

USPTO

Patent Electronic Filing Forum Report

October 2004

Stratagem Research

Stratagem Research

Preface

Purpose and Goals of the Patent Electronic Filing Forum

On September 28, 2004, the USPTO convened a Patent Electronic Filing Forum at the direction of Commissioner for Patents Nicholas Godici at the Jefferson Conference Center in Alexandria, Virginia. The Forum brought together approximately forty senior representatives from the patent attorney community representing the largest U.S. corporate and patent law firm filers.

The goal of the Forum was to gain critical insight from those attending as to what steps USPTO needs to consider taking to substantially increase the number of patents being filed electronically.

Stratagem Research moderated two focus group sessions with the attendees. The initial session examined prevailing attitudes with respect to experiences with electronic filing in order to uncover perceived or real barriers. The second session, following an overview of the current state of EFS, focused on discovering what product features and what possible incentives would have a substantial impact on the number of electronic patent filings. Each session lasted approximately one hour and fifteen minutes.

Executive Summary

Summary Findings

The overriding message conveyed by those attending the Forum is that increased electronic patent filing is only possible when USPTO implements a system for electronic filing that is safe, simple, and streamlined. The current EFS system is viewed as risky, time-consuming and expensive and participants indicate that no current or planned refinements are perceived as meeting these three criteria. Participants appeared to be unanimous in wanting a web-based system that can accept PDF documents and better match their workflow processes.

There appeared to be an overwhelming consensus on the part of those attending the Forum that the current EFS (including both PASAT and ABX) is cumbersome, time consuming, costly, inherently risky and has no countervailing benefits to the user. Participants uniformly expressed high levels of frustration with the authoring tools, including difficulty of use, inability to download necessary software through firewalls, and disruption to workflow.

Significant barriers identified included liability issues associated with unsuccessful use of the tool or unsuccessful transmission of patent applications, the lack of any business case for filing electronically (i.e., no perceived benefits by the user), and the significant disruptions to normal office/corporate processes caused by adoption of electronic filing. In discussions of incentives and potential features that could increase electronic filings, the focus group participants indicated strongly that no incentive or added features would substantially impact e filing so long as the current barriers and liabilities identified remain in place.

In the following pages, detailed findings are presented with respect to *e-filing experiences, barriers to e-filing, product features/functionality that would increase e-filing, incentives and their impact, identification of buyers/decision-makers within organizations, and reactions to hypothetical rule changes by USPTO.*

Stratagem Research

Detailed Findings

Experiences

Respondents uniformly indicate that electronic filing is more difficult, more time consuming, more costly, and more risky than paper filing.

Difficulties include the number of hours involved in order to master the authoring tool, the unwieldy documentation that comes with it, inadequate explanation by the ABX users guide as to how to integrate MS Word with ABX, the inability to download software through corporate or law firm firewalls, and limitations of the current authoring tools with respect to accepting special characters, certain drawings, and complex formulas.

Issues of time include the man-hours that must be devoted to training up staff, as well as the added hours required to cut and paste already existing documents into PASAT or ABX. Participants estimated that it takes between 4 to 10 times longer to create an electronic filing with staff and attorneys who are not proficient with the authoring tools and e-filing process. While some attendees noted that electronic filing is quicker than paper filing once the tool and processes are mastered, all agreed that unless e-filing is done on an almost daily basis the learning curve falls off rapidly and the tool must be re-learned.

The additional staff hours devoted to learning how to file electronically are singled out as translating into additional associated costs. Many attendees expressed their frustration with a process that costs more than preparing paper filings, yet yields no tangible benefit to their organization. Problems of shifting these costs to clients were also expressed. Finally, some participants identified a cost in human resources associated with electronic filing: once the “best and brightest” staff were trained on EFS, the process was largely rote and without significant variation. Many of these staff subsequently left their organizations for better growth opportunities, or sought transfers within them to other departments and job responsibilities.

