

Patent Strategy Should Consider USPTO Examiner Incentives

By **Eric Blatt** (August 24, 2018)

Patent examiners operate under a complex network of production and quality incentives that influence the likelihood that an examiner will allow or reject a given patent application. In a recent study, we detailed incentive policies at the U.S. Patent and Trademark Office and empirically investigated how those policies impact patent quality and examiner decision-making. This article considers how insights gleaned from that study can be used to inform patent procurement strategy.



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The analysis below assumes that the applicant's goal is to persuade the examiner to allow their preferred claims with minimal amendment and cost. Those preferred claims could be broad or narrow depending on the strategic interests bearing on a given application. This analysis simply assumes that the applicant wishes to see a notice of allowance in the next office action.

Examiner Incentives Likely Weigh in Favor of Allowance

There is strong evidence that the network of incentives applied during the majority of an examiner's career tilt the scales toward allowance. Specifically, when examiners are motivated to maximize quality during the Signatory Review Program, allowance rate sharply drops, suggesting that allowance rate may be artificially high at other times. This finding informs procurement strategy in two important respects.

Actively Promote Portfolio Strength

A patent that can be enforced is far more valuable than one that cannot. Yet if examiners have an incentive to allow, it stands to reason that applicants should not rely on examination as a tool to ensure validity. This is hardly shocking given recent inter partes review statistics.[1] What is less obvious, however, is that the potential for less-than-maximally rigorous examination poses a strategic problem that applicants can and should actively engage. Applicants have several tools at their disposal to promote the strength of their patent portfolios.

Draft strong dependent claims.

Consider a scenario in which claim 1 is invalidated — what is the likelihood that the remaining claims can be independently enforced? There is little cost and considerable upside to drafting dependent claims with this scenario in mind. Practically speaking, this means that a great deal of value can be extracted by (1)

including the right types of details in the original specification, and (2) intelligently tying those details to the invention in dependent claims. Often, these will be specific ways to embody the invention, or adjustments to seemingly conventional elements that are necessitated when the invention is incorporated into a larger system.

Keep continuations pending.

Enforcement challenges may need to be fixed down the road. If a high-value application has been identified, keep a family member alive to preserve strategic flexibility.

Take validity into your own hands.

It is possible to conduct a robust prior art search and draft around the art. This is a more costly option, but it can make sense for high-value applications and targeted enforcement projects.

Patent Prosecution Need Not Be Adversarial

Allowance often benefits both the applicant and the examiner. An examiner's interests are therefore at least partially aligned with those of the applicant — more so at certain points during prosecution than others, as discussed below. Prosecution can thus be productively framed as a collaborative effort to identify claims that are acceptable to both sides.

Under this framing, the applicant has an interest in efficiently determining the broadest claim scope that the examiner is willing to allow. That is, an applicant needs to know more than what is allowable on the merits — an applicant should seek to determine what is allowable in the mind of the examiner. Examiner interviews are the best available tool to gather this information. Examiners generally do not state in writing the claim amendments that they believe will distinguish over the art. But many will volunteer this information in a phone call, provided that a collaborative relationship is established.

Align Your Arguments With the Examiner's Interests

Examiners respond to the count system — sometimes in ways that benefit the applicant, and sometimes in ways that do not. As noted above, the count system likely tilts the scales toward allowance in aggregate. But it is also true that examiners in the Signatory Review Program are much more willing to withdraw erroneous rejections (specifically, the rate at which examiners withdraw and correct their rejections increases by about 50 percent when examiners enter the program), suggesting that the count system may encourage examiners to dig in their heels and maintain questionable rejections.

Importantly, the incentives applied by the count system change with each office

action. The path of least resistance leads toward allowance at certain points and rejection at others. Knowing the attendant incentives at each juncture allows an applicant to align their positions with the incentives applied by the count system, thus improving the likelihood that their arguments will be well-received.

From an applicant’s perspective, knowledge of after-final incentives is particularly actionable. The table below shows the number of counts that an examiner receives for various types of office actions.

Before First RCE			After First RCE		
First Action on Merits	Final Action	Disposal	First Action on Merits	Final Action	Disposal
1.25 counts	0.25 counts	0.5 counts	1.0 counts	0.25 counts	0.5 counts

Consider a case in which the applicant has filed an after-final reply persuasively identifying flaws in the final rejection. Where do the examiner’s incentives lie? The count system sharply punishes withdrawing and correcting the rejection. If the examiner takes this path, she will need to issue a new nonfinal office action and will receive no counts. Withdrawing and allowing is more palatable, netting 0.5 counts for a disposal. But if the examiner persuades the applicant to file a request for reconsideration and then allows the application, she will receive 2.25 counts. The count system all but demands an advisory action.

Now say that the RCE has been filed. Issuing a rejection will produce 1.0 count, whereas issuing an allowance returns 1.75 counts. That is, allowing will produce almost twice as many counts as rejecting.

Applicants can tailor their positions to flow with the count system’s incentives rather than against. Attempting to persuade the examiner to withdraw a final rejection is an uphill battle. Instead, consider using an after-final interview to agree to an amendment that distinguishes the art of record. When the examiner picks up the application after the RCE, the claims will contain her approved language, and the count system’s incentives will favor allowance.

Know the Examiner’s Seniority

Examination incentives change as examiners grow more senior. Most notably, examiners gradually gain greater autonomy to allow applications, at first by earning the trust of their supervisor or signing primary, and later by earning authority to sign their own office actions. USPTO transaction data confirms that as administrative barriers are reduced, allowance rate climbs. For example, over an eight-year slice of an examiner’s career centered on their promotion to primary (i.e., progressing from junior to senior status), per-action allowance rate climbs from approximately 23 percent to 36 percent. Examiners also become progressively less likely to force appeals over that same period.

Practically speaking, examiner seniority — and therefore autonomy — can be used as a proxy for the examiner’s likely responsiveness to the count system’s incentives. This can be used to inform the types of arguments that should be made. As one example, even where incentives favor maintaining an erroneous rejection, it may still be worth arguing the point to a junior examiner who is required to report her office actions to a supervisor. If an examiner is at GS-13, it may also be worth asking whether she is in the Signatory Review Program, as this will signal low responsiveness to production incentives.

Conclusion

Understanding how incentive policies influence examination decisions is critical to effective patent portfolio development. Examiners do not have unlimited resources, and that reality presents specific challenges and opportunities to applicants. Having a clear-eyed view of the terrain allows applicants to make informed, intelligent decisions that maximize the value of their investments.

The study, titled “Do Heightened Quality Incentives Improve the Quality of Patentability Decisions?: An Analysis of Trend Divergences During Signatory Authority Review Program,” details the USPTO’s examiner incentive systems and sets forth the findings in full. The study is available in AIPLA Quarterly Journal.

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[1] <https://www.uspto.gov/patents-application-process/appealing-patent-decisions/statistics/aia-trial-statistics>