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ALERTS

Intellectual Property Law Alert - USPTO Has A Shadow Program For Subjecting Patent Applications To Heightened Scrutiny, And It Should Concern You (But Not Too Much)

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Recently, reports surfaced that the U.S. Patent and Trademark Office (USPTO) is maintaining a "secret" program that allows examiners to subject applications to heightened levels of scrutiny, and, in turn, cause substantial delays for the application at the USPTO.[1] At least one anecdotal report suggested that USPTO examiners are capable of delaying an application for years if the USPTO deems that the subject matter of a patent application, or the applicants themselves, are controversial.[2]

The SAWS Program

The "secret" program refers to the Sensitive Application Warning System (SAWS), which, according to publicly leaked information[3], suggests that the program has been in effect at the USPTO since at least 1989. While officials at the USPTO have always acknowledged the existence of the SAWS program, details of the program have been guarded by the USPTO and became public only after internal memos were leaked or released pursuant to a Freedom of Information Act (FOIA) request.[4] To date, the SAWS program is not codified or otherwise incorporated into the Manual for Patent Examination and Procedure (MPEP). Instead, the entire program appears to exist in the form of guidelines provided in internal USPTO memorandums that were not intended for public dissemination.

What Does the SAWS Program Do?

The SAWS program was originally intended as a mechanism to handle outlier patent applications that claimed pioneering technologies that strained credulity, such as cold fusion systems and perpetual motion machines. Since prior art on such technologies technically didn't exist, the chances were extremely low that such applications could be rejected on prior art grounds. Accordingly, the office instructed examiners to "flag" such applications for further scrutiny to guard against allowing patents claiming incredible (and potentially embarrassing) subject matter. If an application was flagged, additional USPTO personnel review the application and provide suggestions and/or guidance on examining the application and ultimately disposing the case through rejection or allowance, or through removal of the controversial matter from the claims.

The SAWS Program Updates

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Given that the original SAWS program was designed to affect a very small number of applications, the program was relatively uncontroversial with the general public, even after they were updated in 2006. However, in 2013, the SAWS program was updated again[5], this time expanding significantly the circumstances in which applications may be subjected to SAWS treatment. Circumstances include, but are not limited to:

- “Applications dealing with inventions, which, if issued, would potentially generate unwanted media coverage (i.e., news, blogs, forums);”
- Patent applications “with claims to computer programs or algorithms which have been rejected under 35 U.S.C. 101;”
- “Applications identified as containing claims which would be subject to a 101 rejection in view of the *Mayo v. Prometheus Decision*;"
- Patents or related applications involving “litigation where the judgment on a patent was either favorable or unfavorable and a high dollar amount was awarded to either party”;
- “Applications reciting business-methods (Business Methods) or E-commerce systems that would significantly impact the industry (c .g., video or music distribution over network or phone);”
- “Applications dealing with personal digital assistants;”
- “Applications containing broad claims and relying on affidavits of commercial success to overcome an otherwise proper § 103 rejection;” and
- “Technology/Companies that are recognized by the public or have been reported in the media or there is a high probability that the media would report on it in the future based on any action taken by the USPTO.”

As one can appreciate, the circumstances are quite ambiguous, and could conceivably cover most applications filed in the USPTO. Worse still, there appears to be no notice requirement to applicants if a patent application was subjected to SAWS treatment. As such, applicants would rarely, if ever, have an opportunity to challenge a SAWS determination, since it is unlikely that they would even know that it occurred in the first place.

The most worrisome aspect of the SAWS program is its potential for abuse by examiners and, more importantly, third parties. Since examiners have sufficient rules, regulations and case law to reject the vast majority of patent applications, they have little to gain by delaying applications indiscriminately and losing productivity counts that may affect their job performance.

The USPTO has shown that it can be influenced by general public opinion

with regard to issued patents. For example, various news services and blogs ridiculed the USPTO mid-2000 for issuing seemingly frivolous patents directed to swinging on a swing and manufacturing crustless peanut butter and jelly sandwiches.[6] These, along with other examples, were heralded as reasons why the USPTO system was "broken." Apparently feeling chastened over such reports, the 2013 updates to the SAWS program explicitly highlight these patents as prime candidates for the SAWS program.[7]

While the USPTO has not provided statistics on the number of times the SAWS program was historically applied, the small number of publicly-aggrieved applicants suggests that the current number is quite small. The updated program is only two years old, and it is certainly possible that the number will increase over the coming years. For reasons unknown, the Office continues to keep this program in the shadows, outside the purview of the Code of Federal Regulations (C.F.R) and/or the MPEP. If the Office decides to significantly increase the applicability and range of the SAWS program, the internal memos suggest that the USPTO feels it has the authority to do so. If that happens, the question then will then be whether the courts will agree.

For more information, contact the Barnes & Thornburg attorney with whom you work or a member of the firm's Intellectual Property Law Department in the following offices: Atlanta (404-846-1693), Chicago (312-357-1313), Columbus (614-628-0096), Delaware (302-300-3434) Elkhart (574-293-0681), Fort Wayne (260-423-9440), Grand Rapids (616-742-3930), Indianapolis (317-236-1313), Los Angeles (310-284-3880), Minneapolis (612-333-2111), South Bend (574-233-1171), Washington, D.C. (202-289-1313).

[1] http://www.law360.com/articles/600378/secret-pto-program-subjects-apps-to-heightened-scrutiny
(last visited Dec. 15, 2014).

[2] https://www.yahoo.com/tech/the-u-s-government-has-a-secret-system-for-104249688314.html (last visited Dec. 15, 2014)

[3] http://teslapress.com/SAWSmemo.html (last visited Dec. 15, 2014)

[4] http://www.scribd.com/doc/249032641/SAWS-FOIA-Response#force_seo (last visited Dec. 15, 2014)

[5] Supra.

[6] http://news.thomasnet.com/imt/2005/04/12/a_jam_over_pbj (last visited Dec. 15, 2014)

[7] *Supra*, note 4 (directing examiners to flag “[a]pplications claiming inventions which seem trivial, mundane, frivolous. Silly or extremely basic, such as crimped peanut butter and jelly sandwiches, methods of swinging on a swing in a tree, etc.”).