

U.S. Patent Reform Deadline Leading to Massive Backlog

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The patent backlog at the Patent and Trademark Office (PTO) is likely to get worse before it gets better, especially as the March 16, 2013, deadline approaches for switching from the current first-to-invent system to the new first-to-file process laid out in the America Invents Act (AIA).

A backlog of more than 700,000 patent applications was one of the driving forces behind the passage of the AIA last year, as the PTO blamed its slowed review process on Congress diverting much-needed patent fees to other programs. (See *BioWorld Today*, March 10, 2011.)

The AIA stopped the diversion, allowing the PTO to keep its own money so it could hire more patent examiners.

But the backlog is still jamming up the works, resulting in an average review time of 20 to 24 months, Paul Rivard, a Banner & Witcoff shareholder, told *BioWorld Today*.

As of last week, about 630,000 applications were waiting to be examined at the PTO, said Courtenay Brinckerhoff, a partner at Foley & Lardner. While that seems to be down considerably, the number doesn't tell the whole story, she added. Thousands of applications have been shuffled to the request-for-continued-examination (RCE) pile.

In August 2010, shortly before the AIA was signed into law, the RCE pile had 42,000 applications. Last week, that stack had more than doubled to 96,000 applications, Brinckerhoff said, noting that complex claims can get held up in RCE for months or even years.

Both Rivard and Brinckerhoff said they expect the backlog to grow as inventors race against the calendar to file claims under the first-to-invent system before the new one kicks in next March with an expanded definition of prior art.

Under the PTO's proposed rule to implement the first-to-file switch, activities such as publication or foreign sales of the product before the filing date would be considered prior art, which could render the invention unpatentable in the U.S., Rivard said. To avoid that problem, many inventors will want to file under the old rules, leading to a bubble of patent activity before March 16.

The changes in the law will make the filing date more important, Brinckerhoff told *BioWorld Today*. Her advice to biotechs is to make sure they understand what the changes mean to them.

Whether filing ahead of March 16 is a good strategy depends on the claims involved in an application. Since some AIA provisions are already in effect or will become effective next month, certain claims will fall under the new law, Rivard said. According to the PTO rules, if some claims in a patent are under AIA, the entire patent is subject to the new rules. One way around that is to separate the claims into two applications.

Along with all the questions industry may have about the changes, what could clog up the process even more is the likelihood that, in the rush to beat the March 16 deadline, many claims may be poorly drafted, further complicating reviews. (See *BioWorld Today*, June 27, 2011.)

For its part, the PTO is trying to clear out the backlog and prepare for the filing bubble by hiring examiners, instituting patent acceleration tools and modernizing its IT infrastructure. But it still faces a big learning curve as it has to train its new staff and develop the rules and guidance to implement the various AIA provisions, Rivard said. (See *BioWorld Today*, Sept. 12, 2011.)

Meanwhile, the agency also is trying to implement several recent Supreme Court decisions and train its staff on those changes. For instance, the PTO issued interim guidance last month to help its patent examiners determine the patent eligibility of method claims involving natural principles. The guidance stemmed from the Supreme Court's ruling in *Mayo Collaborative Services v. Prometheus Laboratories Inc.* (See *BioWorld Today*, July 13, 2012.)