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Fastest filer wins

Pending legislation would change rules for inventors seeking product patents

By Liam Marlaire

Leader-Telegram staff and McClatchy Newspapers

Proposed changes to the patent process in the U.S. would have little effect on the typical independent inventor or small business, according to an Eau Claire attorney who specializes in the area.

Under the current system, if multiple people apply for the same patent, it's awarded to whomever can prove he or she invented the product or idea first. New legislation would change the system to what's called "first to file" — common practice in much of the world — in which patents would go to the applicant who filed earlier.

Conflicts between patent applicants in the Chippewa Valley are few and far between, said Anthony Bourget of Bourget Law.

"These types of situations may be common in industries that have many players undertaking similar research and development, but they are not all that common across the board," he said. "Under the present law an 'interference' action is undertaken to determine who was first to invent, and interference cases are somewhat rare. In my 20 years of practice, I've encountered the potential of an interference only twice."

The U.S. Patent and Trademark Office awarded a patent Tuesday to three California inventors for their visual prosthesis, a camera that can send messages to retinal tissue behind the eye. It was one of more than 5,100 patents issued Tuesday and the eight millionth in American history.

The U.S. patent system has changed little since 1952, and supporters of legislation to overhaul it say the new measure could create high-paying jobs and protect U.S. businesses' advantage in high-tech and other industries.

Both houses of Congress back versions of the America Invents Act, which would bring the U.S.

patent system closer in line with other countries, and President Barack Obama has held up patent restructuring as a bipartisan issue, an increasingly rare creature in Washington.

But with the Senate expected to hold a final vote on the bill early next month, many inventors and small businesses worry it would give big companies an unfair leg up.

“The process of gaining and defending patents can be timeconsuming and expensive,” said Brian Doudna, executive director of the Eau Claire Area Economic Development Corp. “Ideally, I would like the time frame for the patent process to be compressed, so it won’t take over four years for final approval.

“Another reality is that it is a challenge for young companies to defend patents against financially wellestablished competitors.”

Small businesses are “worried it’s going to be the ‘America Stops Inventing’ Act,” said Todd McCracken, the president of the National Small Business Association, which opposes the bill.

Bourget, however, reiterated the measure will not yield major changes for many applicants.

“To satisfy the ‘first to invent’ requirements, inventors must demonstrate, with dated documents, that they conceived of the invention prior to the conception by the first filer and exercised diligence straight through, without interruption, until they reduce the invention to practice,” Bourget said. “Most independent inventors and many small companies do not keep the records needed to ever prove prior conception and diligence. In essence, it is already a race to file since your filing is considered a reduction to practice — you don’t need to actually create the invented product or methods, you just have to sufficiently describe it in your application.”

Waiting game

Even as the office passed the aforementioned milestone, by its own estimate 700,000 patent applications are awaiting review.

Many clients get discouraged because it can take two to three years before any action is taken on an application, Bourget said.

Although there are tools to expedite the process, he said, often they are too expensive for independent inventors and small businesses.

“The main way to reduce the backlog would be to retain the over \$50 million in annual filing and renewing fees that are stripped from the patent office and placed into (the) general budget to fund government,” Bourget said. “This money is a tax on inventors in the form of higher fees. If the fees are going to stay this high, why not use the money to train and pay additional patent examiners and staff?”

Applying for patents can be a costly process for small companies, said Andrew Meyer, president and owner of Beginnings Technology, based in Harpers Ferry, W.Va. In May, the company won a patent for a diesel fuel injector that Meyer said could be used to develop cost-effective, cleaner engines.

The four-person company spent more than six months and \$50,000 drafting the application, and after filing in 2009 waited two years to learn the result.

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A buyer tested Motorola's Droid Bionic 4G phone in January at the Consumer Electronics Show in Las Vegas. Google recently budgeted \$12.5 billion to acquire Motorola Mobility, which holds 17,000 patents and another 7,500 still under government review.

Associated Press



Bourget



Doudna

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“We can’t patent every idea,” Meyer said.

Under a “first to file” system, a company such as Beginnings Technology could get beaten to the patent office for its own invention, said Louis Hoffman, a lawyer who helped the company apply and a spokesman for the National Association of Patent Practitioners. The bill “is very tilted toward getting applications on file more quickly,” Hoffman said, adding that it would prioritize speed over quality. On a recent application, he helped an Internet entrepreneur through nine drafting cycles; under a first-to-file system, they would’ve turned in a far weaker application, he said. Most countries already use “first to file” systems, and supporters of the bill say the switch would promote international cooperation. In a May letter to Rep. Lamar Smith, R-Texas, the chairman of the House Judiciary Committee, then- Commerce Secretary Gary Locke described the Obama administration’s “strong support” for the change.

“The first-inventor-to-file provision is consistent with the practices of our economic competitors, and would benefit U.S. businesses by providing a more transparent and cost-effective process that puts them on a level playing field with the rest of the world,” Locke wrote. The bill would create a post-grant review process through which companies could challenge a patent’s legitimacy after it’s been issued.

Over time the competition would lead to better patents, Locke wrote. Opponents say the reviews would create unnecessary work for the already overburdened patent office.

Eau Claire-based Realityworks, which develops experiential learning products, has 27 domestic patents and 31 patents internationally.

“The USPTO needs more resources to reduce the amount of backlog they have and speed the application and examination process,” said Timm Boettcher, Realityworks president.

“The process in place today is inefficient and is littered with additional expenses due to constraints.”

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— **Timm Boettcher, Realityworks president**

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