

**From:**

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**To:** patent\_quality\_comments

**Subject:** Microsoft Comments on "Request for Comments on Enhancement in the Quality of Patents" - Federal Register/Vol.74, No. 235/December 9, 2009

Microsoft is pleased to provide the attached Comments on "Request for Comments on Enhancement in the Quality of Patents" - Federal Register/Vol.74, No. 235/December 9, 2009. Our comments are provided in both Word and PDF document formats. If you have any questions or need additional information, please do not hesitate to contact us.

Best regards,

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*Microsoft Comments on "Request for Comments on Enhancement in the Quality of Patents"*  
*Federal Register/Vol.74, No. 235/December 9, 2009*

Microsoft appreciates the opportunity to offer input on the Request for Comments on Enhancement in the Quality of Patents published in the Federal Register on December 9, 2009. We strongly support the objectives behind this request, namely: (1) improving the quality of the examination of patent applications and patents resulting from that examination, and (2) identifying quality issues that lead to patent process inefficiencies and reduce patent application pendency. Microsoft has been recognized for several years as holding one of the most valuable patent portfolios in the world by publications such as IEEE Spectrum, BusinessWeek, and the Patent Board. Microsoft has a clear stake in ensuring high patent quality, and we remain committed to partnering with the USPTO to develop effective and sustainable solutions to enhance patent quality.

Microsoft is one of largest customers of the USPTO and will be the third largest recipient of U.S. patents for 2009. Microsoft employs the services of over 100 patent practitioners around the country and we are currently prosecuting well over 13,000 pending applications. We have continuously supported USPTO efforts to improve patent quality and enhance examination efficiency, including fee adjustments and full access to fee revenue to fund examination initiatives, electronic filing and prosecution of patent applications, and proposed practice changes that address patent quality. It is with this spirit of partnership and cooperation that Microsoft is addressing the quality areas being raised by the USPTO.

We commend the USPTO objective of working with the patent community to improve patent examination quality and enhance the efficiency of the process, and we appreciate this effort

being taken to improve the quality of issued patents. While we recognize the importance of the specific issues and programs detailed in the Notice, we believe that the long-term success of the USPTO's quality efforts will largely be dictated by two factors:

1. Appropriately aligning the incentives of examiners and applicants with desired quality outcomes; and
2. The success of the USPTO's ongoing efforts with respect to examiner retention.

We recognize that the second of these two issues is well beyond the scope of the current request for comments, and thus we focus the majority of our comments below on the first of these objectives.

### **Specific Comments**

#### ***Quality Measures Currently Being Used by the USPTO***

In large part, the USPTO has already identified – and is using -- appropriate measures of quality. However, while Microsoft believes the Office has identified appropriate metrics, we have several suggestions regarding how such metrics are used both to identify problems and to trigger incentives that drive examiner behavior.

At a general level, great care must be taken in selecting quality metrics to avoid introducing unintended consequences. An overly restrictive or punitive approach to examiner incentives may cause them to be understandably reluctant to allow cases even when the case should be allowed under the law. Similarly, an overly liberal or misaligned incentive system may unintentionally reward behavior that lengthens pendency or that results in the allowance of applications that should have been rejected under current law. Overall, while we applaud the improvements the USPTO has made to date, we believe that significantly more could be done to align both examiner and applicant incentives to support the ultimate goal of increasing patent quality.

Along these lines, we would advocate a focus on using in-process review as a mechanism for ensuring appropriate guidance and training for examiners. Available assistance to examiners who have a difficult decision to make (in order to make a correct decision in the first place) would do more to improve quality than punishing examiners for bad decisions after the fact. Examiners should view quality programs as resources, not adversaries. In this light, we want to commend the USPTO for the changes instituted along these lines and encourage further moves in this direction.