Stratagem Research

Finally, there was a consensus that electronic filing is inherently risky, and moreover, without any associated benefit. Numerous individuals described it as a “lose-lose” or “no-win” situation. For patent law firms, electronic filings are perceived as exposing the organization to increased liability associated with improperly or incompletely filed applications.

Problems that PASAT suffered with respect to improper translation of symbols and altered drawings are well known throughout the legal community, and have created a lack of confidence in the tool that has extended to ABX as well. Thus, attorneys at patent law firms view electronic filing as risky business that has little or no reward even if successful. While corporate attorneys acknowledged that they do not incur the legal liabilities of their law firm colleagues, they pointed out that an incorrect or unsuccessful electronic filing could be both job and career-ending experiences. Hence, they insisted that liability issues extended to them as well. Finally, attendees observed that the cutting and pasting involved in authoring creates risk by introducing additional opportunities for errors to occur within documents.

Other associated liabilities identified were an inability to practice e-filing to gain a measure of confidence in the tool and process, and the lack of an express rule by USPTO granting the same rights as paper filers have in the event that portions of an application are found to be missing upon examination. Finally, it was noted that electronic filing incurs liabilities to filers who are not on Eastern Standard Time, since unlike their paper filings, which are stamped with local time, their electronic filings must comply with EST.

Stratagem Research

Barriers

Participants identified consequential barriers to EFS of both a technical and process nature.

Technically, the greatest barrier cited is an inability to load EFS software through organizational firewalls. Two participants noted that in order to electronically file, they must take documentation home on a laptop where they can successfully download the EFS client. Further, both noted that they do this at some personal risk since both of their organizations have sanctions against downloading patent documents on personal laptops computers. One attendee, representing one of USPTO's largest corporate filers, observed that each year he must go to his IT organization and argue why he should be allowed to "tear a big hole in the firewall." The experience, he related, is distinctly unpleasant.

Participants also expressed a reluctance to adopt a software based electronic filing solution because of the cost and time involved in subsequent product upgrades as the tool is refined.

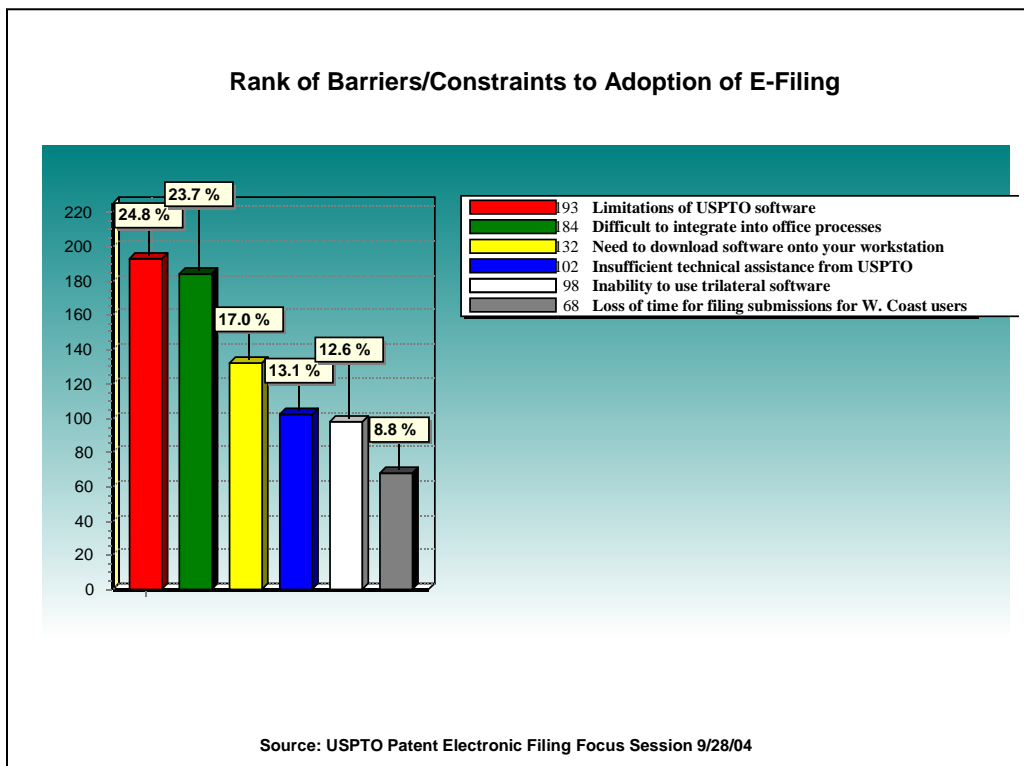
Process barriers noted pertain largely to workflow disruption brought about by adoption of EFS. Specifically, attendees identified the following issues:

