Responses of Taraneh Maghamé to Post-Hearing Questions of
THE HONORABLE ORRIN G. HATCH
U.S. Senate Judiciary Committee
"Patent Reform in the 111th Congress: Legislation and Recent Court Decisions"
March 10, 2009

Question for the panel:

More than ever, I believe we need to discourage weak cases from clogging our judicial system. I believe we should strengthen the current attorney fee provision in the Patent Code, which currently allows reasonable attorney's fees in *exceptional* cases. Section 505 of the Copyright Statute gives courts the *discretion* to award reasonable attorney's fees to the prevailing party.

What are your thoughts on incorporating attorney's fee language, similar to the Copyright Act, into the Patent Code?

Do you think this would have any kind of deterrent effect on weeding out weak claims?

Answer:

Amending the Patent Code's attorney's fees provision to reduce the threshold for recovery of fees from "exceptional" to discretionary in all cases may deter frivolous patent infringement cases. However, it would be prudent to first develop a public record identifying and demonstrating the extent of frivolous patent litigation before enacting such a change in the law, so that the legislation would be based on comprehensive evidence rather than on troubling anecdotes. Congress would need to balance the scope of the problem and relative benefit gained against the potential that such a change in the law might deter the filing of meritorious cases by independent inventors or other small patent holders. We would certainly be willing to work with you and the Committee to craft an appropriate proposal should the facts demonstrate the need for such a change in the law.

Question for the panel:

In this current fiscally difficult climate, is there something more that we could do to keep our patent system strong? As you know, people either are not filing or choosing not to prosecute existing patent applications.

I don't need to tell you what that does to the revenue stream at the USPTO, and consequently, what impact that will have on our economy.

What are your thoughts on restoring the USPTO with monies that were lost due to the past practice of fee diversion?

Wouldn't that send a strong signal that our country recognizes the vital role that IP and research and development play for all sectors of our economy?

What are your thoughts?

Answer:

We endorse as a general matter the comprehensive recommendations of the USPTO's Patent Public Advisory Committee (PPAC) set forth in the PPAC 2008 Annual Report. A copy of that report is being submitted with my response to these written questions, for your reference. It is critical for the PTO to have adequate funding to properly perform its function, which in turn is "a key driver" of the nation's "domestic and global economic power." PPAC 2008 Annual Report, p.35. Addressing the financial problems of the PTO will send a strong message that we value their role in protecting our innovation economy as a whole. Among the multiple proposals for improving the PTO and enhancing patent quality, the most important is to permanently end fee diversion.

The following measures would enhance patent quality by devoting greater examination resources to complex applications, increasing access to prior art, facilitating communication between examiners and applicants, tying compensation incentives to quality examination, and improving the current inter partes reexamination system.

- Permanently end fee diversion.
- Define and categorize patent applications according to their complexity (e.g., based on subject matter and number of claims) and adjust examination review times and resources accordingly.
- Mandate higher application fees for more complex applications.
- Improve and expand the process by which third parties submit relevant information to the USPTO.

- Implement within the USPTO a web-based unitary search system for all patents and non-patent documents, including English translations of foreign-language patents and patent applications.
- For all complex and highly complex applications, permit applicants to convene an examiner interview before a first office action.
- Expand the USPTO's quality review program to include at least 10 percent of all allowed applications and 10 percent of complex and highly complex applications.
- Adjust examiner compensation structures and production goals to encourage maximum efficiency of examination and simultaneously reduce both erroneous rejections and erroneous allowances.
- Improve the current inter partes reexamination system by implementing measures that promote efficiency, predictability and fairness, including clarifying (but maintaining) the existing estoppel standard and requiring USPTO to adhere to specified deadlines.