We also encourage a balanced “two-sided” approach when metrics are selected. A quality metric that measures incorrect issuances will tend to lead examiners to reduce issuances, which risks increasing incorrect rejections. Similarly, a focus only on incorrect rejections risks the similar unintended effect of increasing improper allowances. Therefore, the Office should take care to employ balanced metrics including both cases that were incorrectly allowed and cases that were incorrectly rejected. The motivation with such metrics in place is to minimize all errors, not just

one at the expense of the other. Therefore, if the USPTO continues to measure allowance error rate, we would encourage also measuring rejection error rates.

There are some internal indicators of rejection error rate that the USPTO can (and probably does) already examine. First and foremost is the reversal rate on appeal at the BAPI. The USPTO can also look to the outcome of the Pre-Appeal Board Conferences to see how many cases are returned to prosecution rather than being sent to the BAPI. These two numbers will give indications of the rejection error rate in those cases that applicants appeal. However, there remains the error rate on those cases that are not appealed which must be accounted for if a complete assessment is to be made.

Underlying the errors noted in any quality review is at least one of three principles: 1) an incorrect understanding of the scope of the invention; 2) an incorrect understanding of the prior art; or 3) an incorrect application of the law or procedure. It is unclear to us whether errors are driven down to the root cause when noted so that systematic improvement can be made. Certainly, if root causes are identified and tracked, they are not made public. At the very least, public reporting of root causes and patterns will help all understand how to improve quality. Furthermore, publishing the findings of the OPQA in aggregate form will help the transparency of the USPTO on quality.

Quality of a case in prosecution is best assessed during prosecution. Currently there is no formal mechanism for applicants to identify quality issues in an ongoing case without fear of retribution. If an applicant believes it has received repeated incorrect rejections, is being treated unfairly, or has any other concern over the conduct or quality of prosecution, there is no mechanism to bring these issues to the attention of those charged with ensuring quality in the Office without fear of retribution. Such a mechanism would help identify issues and provide applicants with a needed service.

We believe that similar mechanisms should be instituted by major applicants for USPTO concerns about the behavior or conduct of individuals representing applicants in prosecution efforts. For example, Microsoft has instituted an initiative to provide examiners with a point of contact to provide concerns or complaints about any attorney working on behalf of Microsoft before the USPTO. The response by the Office has been positive, and the information received has helped Microsoft improve not only the quality of our representation, but also relationships with examiners. The USPTO should encourage examiners to take advantage of any such arrangements provided by applicants in order to make quality adjustments in the course of business, rather than as a reaction to an organization-wide initiative.

The goal of such feedback mechanisms on both the USPTO and applicants should be to build a strong, more cooperative, more professional, and ultimately more valuable relationship and pattern of interaction between examiners and applicants.

### ***Whether the Quality of Prosecution Can Improve Pendency***

Microsoft is unaware of any statistics that will definitively prove that quality of prosecution can improve pendency. However, Microsoft does have internal statistics on our cases and we can

state with authority that when applicants and examiners work together to identify the issues early and completely, prosecution is shortened significantly. On the other hand, when the examiner misunderstands the invention, when Microsoft misunderstands the examiner's concerns, when new issues are raised along the way (either by Microsoft or by the examiner), prosecution drags out.

Both applicants and the examining corps have shared responsibility for reducing unnecessary continuations. Statistics on Microsoft's portfolio demonstrate the variability from year to year we experience without changing our practice before the USPTO. The percentage of cases that were allowed without RCE or other continuation dropped from 42% in 2006 to 30% in 2009. We have been unable to identify any cause for the reduction that can be attributed to our practice or the types of claims we pursue. We have concluded, therefore, that it is unlikely that most cases in our technology area can be prosecuted within the allotted 'two' office actions of a non-RCE period. This analysis on our own portfolio shows that it generally takes at least two real amendments to bring the claims into condition for allowance. Unfortunately having two real amendments considered typically requires at least one RCE.

