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Patent Prosecution as Dispute Resolution: A Negotiation Between Applicant and Examiner

Jaron Brunner*

I. INTRODUCTION

The phrase "negotiation is ubiquitous" has been used countless times by negotiation scholars, corporate executives, and cognitive psychologists.1 At its most basic level, negotiation is simply a communication between parties when one party wants something from the other.2 In the legal setting, parties use negotiation to attempt to divide up limited resources, reach a settlement and attempt to execute a contract.3 Even procedures as mundane as filing for a patent in the United States can, and have been, described as a complex negotiation.4 However, while many practitioners describe responding to the United States Patent and Trademark Office (USPTO) as a negotiation, few practitioners actually treat the process as one. Typically, neither patent applicants, nor their legal representatives, have formal training in negotiation skills or theory. In my time as an examiner, and now as a practitioner, I have seen many missed opportunities to use negotiation strategies to reach a faster and better result.

The similarity between the patent process and traditional negotiation is clear. In general, the USPTO Examiner has the authority to grant a patent applicant what they want – a patent. The applicant communicates their desire for a patent to the Examiner via a patent application, initiating a negotiation for patent rights. Typically, the parties' interests start far apart – the applicant files an application seeking a patent with the broadest possible scope and the Examiner is expected to

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reject the application. An iterative process follows, resulting in either the rejection of the patent application, or in a patent grant for a new and useful invention, a contract that confers a monopoly to the patent holder for a period of years.

In reaching agreement with the Examiner, integration, not compromise, is key to maximizing the benefits of negotiation strategy. Generally, the applicant compromises on the scope of the claim until the Examiner agrees the claims are allowable. However, if the patent applicant approaches the process with an understanding of “principled” negotiation, where parties focus on interests instead of positions, they would achieve shorter application pendency and stronger patent protection.

II. UNDERSTANDING NEGOTIATION THEORY

A. Elements of Bilateral Negotiation and the Traditional Approach

All negotiations share several common elements, regardless of the form the negotiations take or the strategies negotiators employed. For example, in every negotiation, there is leverage to be gained and exercised by each side. Each side seeks to gain and control information. The more pertinent information a party can collect, the better their negotiating position.

In traditional negotiation, each side tightly guards information, attempts to hold to a position, and uses leverage to extract as much from the other side as possible. This approach requires compromise for an agreement to be reached. The traditional approach’s zero-sum perspective makes it adversarial by necessity.

5. Dennis Crouch, Percentage of Patents that were Initially Rejected, PATENTLY-O (Apr. 3, 2009), http://www.patentlyo.com/patent/2009/04/percentage-of-patents-that-were-initially-rejected.html (stating that about eighty-five percent of initial applications are rejected, which forces the applicant to accept the Examiner’s position).


7. See generally ROGER FISHER & WILLIAM URY, GETTING TO YES: NEGOTIATING AGREEMENT WITHOUT GIVING IN (Bruce Patton ed., 2d ed. 1983).


9. Id. at 7.

10. Id. at 9.

11. Id. at 10.

12. See ROBERT H. Mnookin ET AL., BEYOND WINNING 19 (2004). The lowest point at which a side will come to agreement. Translation of BATNA into a value at the table – the “amount at which you are indifferent between reaching a deal [and] walking away to your BATNA.” Id.

13. Id. at 34. The highest point a side reasonably hopes to achieve. This value is the outcome to which you aspire that would “serve[ ] your interests much better than your best alternative.” Id. Your aspiration value should aim high (much research has shown that negotiators with high aspirations on average do better), but also be supportable by arguments about why this value is reasonable. Id.

14. See generally FISHER & URY, supra note 7. BATNA is the true measure by which you should judge any proposed agreement. It “is the only standard [that] can protect you [both] from accepting terms that are too unfavorable and [from] rejecting terms [that] it would be in your interest to accept.” Id. at 100-01.
In the legal context, the problem is exacerbated by the fact that a court has the power to declare a winner if conflicting parties cannot reach an agreement.