- Attorneys are issued the digital certificates by USPTO, but frequently the actual data entry of authoring is performed by paralegals and other legal staff.
- Frequently only a single stand-alone computer in an office contains the necessary software, forcing anyone authoring or submitting an application to be working off of that single computer.
- The "best and brightest" staff who are trained up on the authoring tool and electronic filing process become burned out by the repetitive nature of the work and leave or transfer within their organization.

Stratagem Research

- Rather than editing a single document (whether being done by one individual or a team), edits have to be introduced via cut-and-paste (typically from Word documents), thus making the process of document creation less, rather than more, automated.
- Corporations and patent law firms have docketing departments responsible for keeping accurate, detailed records necessary to make sure that actions on applications are completed within the required timeframe. Notices from USPTO that e-filings have been received are sent to the attorney or paralegal who submitted the filing, however, and not to the docketing department, thus introducing the possibility of inaccurate record keeping with its resultant liability issues.

When asked to rank barriers/constraints to the adoption of e-filing on a survey provided by USPTO, participants responded as follows:



Stratagem Research

Features/Functions

Participants in the Forum's focus groups discussed and critiqued numerous additional features and functionality that could be added to ABX that would make it more attractive to use. Before discussing these in detail it is important to point out that members of both focus groups indicated that no amount of additional features/functionality would be sufficient to induce higher rates of e-filing so long as the authoring tool and process leave unaddressed concerns about the safety and simplicity of electronic filing. The unambiguous message conveyed is that absent a compelling business case for using the tool, added functionality is of no value.

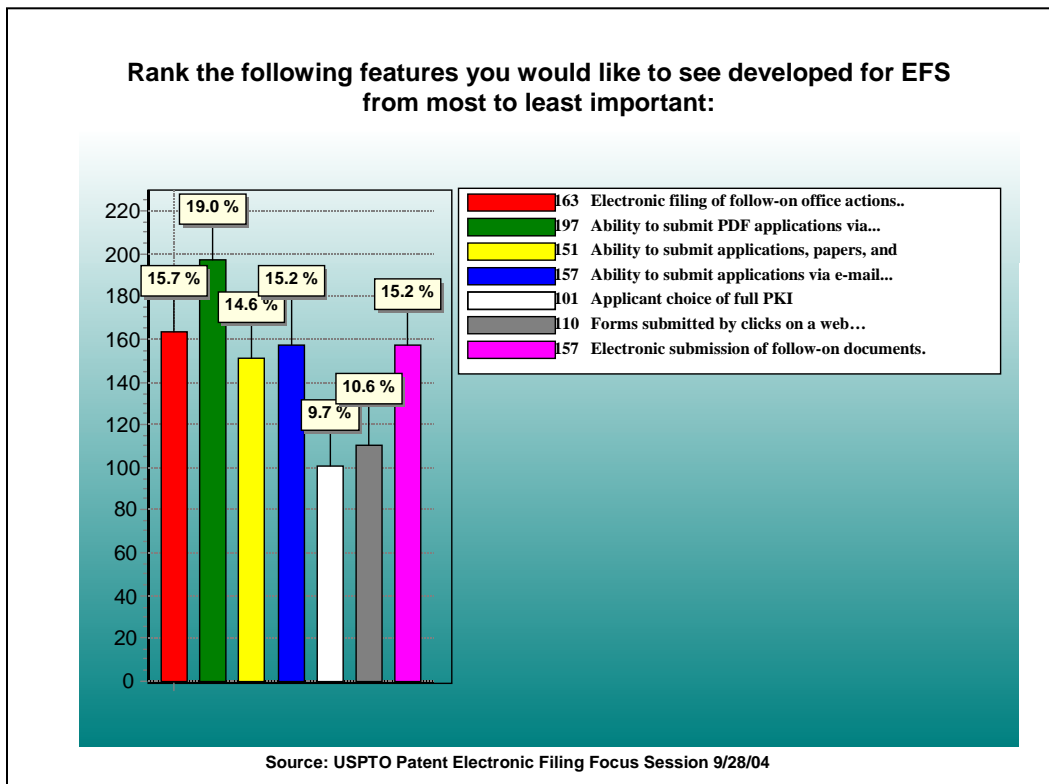
With that crucial proviso, focus group members identified a number of areas of improvement critical to increased e-filing rates:

