

## USPTO Docs Shed Some Light On Secretive SAWS Program

By Ryan Davis

*Law360 (July 24, 2018, 8:06 PM EDT)* -- Three years after the U.S. Patent and Trademark Office ended a program that subjected "sensitive" patent applications to additional review, documents produced in litigation have provided some details about how the program operated, including how it was kept secret from applicants.

The Sensitive Application Warning System program, dubbed SAWS, was terminated in 2015, months after it was first explained in detail by the office in response to Freedom of Information Act requests from attorneys.

The USPTO said SAWS was established in 1994 to alert officials about patent applications that could generate media attention by being controversial or frivolous. The office said applications subject to the program could include those for inventions involving abortion, claimed inventions believed to be impossible like perpetual motion machines or a cure for AIDS, or inventions with a "pioneering scope," among many other things.

Examiners were encouraged to be liberal in designating patent applications for the SAWS program. If the examiner's supervisor believed the case qualified for the program, the supervisor would prepare a SAWS report that would then be reviewed by other USPTO officials, up to the commissioner for patents.

After SAWS was disclosed, some attorneys expressed concern about the broad reach of the program given some of its vague criteria, its potential to delay patent prosecution and the fact that applicants were not notified of the program, leaving them unable to address the issues that led the application to be flagged.

When it was discontinued, the USPTO said SAWS was "marginally utilized and provides minimal benefit." It said about 0.04 percent of patent applications were flagged under the program, amounting to 2,262 applications between 2009 and 2014, the period for which it said it had data.

The office declined to reveal which patent applications were subject to the program. In the years since SAWS ended, attorneys and inventors have filed additional FOIA requests and lawsuits against the USPTO seeking more information about it.

While those efforts have not uncovered which applications were part of SAWS, the USPTO has produced some documents illustrating the level of secrecy surrounding the program.

For instance, a presentation about SAWS from a training program for new patent examiners instructed them that the process is "strictly internal to the USPTO" and that files for applications subject to SAWS "shall not indicate" that fact.

"The office shall not notify applicant or any other party that any particular application has been identified as a SAWS application," the presentation said.

How this worked in practice is illustrated in a 2012 email exchange produced by the office, in which an examiner asks a supervisor how to respond when an applicant calls to ask about the status of an application that the examiner has allowed but has been put in SAWS.

"What should I tell them? That the case is under SAWS review and for [an] update they should contact [another official]?" the examiner asked.

Two minutes later, the supervisor responded, "NO ... you do not [say] anything about it being a SAWS case. Just tell them that it has been submitted by you ... and appears to be going through [some] additional review which happens every now and again."

Jeffrey Whittle of Hogan Lovells, who is not involved in litigation over the program but reviewed some information the office produced, said that "the thing I was not fully cognizant of is the extent to which the office kept information from applicants that their application fit into the category of this program."

The "pervasive" secrecy about the existence of the program meant that "the applicant is at a significant disadvantage in terms of trying to advance the application," he said. Applicants would not have known that their application was flagged or why, and could not make changes to address whatever concerns the office had, he said.

After the program was disclosed, the USPTO said applicants were generally not notified when an application was put in the SAWS system because the program was a "quality assurance check" and an application in the program "undergoes the same examination process as any other patent application, and is held to the same substantive patentability standards."

A USPTO spokesman responded to a series of questions from Law360 seeking more details about SAWS by saying the public statement about the program from 2015 was the only information the office had to provide.

The email exchange about SAWS was produced as part of a lawsuit against the USPTO by inventor Gilbert Hyatt, who has numerous long-pending applications he believes were subject to the program and is seeking a court order requiring the office to take action on his applications.

After receiving the documents about SAWS, Hyatt hired former Commerce Department Inspector General Todd Zinser to review them and write a report about his observations. Zinser wrote that keeping the existence of the program secret was "unethical" and that "supervisors in the federal service should not direct their subordinates to mislead or misinform the public."

In an interview, Zinser said the policy of keeping applicants in the dark about SAWS was "just not right" and the secrecy of the program may have violated federal record-keeping requirements.

"They basically instructed examiners to provide misleading information to applicants. That's outrageous,"

he said. "It's really bothersome that the leaders of the office would conduct themselves that way, systemically."