B. The Seven Elements Approach of Principled Negotiation

Roger Fisher and William Ury developed one of the most notable negotiation theories, “principled negotiation,” in their highly regarded book, “Getting to YES: Negotiating Agreement Without Giving In.” Unlike traditional negotiation, principled negotiation focuses on each party’s interests, as opposed to their positions, and encourages the generation of options that allow for mutual gain. The seven elements of principled negotiation are alternatives, interests, options, legitimacy, communication, commitment, and relationship. While these elements are all factors to a desirable outcome, no one factor is determinative, and achieving a better outcome as to one element may require the sacrifice of other elements.

Alternatives are options that do not require the agreement of the other party, and include a party’s BATNA. Interests represent each side’s needs and desires and are important to improve the outcome of any negotiation. Options represent any and all forms a negotiated agreement may take. Legitimacy corresponds with objective standards that can be used to evaluate options. Communication is any and all forms of communication between the negotiating parties. Commitment relates to actions that each party must take according to the negotiated agreement, such as the payment of monies or other obligations during the life of a contract. Finally, relationship involves not only any continued relationship required by the negotiated agreement, but any future negotiations.

C. Five Strategies of Negotiation

There are five basic negotiation strategies: problem solving, contending, yielding, inaction, and withdrawal. The problem solving approach requires

15. This viewpoint entails that the total winnings and losses from the parties to a negotiation equal zero. See J. VON NEUMANN & O. MORGENSTERN, THEORY OF GAMES AND ECONOMIC BEHAVIOR 46-47 (1944).
16. See generally FISCHER & URY, supra note 7.
17. Id.
19. Hughes, supra note 18, at 5.
20. Id. at 4.
21. Id. at 3.
22. Id. at 5.
23. Id. at 3.
24. Id. at 5.
25. Id.
26. Id. at 4.
28. Contending involves forcing one’s will on the other party. Id.
29. Yielding involves a reduction in one’s aspirational value. Id.
30. Inaction involves doing as little as possible during the negotiation. Id.
parties to generate options, not simply to compromise, but to achieve integration.\textsuperscript{32} Compromise involves sacrifice and may lead to problems for both sides.\textsuperscript{33} Integration means finding a solution where neither party has to sacrifice.\textsuperscript{34} The key, according to negotiation scholar Mary Parker Follett, is not to view the two alternatives as mutually exclusive.\textsuperscript{35} Thus, a patent applicant needs to be able to effectively manage and implement problem solving, contending, and yielding strategies in order to maximize any benefit gained from the negotiation. These strategies, when used in unison, can make the negotiation more effective.

\textbf{D. Anchors Away}

Heuristics are a set of simple rules, usually binary in nature, that bias a person’s decision-making when facing problems with incomplete facts.\textsuperscript{36} “Anchoring” is a heuristic that has a profound impact on negotiation. Anchoring in negotiation occurs when a negotiating party sets an initial value or estimate, and then gives undue weight to this initial value or estimate throughout the negotiation process.\textsuperscript{37} For example, the initial price offered for an item during negotiation affects the rest of the negotiation. If a party offers a price lower than the initial offer, it appears more reasonable to the opposing party, even if the offer is higher than the value of the item.\textsuperscript{38} Anchoring thus affects negotiation in a fundamental way and can be very powerful. While it can play an important part in decision-making, anchoring can also lead to errors and bias, as in the example above.

\textbf{III. UNDERSTANDING THE PATENT APPLICATION PROCESS}

\textbf{A. Patent Prosecution Basics}

The patent system is designed to encourage disclosure of new and useful inventions to “the people.”\textsuperscript{39} A patent grants a monopoly for a period of time in