- Eliminate the desktop/client software in favor of a web-based portal
- Introduce a system that accepts PDFs, and, furthermore, perhaps create a USPTO PDF writer that standardizes fonts and formats
- Marry the web-based process with the file management system that currently exists in e-Pave
- All documents should be able to be filed electronically—numerous participants indicated that having two processes—paper and electronic—that must be involved in a single filing is confusing, disruptive to workflow processes, and leads to errors
- No current enhancements of ABX planned through 2005 are sufficient to overcome barriers to use
- The process and tools associated with electronic filing need to be simple and easy to learn: authoring should be like an MS Word experience
- The courtesy extended to paper filings when submissions are later found to be incomplete should be extended to e-filings as well

Stratagem Research

- The e-filing process should follow the banking model of e-commerce in which there is a seamless integration between user and service provider and wherein communication is two-way
- Error checking should be incorporated into the tool/process to identify errors in applications prior to submission

With respect to a ranking of proposed features/functions provided by USPTO, participants ranked them as follows:



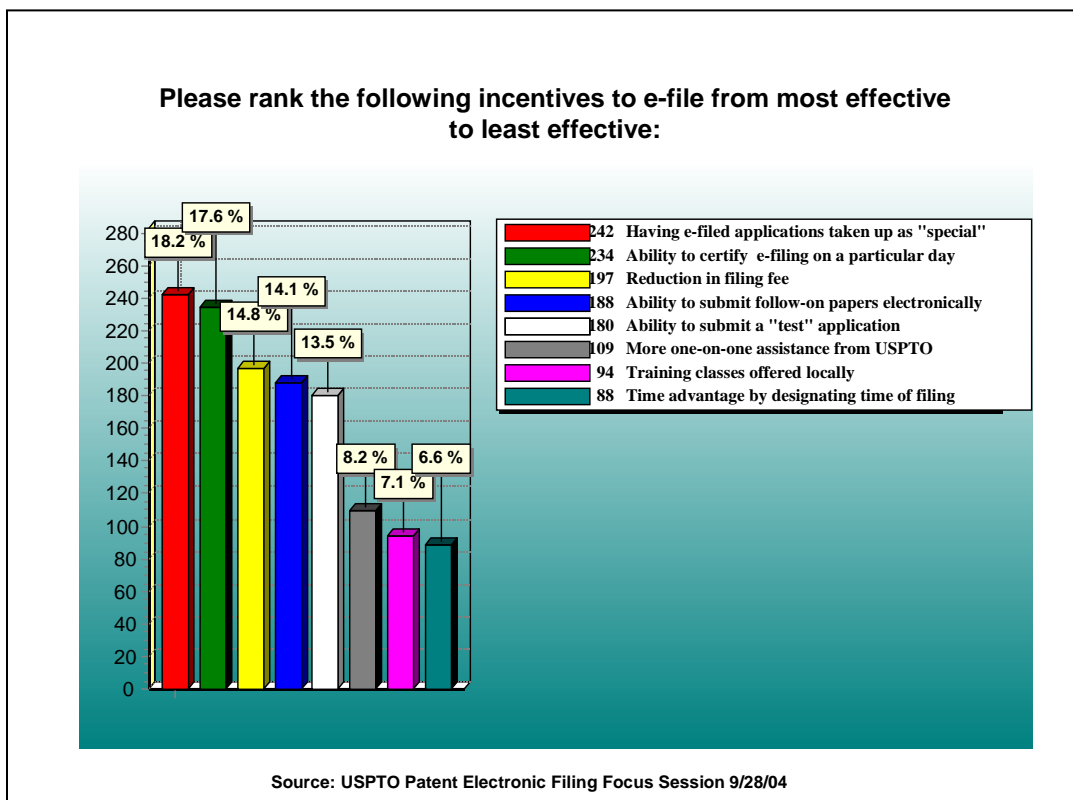
Incentives

Focus group participants were asked to propose incentives that could significantly increase the rate of electronic filings, as well as consider a number of incentives proposed by USPTO. As in the case of the discussion around additional features, participants qualified their answers with the proviso that no incentives of any kind would be sufficient to overcome perceived issues of safety, simplicity and ease of use that attend the current EFS process and tools.

That said, the following incentives were proposed:

- Reduce filing fee for electronic filings
- Priority for electronic filings (over paper filings)
- Automatic small entity fee for e-filings
- Recourse if errors occur as a result of the e-filing process

When considering incentives proposed by USPTO, forum attendees ranked them as follows:



Stratagem Research

Finally, the consensus among participants was that incentives are not the issue with respect to increasing e-filings: USPTO must address the safety and simplicity of electronic filing, while simultaneously streamlining the entire process.