Other documents produced by the office suggest that at least in some instances, the Patent Trial and Appeal Board was notified that a rejected application being appealed to the board was flagged for the SAWS program.

In a 2005 email, a USPTO official wrote that when any SAWS case is forwarded to the board, then known as the Board of Patent Appeals and Interferences, a SAWS notice should be sent to the board's two lead judges. A 2008 memo also indicated that SAWS memos should be forwarded to the board.

After the program came to light in 2014, however, email exchanges among PTAB judges produced by the office indicate that some high-ranking members of the board were unaware of that policy and said PTAB panels were "not made aware of the SAWS status at any time."

Zinser said that if the board, which rules on whether an application was correctly rejected, was in fact made aware of the SAWS designation during the appeal, it would be "especially unfair." The applicant would be unaware of the program and could not address with the board the issues that caused the patent to be singled out.

"The applicant and the applicant's attorney would have had no idea what they were arguing against. It's a secret process within a secret process," Zinser said. "The SAWS designation gives the application some type of stigma."

Whittle said the PTAB is supposed to be impartial, and patent office officials telling the board that there was something about the application that warranted special scrutiny seems to amount to telling the board not to be impartial.

"If the PTAB had a secret message that this was a SAWS patent, there would be a tendency by the PTAB not to grant that patent," he said.

The USPTO documents show that the SAWS program was decentralized, and each technology center in the office kept lists of things that could trigger additional review. Some of the items on the lists were specific inventions like toxins, human cloning, podcasting and anti-gravity devices that were deemed controversial, dangerous or implausible.

The lists also included broader categories, like claimed inventions that would generate "unwanted publicity" for the office or that had a broad scope, which could seemingly apply to many patent applications.

The office declined in litigation to produce documents about which applications were subject to the program or about the decision-making process USPTO officials engaged in when reviewing SAWS applications.

Zinser said that leaves the impression that high-level officials in the USPTO were in the position of "picking winners and losers" based on criteria that was unknown to the public and could be politicized. That is "totally contrary" to how the patent prosecution process is supposed to work, which should be based on objective criteria with clear records about decisions, he said.

"The SAWS process was not consistent with the requirement that patent applications be processed based solely on the merits of the application," he wrote in his report.

In the interview, Zinser said that if the Commerce Department inspector general's office had found out about the issues presented by SAWS during his tenure, "we would have dug into it," adding that he was "very surprised the PTO was able to keep this secret for so many years."

As inspector general, Zinser investigated other issues at the USPTO, including a report that employees were paid for hours during which they did no work, which led to hearings in Congress. He retired in 2015 amid calls for his resignation by some House Democrats, who alleged he retaliated against whistleblowers in his office who cooperated with congressional investigators.

He said that the criticism was part of "a campaign of personal destruction" by House Democrats connected to a dispute about climate change research, and that he retired because "it wasn't worth continuing to fight."

After reviewing the documents about the SAWS program at Hyatt's request, Zinser said he was dismayed by the USPTO's explanation in court filings that it will not reveal which patents were subject to the program because that could potentially have a detrimental impact on patents that were subsequently issued.

Former USPTO Director Michelle Lee said in comments submitted to Congress in 2015 that revealing which patents were in the program "may color those applications in the public's eye and lead to unjustified inferences as to the issued patent's strength or weakness." USPTO officials have pointed to that explanation in court filings declining to identify SAWS patents in subsequent litigation.

But Zinser said that without disclosing information about what happened to applications that were put in SAWS, there is no way to know whether or how the additional review affected the patent prosecution process.

The public should be informed in more detail about how SAWS worked in practice, what happened to the thousands of applications subjected to additional scrutiny, and if it resulted in applications being delayed or rejected that otherwise would not have been, he said. That could be done by appointing a special master or another type of independent review, he said.

"It's actually shocking that the PTO moved on and didn't go back and try to find out if any remedial action was necessary," he said. The abrupt termination of SAWS made it look like "the PTO tried to sweep this under the rug and hope no one would come back and ask questions about it."

Given the remaining questions about SAWS and its effect on patent prosecution, "an impartial commission to investigate and shed light on this and make sure it doesn't happen again would be helpful," Whittle said.

If the USPTO had types of inventions it had concerns about, it should have made those criteria public, rather than establishing a kind of moving target with no transparency, he said.

"This dark, secret shadowy idea is what causes people not to trust government," he said.

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