered patent agent, and partner with Heslin Rothenberg Farley & Mesiti PC. He can be reached at (585) 288-4832, (518) 452-5600 or at peh@hrfmlaw.com.