

## Green Technologies Get a Fast Track at the U.S. Patent and Trademark Office— But Is Anyone Getting on Board?

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As part of the fanfare leading up to the Copenhagen climate talks this past December, the U.S. Government announced a pilot program to accelerate processing of certain patent applications directed to green inventions. Initially, the concern was that the program would be quickly oversubscribed, but as it turns out there have been relatively few takers so far. Does this indicate that the clean technology industries do not want prompt action on their patent applications?

The U.S. Patent and Trademark Office (PTO) is perpetually understaffed, and as a result horrific backlogs have developed. In some areas of technology, it can take three years to even hear back from a patent examiner, and often another year or two goes by before an application is issued as a patent. The PTO is supposed to be self-funding, but Congress traditionally has siphoned off the PTO's fee revenues for other projects, leaving the agency unable to recruit and retain a sufficient staff of top-level examiners. The situation is so bad that the ABA Journal, in a March 2010 article about the PTO, characterized it as "an appropriations cookie jar."<sup>1</sup>

In order to provide an incentive to American clean technology industries, the PTO launched the Green Technology Pilot Program<sup>2</sup> on December 8, 2009 to allow qualifying applications to be taken out of turn by patent examiners and put on a special fast-track docket. Even before this program, patent applicants could file petitions to make their case "special" and have it accelerated, but such petitions could only be granted in limited circumstances and had many strings attached, including an extra fee. As a result, few patent applicants end up making these requests.

Under the new program, the process is streamlined quite a bit, although a number of limitations still remain. First, the initial version of the program is set up only for applications that were already filed with the PTO before the December 8 kickoff. Next, the PTO will only accept for this program applications that have a small number of claims. It is quite common for patent applicants to include dozens of claims in their applications, but to qualify here they'll need to

amend their applications to put all but a few claims on hold. In addition, applicants will have to forego their right to keep the application secret until it issues, and instead agree to early publication of the application. Many applicants choose to enjoy ongoing trade secret protection for their inventions until they find out whether the PTO will grant them a patent, but participants in this program lose that option.

Perhaps most importantly, though, the PTO is only making this program available to applications that have been classified by the PTO as falling within certain categories of inventions. The PTO has a classification system, and each incoming application is classified so that it can be sent to the appropriate group within the PTO for examination. For the current program, the eligible classifications are in four main areas: alternative energy production; energy conservation; environmentally friendly farming; and environmental purification, protection or remediation. Each of these main areas has a list of actual classifications that qualify. For instance, there are 29 classification categories for alternative energy production, ranging from the "agricultural waste" classification to various classifications having to do with solar cells. For energy conservation, 23 categories ranging from "cathode ray tube circuits" to "wave-powered boat motors" qualify. The farming area is likewise broken down into 6 categories, and the environmental area has 21 categories listed.

At first glance, this appears to be a broad swath that should cover most green innovations. However, as a practical matter this is not the case. Many of the classifications are in examining groups that do not have the worst backlogs, because they are not currently seeing large spikes in applications. For instance, the classification for human powered vehicles qualifies for this program, but anecdotal evidence suggests that this is not an area in which examiners are overburdened by a flood of applications. On the other hand, a great number of innovative software-based systems have been proposed for uses relating to energy conservation, but they are often in areas not captured by the current list of categories. For example,

software-based analytics systems that can be applied to traffic and vehicle routing to minimize congestion may have huge impacts on carbon emissions but may be classified as communications systems rather than one of the “transportation” classifications that would qualify. Unfortunately, the Communications group at the PTO (Tech Center 2600 to those in the know) has the longest pendency in the PTO – 33 months until the PTO first responds substantively to an application.<sup>3</sup> Tech Center 3600, which includes two of the main areas of attention for this program, Transportation and Agriculture, typically responds to an application within 24 months. As a result some of the most important clean innovations are in areas subject to the worst backlogs and will not be helped by the current program.

