

## NEWSSTAND

USPTO Update - Fall 2009

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### **USPTO Prior Art Peer Review Program Suspended**

On June 15, 2009, the U.S. Patent and Trademark Office (USPTO) announced that the Peer-to-Patent program that allowed third parties to submit and evaluate prior art in pending U.S. patent applications has been suspended indefinitely.

The program originated in June, 2007 as a one-year pilot program, and was extended one year later. However, the USPTO decided to suspend the program this year in order to complete a full evaluation of its impact on the patent examination process.

The Peer-to-Patent program began as an experiment aimed at improving the quality of issued patents by allowing U.S. patent examiners to access prior art submitted by the general public via open network peer review of patent applications. Participation was voluntary, and the program was initially limited to applications in Group 2100 (computer hardware/software), but subsequently expanded to business methods in class 705.

The USPTO reported that 66 Office Actions were issued for applications that underwent peer review, and prior art submitted through the program was utilized by examiners in 18 of those applications. In addition, between 12-21% of examiners reported that prior art obtained through the program was otherwise inaccessible by the USPTO.

The patent community awaits further news on the future of the peer review program, which may be undergoing only a temporary suspension until the review is completed and funding is secured. Previously the program was funded through corporate and foundation grants. It is possible that the incoming USPTO Director, David J. Kappos, will reinstate the program.

### **USPTO Issues Trademark Guides for Refusals Based on Deceptive Subject Matter**

On July 13, 2009, the USPTO issued a notice of new guidelines regarding the examination of trademarks that are considered deceptive under the Lanham Act. The notice refers to Trademark Examination Guides 01-09 and 02-09, issued on May 11, 2009, which list and discuss case law

with respect to: elements of a refusal, evidentiary issues with respect to the refusal, and procedures for issuing refusals.

Guide 01-09 provides examination procedures for deceptiveness refusals of non-geographic marks. Guide 02-09 provides examination procedures for refusals of geographically deceptively misdescriptive marks.

In both guides, for example, an inquiry regarding the refusal has been changed from “Is the misdescription likely to affect the decision to purchase?” to: “Is the misdescription likely to affect a significant portion of the relevant consumers’ decision to purchase?” The USPTO notice indicates that the guides supersede any inconsistent sections of the Trademark Manual of Examining Procedure (TMPEP).

### **Finland Added to Patent Prosecution Highway**

Effective July 6, 2009, the USPTO and the National Board of Patents and Registration of Finland initiated a Patent Prosecution Highway (PPH) one-year pilot program. The U.S.-Finnish PPH is the tenth such program involving the U.S. and foreign patent offices.

Under the Patent Prosecution Highway, applicants who receive a ruling that at least one claim of an application is patentable, in the U.S. or Finland, can request that the corresponding application in the other office receive expedited treatment.

### **Kappos Sworn In as New Director of USPTO**

On August 13, 2009, David J. Kappos was officially sworn in by U.S. Commerce Secretary Gary Locke as director of the U.S. Patent and Trademark Office (USPTO) and under secretary of commerce for intellectual property. Kappos formerly served as the top intellectual property attorney for IBM. Kappos was unanimously confirmed by the U.S. Senate on August 7, 2009, the confirmation coming only one day after the Senate Judiciary Committee approved his nomination by voice vote. Kappos had received bipartisan support at the committee level, and in particular, was urged by committee members to address issues such as patent pendency and the backlog of unexamined patent applications.

In remarks delivered during the swearing-in ceremony, Kappos indicated that he intends to improve operations of the USPTO by reducing the backlog of unexamined patent applications, reducing pendency time of patent applications, working off the backlog of appeals, and

improving re-examination procedures. Kappos also remarked that a high priority is to place the USPTO on more sustainable financial footing in both the short term and long term.

### **Revenue Shifting by USPTO Approved to Avert Patent Layoffs**

On August 7, 2009, President Obama signed into law H.R. 3114, which provides the USPTO with the authority to transfer funds collected with regard to trademark applications to fund its patent operations.

The legislation aims to avoid possible layoffs or furloughs of patent examiners due to reduced fee collections on the patent side. Under the legislation, the USPTO can shift revenue to support patent operations until June 30, 2010, under the authority of the USPTO director. Any transferred funds must be repaid by no later than September 30, 2011. The total amount borrowed from trademark operations cannot exceed \$70 million. Notably for patent applicants, the USPTO has been granted authority to repay any amounts borrowed by establishing a surcharge on patent fees.

In remarks delivered during his swearing-in ceremony, Director Kappos praised the work done to make these funds available, but indicated that he would prefer not to use the authority.