Microsoft traces the decline in our ability to issue a case within the first two allotted office actions directly to: (1) the incentives caused by the count system that measures the production of examiners within the USPTO, and (2) the challenges the USPTO faces in retaining experienced examiners. The incentives created by the count system to push a case into a needless RCE to increase the credit given with little or no additional work is widely known and recognized, but little discussed. While the changes the USPTO has made in the count system is a step in the right direction, the step comes with the risk of being abandoned if examiners are unable to achieve more credit under the new system than they received under the former system. As applicants, we believe this is an unacceptable risk to quality, and more strides must be taken by the Office to eliminate the incentive to push cases into needless RCEs. Examiners should be rewarded for the work they do. As such, if there is little or no work needed to allow a case on an RCE, no production credit should be given. One measure of the amount of work an examiner puts into an RCE is the character of amendments made after an RCE and before the case is allowed. If the character of the amendments is minimal, there is no reason the examiner should not have considered such amendments as part of the case prior to the RCE. In such a situation no production credit should be given.

Applicants have a shared responsibility to reduce unnecessary continuations by presenting clear claims that capture the invention sought to be patented early in the process. Incentives should encourage such behavior. Fees that increase with the number of continuing applications (RCEs, Continuations, etc.) would provide such incentives without eliminating an applicant's right to file continuations.

### ***Feedback on Pilot Programs***

We commend the USPTO for the various pilot programs directed toward reducing pendency and improving quality. We have been a supporter and participant of such programs as Peer-to-Patent, Pre-Appeal Brief Conference, and First Action Interview pilots. Our experience is that these programs have been targeted at the right issues (e.g., strengthening examiner understanding

of the scope of the invention to be patented, having the right prior art, and ensuring that law and procedure have been correctly applied), but the pilots have, mostly, been somewhat less successful than expected.

Our experience with the Peer-to-Patent pilot is that art found by the pilot is rarely considered more relevant than the art located by the examiner. However, we are unable to assess the benefit to the examiner from seeing how others characterized the invention and the art that was considered relevant. It may be the case that, while the art found by the pilot was not cited in an office action, the report produced by the pilot helped guide the examiner's consideration of other art. At a minimum, however, we question the viability of scaling a program such as the Peer-to-Patent pilot to encompass all examined applications. It is unclear that such a program would be viable at a large scale.

Microsoft's experience with the Pre-Appeal Brief Conference is that in general the program works fairly well. Statistics on Microsoft's cases indicate that the makeup of the conference panel has a substantial impact on the effectiveness of the conference. Our data illustrates that when the conference panel consists of: (1) a junior examiner without signatory authority, (2) the supervisory examiner that assisted the junior examiner during examination, and (3) a third examiner, the conference panel predictably votes to pass the case to appeal more often than not. When two of the examiners on the panel have not participated in the prosecution of the case, the panel is much more likely to take an objective view as to whether the case is ready for appeal. Therefore, Microsoft recommends that the USPTO constitute the Pre-Appeal Brief panel with at least two experienced examiners that have not taken part in the examination of the case.

Microsoft's experience with the First Action Interview pilot was not very encouraging. We found that because an examiner did not receive production credit until a first office action was issued, the examiner always chose to issue the preliminary action in its current form before addressing the substantive prosecution of the case. This was true even when the case could move forward with the interview by suggestions on amendments or by indicating areas where the art would not address the claims as written. Therefore, while it is beneficial to engage the applicant and examiner in a conversation, we saw no benefits to shortening prosecution beyond what could be achieved via a standard interview after first action. In Microsoft's view, this is another example of the power of the incentive system in shaping behavior. Appropriate credit must be given for moving the case forward in prosecution, and not simply issuing an office action.

Refocusing the First Action Interview pilot to a stage prior to the examiners search and preliminary opinion might be more beneficial, assuming appropriate credit could be given. Such a pilot would allow applicant to inform the examiner on the invention and applicant's view of the scope of the claims prior to the examiner searching and examining the invention. This may result in more focused searches and quicker identification of issues in the case.