Identification of Buyers/Decision-Makers Within Organizations

Focus group participants were asked to identify those individuals or groups of individuals within their respective organizations who would directly participate in a decision to adopt electronic filing on an organization-wide basis.

Responses included:

- Head of patent practice
- Board of Directors
- Clients
- Management committee
- Partnership
- Trend setters
- Legal administrators
- “This group”

In general, members of both focus groups indicated that two groups are critical to the decision-making process: the ultimate decision makers, and, influencers who tend to be the ones who actually use the tools and are involved in patent filing. A common remark was that in the end, the decision-makers would defer to the influencers who have to use the tool.

Finally, members of both focus groups suggested that USPTO needs to turn to those who were in attendance for counsel and as a sounding board, and that it is those who are committed to seeing e-filing a success who will exert a large measure of influence in overcoming the prevalent conceptions and misgivings about the benefits of electronic filing.

Stratagem Research

Reaction to Hypotheticals Posed by USPTO

In response to the question “What would be the impact on your organization if USPTO discontinued the certificate of mailing process (Rule 10)?” participants expressed their opinion that it would have a very negative impact on patent filings on the West Coast, with one attendee suggesting that it might be of questionable legality. Another described it as the “ultimate weapon/threat.” In general, the suggestion was received negatively.

In response to the question “What would be the impact on your organization if USPTO made e-filing mandatory?” there was universally a negative reaction on the part of the attendees. Responses included:

- “I’d find another line of work”
- “Cars will be burning outside of the PTO”
- “I hope they’ve got Kevlar”
- “This will make PTO the laughingstock of the entire world”

While most of the above remarks were made facetiously, the underlying sentiments were serious: the current EFS is regarded as broken and even dangerous, and to impose it unilaterally would be a gravely mistaken action with serious and deleterious consequences.