



Report In Brief

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Background

As the sole authority for issuing patents in the United States, the U.S. Patent and Trademark Office (USPTO) establishes policies and metrics to ensure the timely review of patents to protect new investments and ideas, while fostering innovation.

Since fiscal year (FY) 2010, USPTO has made progress in reducing the amount of time that an applicant waits to have a new patent application reviewed. During that time, however, there was a concurrent decline in the USPTO's performance in issuing timely determinations on another type of filing in an application, the Request for Continued Examination (RCE). RCEs are patent applications resubmitted for consideration after an examiner has previously closed the review, such as by making a second and final rejection of the inventor's claims.

Why We Did This Review

As USPTO put incentives in place in FY 2010 to encourage the review of new patent applications, the RCE backlog increased from 17,700 in October 2009 to 111,300 in March 2013. This backlog in processing RCEs delays intellectual property protection to some patent holders. It also affects all patent applicants with rejected applications, since the RCE backlog made it more difficult for applicants to determine which appeal option to pursue. USPTO's worsening performance also affects industry competitors, since by law USPTO must provide a patent term adjustment for an issued patent when it takes the agency more than four months to issue an action subject to limitations.

U.S. PATENT AND TRADEMARK OFFICE

Rapid Rise in the Request for Continued Examination Backlog Reveals Challenges in Timely Issuance of Patents

OIG-14-024-A

WHAT WE FOUND

Our audit identified several factors that have contributed to the recent increase in the RCE backlog at USPTO. Specific findings include:

1. *Structural and examiner-specific issues have increased the number of RCEs that USPTO needs to act upon:*
 - There are more rejected applications, and applicants are more willing to pursue an RCE after a final rejection than in the past.
 - Applications reviewed by lower-grade examiners are more likely to lead to RCEs.
 - Rates of RCE filing vary by office.
2. *The inclusion of new information from examiners is an ongoing concern for applicants:*
 - Although examiners are including new information in final rejections, they only introduced new prior art in response to amended claims, as allowed by the patent process.
 - USPTO's quality assurance checks do not target some applications where new prior art is most likely being introduced in final rejections.
3. *USPTO was slow to act on rapid RCE growth, and will face challenges making future adjustments:*
 - Policies incentivized examiners to focus on new applications rather than RCEs.
 - USPTO was slow to implement changes to curb RCE backlog growth and risks remain.
4. *Some USPTO incentives that could reduce RCEs have low applicant participation rates and a negligible effect of the RCE backlog:*
 - Low applicant participation dampens the potential benefit of initiatives.
 - Once initiated, USPTO's outreach has been vigorous, but engaging stakeholders requires a sustained effort.

WHAT WE RECOMMEND

We recommend that the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office:

1. Mitigate the impact of RCE structural issues and examiner-specific issues and take corrective action where necessary by (a) researching the reasons for the variance in after-final amendment approval rates and the decline in after-final amendment filings; (b) assessing why applications handled by lower- and higher-grade examiners have different RCE filing rates; and (c) assessing the reasons for variance among art units, identifying best practices that promote efficiency, and then developing strategies to minimize patent term adjustment.
2. Determine whether a stratified sample of patent applications targeting risk areas would enhance quality assurance tests and the overall determination of patent examiner quality.
3. Establish a risk management plan that ensures timely, situation-specific analysis and solutions are documented and implemented to minimize patent-term adjustments when rebalancing is needed to meet statutory requirements and public expectations for prompt processing.
4. Develop ways to increase participation in the compact prosecution initiatives.