

The Demise Of SAWS And The Power Of Public Attention

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On Dec. 3, 2014, we published our first Law360 article[1] describing the detailed workings of the secret Sensitive Application Warning System (SAWS), which had been in operation at the U.S. Patent and Trademark for two decades. Since then, we have been steadily investigating the program and encouraging the press to cover secrecy issues surrounding SAWS. It has been our belief that the program was flawed and that public opinion would prompt the USPTO to objectively review and address the program. In less than three months from our seminal paper, SAWS was shut down.

The focus of this article is twofold. First, we will present the yet-unpublished results from our most recent information requests, which shows that most applications examined under the SAWS program are assigned to small or micro-entities. Second, we will provide the timeline of events as to when we requested information about SAWS, when responses were provided and when various USPTO actions were taken. The dates of USPTO actions highly correlate with our investigation and press coverage of the program.



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SAWS Background

We had requested information about SAWS in the fall of 2014 from the USPTO via a Freedom of Information Act request. We discovered that there were approximately 100 criteria outlining patent application subject matter that may qualify an application for SAWS evaluation. Exemplary criteria include applications “with claims of pioneering scope;” “dealing with inventions, which, if issued, would potentially generate unwanted media coverage;” “claiming the prevention or curing of diseases which were previously considered impossible to prevent or cure;” and “disclosing seemingly frivolous or silly subject matter.”

Examiners were encouraged to alert their supervisors upon discovering an application that may correspond to a SAWS criteria, and supervisors were to file a SAWS report for such applications recommending an application for SAWS review. SAWS reports were reviewed and corresponding applications had the potential for being flagged in the USPTO’s electronic monitoring system for SAWS review. For those flagged, when an examiner determines that claims are allowable, up to seven additional USPTO professionals were to review the proposed allowance.

It can be debated as to whether enhanced scrutiny of select patent applications is desirable. Aside from this debate, we were and are of the opinion that several aspects of the program were unjustifiable and against the law. For example, the SAWS criteria were vague and incredibly broad, providing an opportunity for bias towards particular subject matters or assignee. It was our opinion that most patent applications could fall under one or more of the SAWS criteria. However, our largest concern was the extensive secrecy surrounding SAWS: Applicants were not notified when applications are flagged for SAWS review, and the USPTO refused to identify applications assigned to SAWS (as we learned upon receiving denials of two other FOIA requests that we made last fall requesting such data).

Initially, the USPTO responded to reporters about our December article by contending that few applications were affected by SAWS and that SAWS generally delayed applications by a few weeks at most.[2] Shortly after this statement, we requested prosecution statistics to determine the extent to which SAWS was truly affecting applications' examination. One of the USPTO's assertion was supported by the data we received: Relatively few applications were evaluated under SAWS (0.04-0.05 percent), which is curious given how encompassing the SAWS criteria seemed. However, contrary to the patent-office statement, SAWS seemed to be having a very substantial effect on prosecution, as SAWS applications were substantially less likely to have been issued as patents, and office action counts and total pendencies for the SAWS patented applications was nearly double that of the patent office average for all patents. We published these results in our second SAWS article in January 2015.[3]

Small Entities' Applications are Dramatically Over-Represented in SAWS Data Pool

We continued to be bothered by the secrecy surrounding SAWS and wished to at least identify which applicants had applications subjected to the program. Thus, in late January, we submitted yet another FOIA request, which included, in part, a request for this information. The USPTO again denied this request, again asserting that it was privileged as it related to a deliberative process involved in evaluating patent applications, which was asserted to be protected from disclosure. This assertion of privilege continues to trouble the authors, particularly as — even if such privilege were applicable (which the authors do not believe it is) — it could be waived to increase transparency. Perhaps the lack of transparency is unsurprising given the program's emphasis on avoiding media scrutiny.

Nonetheless, our FOIA request included one additional request that was granted. That request was for data identifying how many SAWS applications were assigned to entities of each type: large entity, small entity or micro entity. Figure 1 shows the portion of SAWS applications filed in each fiscal year since 2004 assigned to each of these entity types. As shown, for SAWS applications filed in 2004, there is roughly an equal division between those assigned to large and small entities.