### ***Tools to Enhance Quality***

More technology should be brought forward to enhance the ability of examiners to efficiently understand the scope of the invention sought to be patented. Microsoft has specific research

indicating that many people have difficulty reading long documents on an electronic screen. Thus, tools that can assist examiner focus on important parts of application documents may help examiners better understand the scope and subject of inventions. Microsoft's experience in many of our cases indicates that examiners make extensive use of the search function to find similar terms across multiple documents. However, it is also clear to us that searching for terms alone will not highlight the relevance between or within a document. The context surrounding terms is almost more important than the term itself in determining relevance.

Tools exist to help applicants identify inconsistencies between terminology used in the claims and terminology used in the specification. LexisNexis® Patent Optimizer™ is an example of a commercially available tool incorporating this type of technology. Microsoft also has an internal tool for this purpose that we can demonstrate to the USPTO if there is interest.

This same technology can be brought to bear to help examiners draw conclusions about the consistency of the disclosure and claims in an application. This technology can automatically analyze the language of the claims and corresponding specification to identify where the concepts in the claim language exist (if they do) in the specification. The technology can also identify similar language used to describe figures and, through reference numbers, identify figures that might have relevance to the particular claim language. Such technology can help an examiner establish a rich context without the hit and miss that term searching can bring.

In more future looking scenarios, the specification, claims and figures could be linked together so that navigating around a complex document would become much easier and examiners would be more likely to draw better conclusions about the scope of inventions. An audio version of the disclosure would allow examiners to hear as well as see the disclosure. This could be done using text to speech technologies. Thus, as an examiner navigated around an application document, an option to hear the text could be presented. In another example, the technology that links concepts of the invention together could also link definitions from the literature or similar concepts of the prior art, all improving the ability of the examiner to better comprehend the invention.

### ***Deepen and Expand International Cooperation on Search and Examination***

Although not specifically mentioned in the Federal Register Notice, Microsoft strongly believes that improved work sharing among examining offices can be an effective mechanism to rationalize the use of resources. In brief, work by a patent office where a patent application is first filed, search and examined should be taken advantage of by patent offices of second or later filing. This will allow more resources to be focused on improving quality of patents granted by the USPTO and reducing overall application pendency. About 50% of all utility patent applications filed in the USPTO are first-filed in other offices – notably in the Japan Patent Office and the European Patent Office. An increasing number of applications were first filed in the Korean Intellectual Property Office and the State Intellectual Property Office of the People's Republic of China. In this respect, it is encouraging that the IP5 offices (USPTO, JPO, EPO, KIPO and SIPO) are pursuing the 10 “foundation projects” to harmonize the search and examination environment of each office and to standardize the information-sharing process. Moreover, Microsoft believes that the “patent prosecution highways” are a significant innovation and the program should be expanded. An applicant having received a ruling that at least one

claim in an application filed in one office is patentable may have a corresponding application filed in a second office fast-tracked. This will save both applicant and office resources.

Offices that are members of PPHs will gain confidence in the searches and examinations conducted in the office of first filing and place greater reliance on that work in second and subsequent offices. But such confidence will only be realized if the quality of patents in second offices is not compromised. With such confidence, we believe that PPHs can result in savings in work done by the UPSTO where it is an office of second filing. This will allow the USPTO to focus on search and examination of applications where they are the office of first filing. The USPTO should deepen and extend such cooperation through the IP5 process, PPH's, and through work with WIPO to consider how lessons learned from the operation of the PPH's can be drawn on to improve the operation of the Patent Cooperation Treaty.

Microsoft thanks the USPTO for considering our views and recommendations on enhancing patent quality. Should you have any questions concerning our comments, please contact us at the address below. We are always available to assist the USPTO in any further partnership needs.

Respectfully Submitted,

A handwritten signature in black ink, reading "D. Bartley Eppenauer". The signature is written in a cursive, flowing style.

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