\begin{footnotesize}
\begin{itemize}
\item 31. Withdrawal involves abandoning the negotiation altogether. \textit{Id.}
\item 33. \textit{Id.} at 31.
\item 34. \textit{Id.} at 32.
\item 35. \textit{Id.} at 33.
\item 37. \textit{Id.} at 1128.
\item 38. \textit{Id.} In one experiment, researchers asked participants to estimate the probability of various quantities, such as the number of African countries in the United Nations. For each estimate by a participant, a number between one and 100 was shown at random to the participant. The participant was then asked if the quantity was higher or lower and was asked to give an estimate. Invariably, the random number affected the participant’s estimate, even when a payout for accuracy was offered. \textit{Id} at 1128.
\item 39. From the first known patent statute enacted in Venice in 1475, patents have always been about the people:
\begin{quote}
We have among us men of great genius, apt to invent and discover ingenious devices… if provision were made for the works and devices discovered by such persons, so that others who may see them could not build them and take the inventor’s honor away, more men would then apply their genius, would discover, and would build devices of great utility and benefit to our Commonwealth.
\end{quote}
\end{itemize}
\end{footnotesize}
exchange for the disclosure of the invention and eventual dedication to the public. Patent prosecution is the interaction between a patent applicant ("Applicant") and a USPTO Examiner ("Examiner") regarding a patent application. Prosecution of a patent results in either (1) the creation of a patent, a complex legal document that allows the owner to exclude others from use of the invention described therein, or (2) the failure to obtain a patent because the Applicant was not the first to invent what is described in the patent application.

A patent application consists of two main elements: a specification, including the claims, and drawings. The specification includes a written description of the invention and the process of making and using the invention. The claims particularly point out, and distinctly assert, the subject matter of the invention. The claims define the scope of the legal rights a patent holder asserts when excluding others from making, using, offering to sell, selling, or importing the invention into the United States. Finally, the drawings are illustrations provided by the Applicant where necessary to understand the invention.

Prosecution of a patent application is conducted in a variety of ways, including an exchange of letters, telephone calls, and even face-to-face meetings between the Applicant and the Examiner. Prosecution is an iterative process designed to ensure any patent issued is sufficiently narrow in scope, so as not to encompass the prior art, and to allow for others to contribute to future improvements. Typically, Applicants start the process by seeking the broadest possible patent for the invention. The Examiner then uses the broadest reasonable interpretation of the claims presented to find prior art. If the applicant’s claims are too broad, the Examiner rejects them and gives the Applicant an opportunity to amend the claims and narrow their scope.

VENETIAN REPUBLIC PATENT STATUTE (1474), reprinted in PRINCIPLES OF PATENT LAW 10-11 (Donald S. Chisum et al. eds., 2d ed. 2001).


41. A patent application may be filed by the Applicant, a registered attorney, a registered agent, or any other individual authorized to practice before the USPTO in patent cases. See 37 C.F.R. § 1.31 (2009). Patent prosecution, while seemingly straightforward, is geared toward the creation of a complex legal document and should be conducted by a patent attorney or agent. See Nonprovisional (Utility) Patent Application Filing Guide, U.S. PATENT & TRADEMARK OFFICE, http://www.uspto.gov/web/offices/pac/utility/utility.htm.

42. See 35 U.S.C. §§ 112, 113 (2006). For the disclosure requirements of section 112, originally filed claims are considered part of the specifications and therefore may support future amendments. 35 U.S.C. § 112.

43. See id. § 112(a).

44. See id. § 112(b).

45. See id. § 271. Patent rights are distinctly the right to exclude others.

46. See id. § 113.

47. “Prior Art” encompasses anything known to the public before the invention claimed in the patent application. 35 U.S.C. § 102(a).

48. “Congress shall have power ... to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.” U.S. CONST. art. I, § 8. With this power Congress has enacted various laws to promote the progress of useful arts and prevent the patenting of useful arts already known to the public. See 35 U.S.C. §§ 102, 103 (2006).


50. Art rejections by the Examiner are based on section 102 or section 103 (i.e., the Examiner finds prior art that describes the claimed invention). Claims are too broad if they cover or claim the prior art. See supra notes 42-49 and accompanying text.
Prosecution cannot continue indefinitely. Examiners are allotted a certain number of hours, on average, to spend on each application. Furthermore, The USPTO has several policies in place to reduce application pendency, such as shortened statutory periods of reply and final Office Actions. The USPTO assures that its interests are protected during this process by giving Examiners job credits or “counts” for granting patents when appropriate and for forcing the abandonment of applications that should not issue.