However, there is a strong trend: the portion of SAWS applications assigned to small (or micro) entities dramatically rose across filing years. For example, for applications filed in 2014, 80 percent were assigned to small or micro entities. Meanwhile, data indicates that recently, small and micro entities[4] correspond to just over 25 percent of filings.[5] Given our inability to study SAWS applications due to the FOIA denials, it is not possible to understand why this trend or the small-entity bias exists. Instead, we can only comment that it is a striking result.

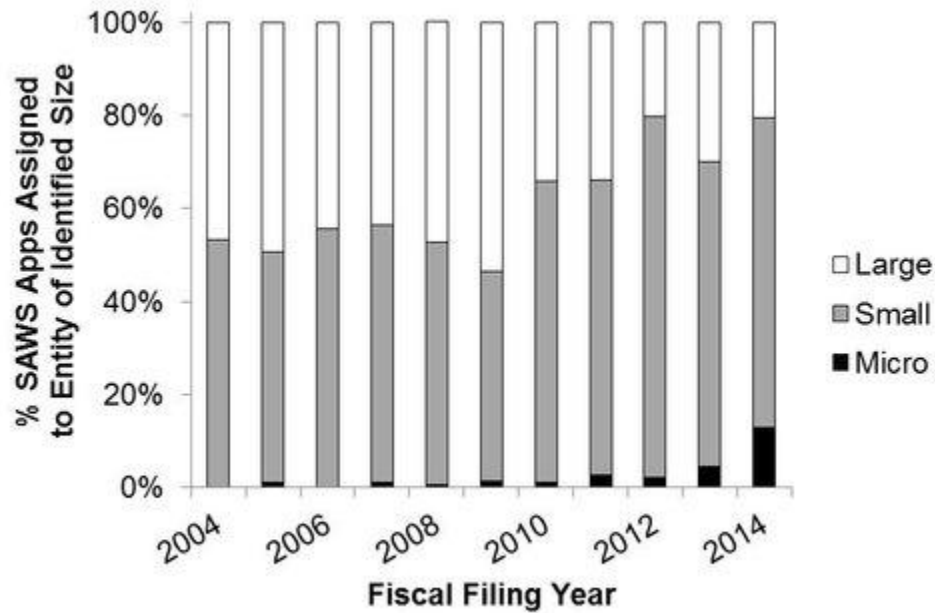


FIG. 1. Percentage of SAWS-classified applications filed in each fiscal year from 2004 to 2014 that was assigned to an entity of the identified type.

The Demise of SAWS Illustrates How Inquiry and Media Attention Provoke Change

At the time of our first article's publication, SAWS was not mentioned in the Manual of Patent Examining Procedure or on the USPTO and had been virtually unrecognized by the press and patent blogs. Figure 2 shows the timeline of particular events in our SAWS investigations and USPTO SAWS actions.

Date	Authors' SAWS FOIA Events	Authors' SAWS Publishing Events	USPTO SAWS Events
2-Oct-14	FOIA #1 submitted by author requesting details of SAWS program		No mention of SAWS on website or in MPEP
9-Oct-14	Substantive response to FOIA #1 issued by USPTO		
22-Oct-14	FOIA #2 submitted by author requesting SAWS application numbers		
13-Nov-14	Response to FOIA #2 issued, denying request		
17-Nov-14	FOIA #3 submitted by author requesting SAWS application numbers		
24-Nov-14	Response to FOIA #3 issued, denying request		
3-Dec-14		Author published seminal Law360 article characterizing SAWS	
9-Dec-14	FOIA #4 submitted by author requesting SAWS statistics		
Approximately 10-Jan-15			USPTO adds first webpage about SAWS with select prosecution statistics
12-Jan-15	Substantive response to FOIA #4 issued by USPTO		
27-Jan-15		Author published Law360 article showing SAWS affect on prosecution statistics	
30-Jan-15	FOIA #5 submitted by author requesting SAWS assignees and entity-size statistics		
4-Feb-15		Author published Patently-O article calling for release of SAWS application numbers	
8-Feb-15		Author published IPWatchDog article calling for release of SAWS application numbers	
2-Mar-15			USPTO shuts down SAWS program
3-Mar-15	Response to FOIA #5 issued by USPTO, granting only entity-size request portion		

FIG. 2. Timeline of events leading to cancellation of the SAWS program.

