IP Experts Rally Around Nominee For USPTO Head

By Erin Coe

Law360, New York (June 19, 2009) -- Intellectual property experts are hailing the nomination of David Kappos for the new director of the U.S. Patent and Trademark Office, saying the IBM Corp. executive has what it takes to get the struggling agency on the right track.

The Obama administration on Thursday tapped IBM's vice president and assistant general counsel of IP to head up the USPTO, and if the U.S. Senate confirms him, Kappos could give a much-needed boost to the agency that has been plagued by a growing application backlog and a high turnover of examiners, according to IP experts.

“I think he will be a strong leader and will work quite hard to help the patent office grow stronger,” said Glenn J. Perry, a Sterne Kessler Goldstein & Fox director who served with Kappos on a committee for the American Intellectual Property Law Association. “He has good people skills and is thoughtful in his decision making.”

Much of Kappos’ experience comes from his years of work at computer giant IBM, which received more than 4,000 patents last year and has more than 44,000 patents worldwide. While some have voiced concerns over whether he will be able to look out for the interests of individual inventors and companies with smaller patent portfolios, Perry said he was not worried.

“It’s true that David comes from the background of a large corporation, and there is room for controversy that he won’t understand the little guy, but I’m not terribly concerned. I’m more concerned about the U.S. economy and its increasing dependence on IP. If America wants to remain strong, we need to be innovators, and innovating requires a strong patent system,” Perry said.
Richard B. Lazarus, of counsel in Barnes & Thornburg LLP, said the fact that Kappos had been a registered patent attorney since 1991 was promising.

“Certainly an experienced patent attorney has a much better chance of solving problems at the USPTO than the several previous USPTO directors who had no such background and likely no opportunity to consider the problems and possible solutions. It will take awhile to know whether he will live up to expectations, but at least he appears to have some of the necessary experience,” he said.

Kappos is the right person at the right time for the job, according to Sharon R. Barner, chair of Foley & Lardner LLP’s IP department.

“The USPTO is fortunate to have someone of his proven leadership, experience and commitment during such a challenging time. He brings a wealth of well-rounded experience to the position, including experience from the procurement, enforcement and business perspectives,” she said.

Kappos has “precisely the skills the USPTO needs,” said Arti K. Rai, a professor at Duke Law School.

Kappos’ experience at IBM, as well as his time serving on the board of directors of AIPLA and the Intellectual Property Owners Association, will help him enormously with management, budget, information technology and policy issues, according to Stephen G. Kunin, a partner at Oblon Spivak McClelland Maier & Neustadt PC.

Mark A. Lemley, a professor at Stanford Law School, said he appreciated that Kappos was sensitive to the need for patent reform and the need to address serious problems at the agency.

“The PTO is in crisis. I think Dave Kappos understands that and will work creatively to try to find ways out of the crisis,” he said.

If confirmed, Kappos faces a number of tough challenges ahead, and experts pointed out a number of problems that required the new director’s attention.

Lazarus said the new director needed to figure out how to reduce the massive application backlog, which includes 770,000 patent applications that have yet to be reviewed.

The new director also needs to facilitate better face-to-face communications with examiners since about a quarter of the agency’s 6,300 patent examiners are working from home as part of the agency’s hoteling program, according to Lazarus.

“It would be better for examiners to communicate face to face instead of over the phone because they are not only discussing important technical matters, but also legal
matters,” Lazarus said, referring to recent case law on patentable subject matter and obviousness.

He added that bringing all the agency’s examiners under one roof could work wonders.

“The USPTO does not have the proper facility. How is it supposed to promote, supervise and train examiners when they work from home? The agency is trying to have more examiners across the board work from home, and that is hurting them and the entire system. I hope the new director plots the course and makes some improvements,” Lazarus said.

Perry said the USPTO needed to reform its practice of hiring and promoting examiners because it was not getting the best examining corps.

“I’d love to see a different approach in which the agency is compensating examiners well and developing a good professional corps of examiners. Right now, there is too much turnover, and it has a cost on the examining system,” he said.

The USPTO would also benefit if the new director focused on strengthening the re-examination process, clarifying the agency’s rules on inequitable conduct and stopping the diversion of agency fees to general tax revenues, according to Perry.

With the Patent Reform Act once again before Congress, the new USPTO head is in a prime position to help push through some form of the legislation, experts said.

The patent reform bill has drawn plenty of controversy, especially over the measure that aims to limit damages in patent infringement litigation. The damages provision was replaced in the Senate bill with a watered-down gatekeeper measure, but the provision remains in the House bill. The damages provision has been supported by big software and technology firms, but has drawn sharp opposition from the pharmaceutical side and smaller companies.

While Kappos has come out in favor of patent reform, he suggested during testimony before the Senate Judiciary Committee in March that parties may be able to reach common ground.

"To be sure, industries use the patent system in different ways, and these differences affect how they view some reform proposals. However, we believe any differences are not insurmountable," Kappos said in testimony obtained by Dow Jones.

Patents have been under attack in the U.S. for the last 10 years, and recent court rulings, such as the In re Bilski case on patentable subject matter, have contributed to weakening patents, Perry said.

“We do need some kind of strengthening of the patent system in general. Whatever the new director could do to help that along would be a benefit,” he said.