B. The USPTO’s New Direction

Until recently, the USPTO’s count system had been largely unchanged for thirty years. However, on September 30, 2009, the USPTO proposed a change to the count-system and has since been modifying incentives for Examiners. The proposal’s stated goal was to reduce pendency of applications and facilitating negotiation was the method chosen to accomplish this goal. The USPTO’s proposal listed several objectives, the two most important for Applicants being (1) to provide incentives to the Examiner to address issues early in the examination process, and (2) to provide incentives for the Examiner to reach out to Applicants.

Under the current count system, an Examiner receives counts for prosecuting an application to “disposal.” The counts are divided between the various Examiner actions, with the most counts for a “First Action On the Merits” (FAOM). This incentivizes Examiners to expend their early efforts on ascertaining the important issues. Until recently, fewer counts were given to Examiners for subsequent “Requests for Continued Examination” (RCEs), in order to motivate quicker resolution of the issues. However, because of the RCE backlog, the number of counts for an RCE has been increased to match the total number of counts for a new application.

To facilitate issue-spotting earlier in the process, the USPTO has not only proposed an increase in the number of hours an Examiner may spend on any particular application, but has also given Examiners one hour of “non-examining time

52. “Under present practice, second or any subsequent actions on the merits shall be final, except where the examiner introduces a new ground of rejection that is neither necessitated by applicant’s amendment of the claims, nor based on information submitted in an information disclosure statement.” MPEP. § 706.07(a) (8th ed., rev. 8, July 2010).
54. Id.
55. Id.
56. Id.
57. Disposal means that an application has been allowed or abandoned, or that an RCE was filed. See generally Glossary of Patent Terms, DELPHION (July 20, 2004), https://www.delphion.com/help/glossary.
for substantive examiner-initiated interviews.”

An Examiner can now benefit from actively participating in the negotiation process. Under the old system, Examiners had no incentive to clarify issues they did not understand in the application; they could merely reject all of the Applicant’s attempts to reach an agreement and wait for the Applicant to file an RCE.

IV. APPLYING NEGOTIATION THEORY TO PATENT PROSECUTION

A. Traditional Negotiation in the Patent Prosecution Context

The parallels between traditional negotiation and patent prosecution are clear: an Applicant typically asserts the broadest claims, the aspirational value for the invention, because broad claims mean the highest value for the patent, and the Examiner responds by finding prior art that requires the Applicant to narrow the claims. Applicants may believe claiming broadly enables them to achieve the broadest claim scope, because they have anchored high. Unfortunately, this approach often leads to protracted prosecution, increased fees, and even invalid patents. Furthermore, broad claims may allow the Examiner to cite prior art that is unrelated to the invention for which a patent is sought, because the broadly drafted claims can be read onto the unrelated prior art.

Another similarity between negotiation and patent prosecution is the advantage of the repeat player, which the USPTO recognizes. The repeat player in a negotiation can utilize their knowledge of the process and experience with the other side to extract higher benefit. For example, the repeat player’s knowledge of the process can lead to a quicker agreement and avoid any protracted delays. Similarly an applicant familiar with the procedures of the USPTO is in a better position to select the appropriate response in order to achieve their desired result. Furthermore, applicants familiar with Examiner’s motivations are able to play off those motivations and extract a greater benefit. Traditional bilateral negotiation and the United States patent system also share well-known disadvantages, most notably delay. This can happen when neither side is willing to move the process forward for fear of losing out on a portion of the winnings which they believe are fixed. Applicants often equate amending claims to giving up some of their potential winnings, this can lead to applicants delaying the process by not amending sufficiently to avoid the prior art or simply not amending their claims.