Following each of the Law360 articles, we actively engaged the press in an effort to increase media attention to SAWS. We proved to be correct that others would share our concerns about the program,

and we hoped that widespread attention to the issue would spark change. We were happy that the press responded: Media outlets such as Yahoo Tech!,[6] Corporate Counsel,[7] World IP Review,[8] Reuters[9] and Managing Intellectual Property[10] were quick to report on our findings, and various patent blogs and webpages[11] began providing their own evaluations of and insights about the program.

After the press surge and stakeholder critique in December, an interesting pattern began to emerge: We submitted two subsequent FOIA requests (requesting SAWS high-level statistics and SAWS assignee data). The USPTO added a new webpage to their site that, for the first time, publicly acknowledged the program and included select SAWS statistics approximately two days before issuing a response to our statistics request. Additionally, the USPTO canceled the program one day before issuing a response to our assignee request.

Conclusions

We believe that our investigation and the widespread media coverage of SAWS in the last three months was highly influential in eliminating this program. Given the procedural due-process problems that we associated with the program, we view this as a very strong success story as to the results that can be obtained through active involvement and full engagement. We applaud the USPTO on listening to its stakeholders with regard to their concerns surrounding SAWS. Upon processing our FOIA requests and being contacted by various reporters, the USPTO reviewed a decades-old program and seemed to side with our contentions that any benefits of the program were insufficient to outweigh the problems with the implementation of SAWS. Importantly, SAWS was in effect for 20 years without sufficient due process — we must remember that government agencies cannot listen to its stakeholders if stakeholders do not first voice concerns.

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[1] Gaudry, Kate S, and Adam Charnes. "Secret PTO program subjects apps to heightened scrutiny." Law360. 3 Dec. 2014, available at <http://www.kilpatricktownsend.com/~media/Files/articles/2014/Secret%20PTO%20Program%20Subjects%20Apps%20To%20Heightened%20Scrutiny.ashx>.

[2] Shuchman, Lisa. "Secret PTO program delays patent approvals." Corporate Counsel, 5 Dec. 2014, available at <http://www.corpcounsel.com/id=1202678064286/Secret-PTO-Program-Delays-Patent-Approvals?slreturn=20150207220113>.

[3] Gaudry, Kate S, and Adam Charnes. "Secret patent-examination program: rare but consequential." Law360. 27 Jan. 2015, available at <http://www.kilpatricktownsend.com/~media/Files/articles/2014/Secret%20Patent-Examination%20Program%20Rare%20But%20Consequential.ashx>.

[4] We note that micro-entity status was only established on March 19, 2013.

[5] Crouch, Dennis. "Micro entity stats." Patently-O. 13 Feb. 2014, available at <http://patentlyo.com/patent/2014/02/entity-early-stats.html>.

[6] Bereznak, Alyssa. "The U.S. Government has a secret system for stalling patents." Yahoo Tech!. 3 Dec. 2014, available at <https://www.yahoo.com/tech/the-u-s-government-has-a-secret-system-for-104249688314.html>.

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[7] Shuchman, Lisa. "Secret PTO program delays patent approvals." Corporate Counsel, 5 Dec. 2014, available at <http://www.corpcounsel.com/id=1202678064286/Secret-PTO-Program-Delays-Patent-Approvals?slreturn=20150207220113>.

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[8] "Secretive USPTO patent system criticized." World Intellectual Property Review. 5 Dec. 2014, available at <http://www.worldipreview.com/news/secretive-uspto-patent-system-criticised-7500>.

[9] Chung, Andrew. "Little-known U.S. program targets controversial patents: law firm." Reuters. 4 Dec. 2014.

[10] Loney, Michael. "Kilpatrick urges USPTO to release SAWS programme statistics." Managing Intellectual Property. 17 Dec. 2014, available at <http://www.managingip.com/Article/3411351/Search/Kilpatrick-urges-USPTO-to-release-SAWS-programme-statistics.html?Keywords=saws&Brand=Site>.

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[11] Rolf, Devon. "Secret examination procedures at the USPTO: my experience with SAWS." IPWatchDog.com. 14 Dec. 2014, available at <http://www.ipwatchdog.com/2014/12/14/secret-examination-procedures-at-the-uspto-my-experience-with-saws/id=52638/>.

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