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

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The proposed Patent Reform Act of 2007 (S. 1145 and H.R. 1908) would make many significant changes to the U.S. Patent System. The Patent Office Professional Association (POPA) believes, however, that a number of these changes would actually hurt rather than help the patent system.

POPA represents the more than 5,200 examiners and other patent professionals at the U.S. Patent and Trademark Office (USPTO). We believe that a strong patent system is essential to the economic well being of America. Therefore, members of POPA have a keen interest in the provisions of the proposed patent reform legislation and how it will affect the examination process. It is POPA's position that the following provisions of the patent reform legislation will adversely impact the U.S. Patent System:

- **Applicant Quality Submissions (AQS)** – the patent reform legislation would allow the Director of the USPTO to require essentially all patent applicants to provide a search report identifying relevant patent and non-patent literature (prior art) that is relevant to the patentability of the applicant's invention. A good idea on its surface, but the devil is in the details.

  37 C.F.R. § 1.56 already places a "duty of candor" on each individual patent applicant "which includes a duty to disclose to the Office all information known to that individual to be material to patentability…" The penalty for failure could be invalidation of the patent on the basis of inequitable conduct before the Office.

  There is no reason to believe that the Applicant Quality Submission will put better information in front of the examiner during prosecution than is already provided for by 37 C.F.R. § 1.56. Nor is there any reason to believe that the USPTO will provide any more time to examiners to consider this additional information.

  The only real potential benefit to the Agency of the AQS is to increase efficiency by taking time away from examiners to search and have them rely upon the AQS as the search of the case. This is tantamount to outsourcing the search to the patent applicant and would contravene the protections on outsourcing set forth in 35 U.S.C. 41(d) as amended by Title VIII of H.R. 4818, the Consolidated Appropriations Act of 2005. POPA believes this would negatively impact the quality and integrity of the patent system.

- **Inequitable Conduct** – the legislation would make it more difficult to invalidate a patent on the basis of inequitable conduct of patent applicants or their agents. It would introduce a "materiality" standard, i.e., had a reference been disclosed to the USPTO, the examiner would have rejected the patent claim(s). POPA believes that this legislation would essentially remove inequitable conduct as a defense in infringement cases. Since the legislation would already require one to find a prior art reference that would render the patent claim(s) anticipated or obvious, the patent claim(s) would be invalid in view of the prior art reference. Courts would not even have to get to the issue of inequitable conduct to invalidate claims.

Further, while the USPTO would now require Applicant Quality Submissions to be submitted by all applicants, making inequitable conduct less of a threat removes the very enforcement mechanism the agency would use to insure the quality of the AQSs.

- **USPTO Funding and Fee Setting Authority** – S. 1145 would provide a permanent end to fee diversion and permit the agency to set and adjust fees through the rule-making process rather than statute.

  POPA has always been in support of allowing the USPTO access to all of its fees and, since 2005, the agency has had access to them. POPA is very concerned, however, of giving the agency broad rule-making authority to set fees.

  We do 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.

  Giving the agency the authority to set or create new fees, however, is taking away authority that POPA feels should remain with Congress. Taking the authority to set or create new fees away from Congress and giving it to the agency, would hinder the ability of the American public to have a strong voice, through Congress, in determining agency direction and actions. Further, this level of fee setting authority could allow the agency to change fees in such a way as to eliminate the outsourcing protections of 35 U.S.C. 41(d).

- **Best Mode Requirement** – Currently, 35 U.S.C. § 112, first paragraph, requires patent applicants to disclose in their patent applications, the best mode of making and using their inventions. H.R. 1908 would prohibit using the patent applicant's failure to disclose the best mode the applicant's invention as a defense to invalidate a patent.

  The best mode requirement of 35 U.S.C. § 112 represents the very *quid pro quo* of the patent system. The U.S. Patent System is based on disclosure of inventions to the American people. In exchange, the American people grant an inventor the exclusive rights to his/her invention for a limited time. To eliminate the best mode requirement from the patent law would permit applicants to gain a limited monopoly on their invention and yet not put the full disclosure of the invention into the public domain. Eliminating the best mode requirement would significantly diminish the very worth of the patent system, i.e., to disclose information to the American public.