Examination of Samuel Morse’s famous patent application for his newly invented telegraph demonstrates how traditional negotiation elements have histori-
cally been present in patent prosecution. Mr. Morse’s application for the telegraph exemplifies an Applicant’s aspirational and reservation value. Mr. Morse wanted to claim any form of communication using electro-magnetic radiation, which was aspirational in nature because of the extremely broad claim scope. Morse’s reservation value was a claim just broad enough to protect the telegraph and any improvements Morse could conceive of. The Examiner’s aspirational value was a patent limited to the exact confines of the invention, leaving plenty of room for future inventors to build on Morse’s invention. The Examiner’s reservation value was a claimed invention that while slightly broader then the exact confines of Mr. Morse’s invention, still allowed the inventive concept to reach and benefit the public. Mr. Morse received a patent that was closer to his reservation value, the telegraph. This example illustrates the Examiner’s initial leverage over the Applicant, and demonstrates that while anchoring high will always increase pendency, it does not necessarily increase claim scope.

B. The Benefits of Principled Negotiation in Patent Prosecution

Principled negotiation has proven successful in both adversarial and collaborative scenarios, and would be a valuable tool in patent prosecution regardless of the Examiner’s posture. If the parties to the Morse prosecution had used principled negotiation, the patent could have resulted in broader claims and a shorter pendency. Consider how that negotiation strategy may have been utilized. By focusing not only on his own interests, but also on the interests of the USPTO and Examiner, Mr. Morse could have quickly ruled out an initial claim for all forms of communication using electro-magnetic radiation. He would have quickly realized that the Examiner’s BATNA, rejecting the application, satisfied the Examiner’s interests better than Mr. Morse’s broad claims. Knowing this would have enabled Mr. Morse to redraft and narrow his claims before any action was taken by the Examiner, and before waiting for an Office Action. Morse would have shortened the pendency of the claims and eliminated an entire round of negotiations with the Examiner. In practice, finding the proper claim scope is a challenge, but focusing on interests during preparation of the patent application is an important first step.

Mr. Morse would next have developed alternative claims and claim limitations, first independently, and later with the Examiner during an interview. This brainstorming process that would have taken place during the Examiner interview, would have generated potential claims without discussion of the merits — whether the Examiner would allow the claim. Mr. Morse could then have used this information to reach the “integration potential,” the point at which his claims were broad enough to encompass future improvements, yet properly described and valid over the prior art. Having determined the integration potential, Mr. Morse

69. See supra notes 39-52 and accompanying text.
70. See supra notes 39-52 and accompanying text. For more on “integration potential” and how a court may subsequently analyze integration, see Dennis Crouch, Integration Analysis Dooms Patent's
would likely have yielded by amending his claims to a point where he believed the integration potential had been reached. Determining the integration potential becomes easier as an Applicant gains more experience, both with the USPTO and in the technological field of the invention, and as the Applicant gains a greater understanding of the underlying market motivations for the claimed invention.71

After determining the integration potential, Mr. Morse could have demonstrated contentious behavior, arguing that his invention was “landmark” and therefore deserving of extra protection. Alternatively, Morse could have emphasized that certain claims were necessary as they covered the essence of the invention.72 Furthermore, Mr. Morse could have discussed objective standards and evidence to legitimize his arguments, such as by pointing out that there was no other product on the market capable of such rapid communication. If, after contending, the Examiner still rejected the claims, Mr. Morse could return to a problem-solving strategy and develop new options that satisfied the Examiner’s interests better than the alternatives. He could have also continued to exhibit contentious behavior by appealing the Examiner’s decision to the Patent Trial and Appeals Board (PTAB).73 Between successive rounds, Mr. Morse could have developed alternatives such as patent protection outside of the United States, development of the invention as a trade secret, or drafted favorable licensing terms that would allow him to maintain control of his invention.

The Morse example illustrates the benefits of principled negotiation theory in patent prosecution—specifically, the gains that can be achieved by focusing on interests, options, and alternatives. Furthermore, this example illustrates the effective use of problem solving, yielding, and contending strategies during prosecution. Effective use of these strategies requires problem solving to develop options that achieve integration, yielding to the integration potential, and contending to avoid falling short of the integration potential.