There is a procedure in place for applicants to suggest a classification for their inventions, and even to make a preliminary amendment to their applications to place it more squarely within a qualifying classification. However, an applicant may not even petition to be involved in the pilot program until the change in classification is successfully completed, and there is no indication of whether or how the PTO will accelerate its determination of classification in order to help deserving applicants ensure that their inventions receive the proper classification.

The large number of hoops applicants need to jump through to qualify for this program has undoubtedly dissuaded many from even applying, and has resulted in only a small number of applications being approved for the program. The PTO’s most recent statistics are as of March 8, 2010: There have been a total of 831 applications petitioning to be part of this program.<sup>4</sup> Of that group, only 242 have been granted, with 133 still awaiting decision. The change from the prior report is also quite telling: as of mid-February, 745 of the 831 current requests had already been made. Since this program is intended to accelerate processing of patent applications, one would think that applicants looking to qualify would file their petitions shortly after the commencement of the program rather than waiting until later this year.

Based on these early statistics it seems doubtful that the program will come close to being fully subscribed at 3000 total applications. Currently, the PTO is dealing with well over a million pending applications, over 700,000 of which are still awaiting their first substantive look by a patent examiner.<sup>5</sup> The 242 cases brought into the green pilot program to date represent a mere three one-hundredths of one percent of the total applications that are awaiting a first action by the PTO.

Do all of these numbers mean that the program is a failure? Was it just political theater to announce the program before the Copenhagen conference with little concern about its practical impact? There has certainly been some commentary along those lines. Even the PTO’s Director, David Kappos, has reportedly characterized the intent of the program as sending a message about the importance of energy-related inventions.<sup>6</sup> But even if this pilot program does not itself meaningfully address the PTO’s backlog it can still serve a number of useful purposes.

First, a project such as this helps us to identify the hurdles that need to be cleared before the overall backlog at the PTO can be dealt with. For instance, one of the issues Director Kappos needs to deal with is what the examiners’ union thinks about expedited processing of patent applications. This was apparently one of the issues leading to the 3000-application limit in the pilot program. Even though the initial program was designed to secure the prominence of the U.S. in innovations for dealing with global climate change, union concerns could not be ignored. Imagine how a more general request for examiners to step up the pace of processing would be received. Clearly, this pilot program underscores the need for Congress to stop diversion of funds from the PTO so that the examining corps can be expanded.

Another lesson from this program is that not everyone wants expedited handling of their patent applications. Startup companies, in particular, often find it difficult to pay for the filing of a patent application, and are happy to have a couple of years to absorb that cost as they await a first action from the PTO. For many companies, claiming “patent pending” is almost more valuable than having the prosecution run its course. As of a couple of years ago, the PTO reported that less than half of the patent applications that are filed resulted in issued patents; many are rejected as being the same as, or obvious in view of, so-called “prior art.” Furthermore, before a patent issues, claims can be amended to better match likely infringers. This becomes significantly more difficult after issuance.

Such considerations, coupled with all of the hurdles that need to be cleared for qualification, have led relatively few applicants to participate in this experiment. Still, the administrative burdens of such a program are not monumental, and there are real benefits to demonstrating that the PTO can help underscore our national priorities. Just as companies emphasize the importance of patents by putting an “inventors’ hall of fame” in their lobbies, the PTO can emphasize the importance of certain areas of technology by undertaking programs such as these.

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## (Endnotes)

- 1 Terry Carter, *A Patent on Problems*, A.B.A. J. (March 2010) at 45,
- 2 74 Fed. Reg. 64,666 (Dec. 8, 2009) (Docket No. PTO-P-2009-0038).
- 3 PTO pendency statistics are available at <http://uspto.gov/patents/stats/patentpendency.jsp>.
- 4 The PTO periodically summarizes activity in the program in reports available at [http://uspto.gov/patents/init\\_events/green\\_report\\_summary.pdf](http://uspto.gov/patents/init_events/green_report_summary.pdf).
- 5 Backlog statistics are available at <http://uspto.gov/patents/stats/appbacklog.jsp>.
- 6 Erin Coe, *Tight Budget May Delay Kappos’ Plans for USPTO*, Law360 (March 10, 2010) available at <http://ip.law360.com/articles/150390>.

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