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Patent Office Gains Funds to Cut Application Backlog

By Staff Writer

WASHINGTON - The U.S. Patent and Trademark Office will get an additional \$129 million in federal funds to help reduce an application backlog that the Obama administration says is hindering innovation and job creation.

President Barack Obama signed a law last week that lets the agency retain fees collected in excess of its current \$1.89 billion budget. Without the law, fees beyond the budget would be sent to the U.S. Treasury.

The administration has linked improved protection for intellectual property with helping economic growth. The patent office is struggling to reduce a backlog of more than 700,000 applications as of Sept. 30, the end of the fiscal year. On average, it takes 34.6 months to complete the process and issue a patent, and the office is seeking to cut that to 20 months by fiscal 2014.

In a column published Aug. 5 in the New York Times, Paul Michel, former chief judge of an appeals court that specializes in patent law, and Tessera Technologies Inc. Chief Executive Officer Hank Nothhaft projected that erasing the backlog would create as many as 2.5 million jobs over three years. "There's a strong association between job creation, venture capital and patents," Nothhaft said today in a telephone interview. "Releasing patents, to small businesses in particular, is important. Who knows what industry might be cooped up there? If I'm an entrepreneur and I get a patent, I can get money pretty quickly."

In a posting on the patent office website, Director David Kappos said the agency will hire patent examiners, pay overtime for current examiners and support staff, and buy software to improve the efficiency of the office. Nothhaft and Michel, who retired in May from the U.S. Court of Appeals for the Federal Circuit, have criticized Congress for denying the agency money collected above its budget. More than \$750 million has been diverted since 1992, they said.

Obama proposed a \$2.32 billion budget for the agency in the year starting Oct. 1. The agency plans to hire 1,000 patent examiners in each of the next two fiscal years to reach its goal of reducing the pending-application rate.

In fiscal 2009, the agency stopped hiring and cut back programs because fee collections fell. Without increased funding, the patent office projects a backlog of more than 1 million applications and an average pendency of 40 months by fiscal 2015.

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