V. RECOMMENDED ACTION

A. Preparing for a Principled Patent Negotiation: Considering Interests, Options, and BATNA at the Claim-Drafting Stage

Preparation is key to an effective principled negotiation with a patent Examiner. Specifically, the Applicant should consider at the outset how each of the seven elements of principled negotiation can be achieved or sacrificed.74 This

71. See supra notes 39-52 and accompanying text.
72. For example, Mr. Morse could have argued that his invention, the telegraph, allowed for near instantaneous communication over great distances and would forever improve all manner of human endeavors, and that it was therefore deserving of extra protection because the benefit to the public of its disclosure would far outweigh any extra monopoly conferred. See supra notes 39, 48.
73. 35 U.S.C. §§ 6(a), (b) (“There shall be in the Office a Patent Trial and Appeal Board.” The PTAB shall “(1) on written appeal of an applicant, review adverse decisions of examiners upon applications for patents pursuant to section 134(a); (2) review appeals of reexaminations pursuant to section 134(b); (3) conduct derivation proceedings pursuant to section 135; and (4) conduct inter partes reviews and post-grant reviews pursuant to chapters 31 and 32.”).
74. See supra notes 16-26 and accompanying text (discussing the seven elements of principled negotiation).
type of preparation is not difficult, as many aspects of patent prosecution are fixed or easily ascertainable. For example, the USPTO and the Examiner have very clear interests, such as the count system, and both parties share a common interest — creating a valid patent. The Examiner’s alternative is rejecting the application as drafted. And the most important source for generating options is the claims, both in claim interpretation, and any and all forms the claims may take.

An Applicant’s initial claim-drafting strategy should provide a framework for the negotiation with the Examiner. An “[a]pplicant should keep in mind that her presentation on the claims and the prior art is a prelude to a negotiation aimed at reaching agreement on what is patentable.” Because it is difficult to predict how an Examiner will interpret the claims as drafted, the specifications should include as many options as possible. These different options can be used in problem solving, when amending claims, or during an Examiner interview. The presentation of the prior art should also be considered. By briefly searching for relevant art, and submitting it along with the application, the Applicant can guide the Examiner’s interpretation of the claims, even if the claims are broad enough to cover unrelated art. Furthermore, presenting the Examiner with prior art may have the effect of anchoring the claims to relevant prior art, thereby making responding to “Office Action” quicker and easier.

There are, however, special concerns when preparing to negotiate a patent application. An Applicant is not allowed to add new matter to the application, so the Applicant needs to account for this in the initial application. The Applicant must also consider an Examiner’s possible reactions to various claim constructions, as brainstorming possible claim variations may not be sufficient to reach allowance of the claims. Anticipating an Examiner’s reaction to a particular claim is a difficult task because an Applicant cannot know who the Examiner will be until some point after the application is filed. However, negotiation theory can help the Applicant predict an Examiner’s possible reactions. An agreement will only be reached if the Applicant presents options that satisfy the Examiner’s interests better than the alternatives. This focus, as illustrated above in the Morse example, allows an Applicant to better judge whether an Examiner is will agree with the claims.

Additionally, an Examiner is unlikely to agree to claims that the Examiner knows will not be allowable, regardless of the claims and the prior art. For example, arguing against the Examiner’s interpretation of the claims or prior art during a response or an interview, without taking the time to understand the Examiner’s interpretation, will not lead to allowance. The Examiner is not likely to a change of opinion without good reason. With a focus on communication and legitimacy, the Applicant is better able to generate options that address the Examiner’s interpretation. This approach allows an Applicant to generate options that will lead to allowance earlier in prosecution.

76. 37 C.F.R. § 1.121(f) (2009). Though not formally defined, “new matter” refers to subject matter that was not present in the original application as filed.
77. For example, arguing against the Examiner’s interpretation of the claims or prior art during a response or an interview without taking the time to understand what the Examiner is trying to communicate (i.e., the Examiners interpretation) will not lead to allowance.
In preparing for prosecution, an Applicant should look for ways to create value, or “expand the pie.”

Creating value requires the Applicant to draft claims that are integrative. Claims must not simply enable compromise, but also create value, in the form of counts or “non-examining other time” for the Examiner. The Examiner’s primary responsibility during prosecution is to generate a prosecution history that clearly demonstrates the relevant prior art and reasons for allowance. The Applicant can create value by drafting claims that can easily be differentiated from the prior art. This can be accomplished by using terms that have meaning in the relevant art and by demonstrating which limitations differentiate the claims, as well as where the limitations are derived from. For example, the applicant when claiming a truss bridge may use terms that are well known in the art, such as a k truss or long truss, to add additional meaning to the claims will point out specific features that are not in the prior art as well as where support for those features may be found in the specification.

One potential concern is that extra preparation will add to the cost of a patent in the form of additional attorneys’ fees. Cost is always a concern because large corporations increasingly treat patent applications as a commodity and set fixed budgets for obtaining patent protection. The law firms serving these large corporations make a profit by lowering production cost. The process described here, and an emphasis on negotiation generally, can actually accelerate patent prosecution by increasing the likelihood that the Examiner will issue an allowance sooner. Achieving allowance before the need to file an RCE allows Applicant to receive a patent faster, reducing fees.

B. Amending Claims and Responding to Office Actions: Contending, Yielding, and Problem Solving

The elements and strategies of principled negotiation should be considered when amending claims and responding to Office Actions. Once an Examiner rejects the claims, the Applicant should consider interests, options, and alternatives to decide which step to take next. When amending the claim, focusing on integration will allow the Applicant to find options that benefit both parties. Striking a balance between the Applicant’s and Examiner’s interests is essential. Another option, such as an “After Final Amendment” under the new pilot program,

78. For background on the term, see Brad Spangler, Integrative or Interest-Based Bargaining, BEYOND INTRACTABILITY (June 2003), http://www.beyondintractability.org/essay/interest-based_bargaining.
79. “Other time” is working hours credited to the Examiner that do not count towards the Examiner’s production time. See supra notes 51-61 and accompanying text.
82. Id. at 206, n.39.
83. See supra note 61. The After Final Consideration Pilot Program 2.0 has been extended twice already by the USPTO and may soon become common practice. The program allows for three hours of non-examining other time for the examiner to do a brief search of the prior art for the amended claims after final and issuance of a notice of allowance (if appropriate). See supra note 61; see also After Final Consideration Pilot 2.0, U.S. PATENT & TRADEMARK OFFICE (Mar. 28, 2014), http://www.uspto.gov/patents/init_events/afcp.jsp.
may better serve the interests of both sides by saving the Applicant added cost and
time of an RCE, while satisfying the Examiner’s interests by providing “non-
examining other time.” An Applicant will need to balance his or her needs and
interests to determine an overall strategy. By combining basic negotiation ele-
ments with effective negotiation strategies, Applicants can maximize the benefits
of principled negotiation. For example, if the goal is a shorter application pendency,
then the Applicant’s strategy should include more yielding and problem solving. If a broader patent is desired, then perhaps the Applicant should consider
more contentious tactics.

By considering the elements of principled negotiation, an Applicant can im-
prove alternatives by developing the invention as a trade secret or by using partic-
ular licensing terms. The Applicant should also remember that the interest of both
sides is to create a valid patent, which encourages the development and disclosure
of new inventions for the benefit of the public. This shared interest enables more
collaborative negotiations with the Examiner.

The applicant should also consider options when selecting an appropriate
strategy. For example, if the Examiner objects to a particular claim term, it may
be necessary to develop new options using problem solving. The Applicant
should think about legitimacy when drafting claim amendments with a focus on
allowance. By providing objective criteria as to why the claims are allowable,
an Applicant not only makes it easier for the Examiner to accept arguments, but
may also provide the framework for the Examiner’s notice of allowance. Finally,
the Applicant should consider how communication with the Examiner, while limited in scope and content by the USPTO, should be pursued to best effectuate the
Applicant’s desired outcome.

The ideal approach for the Applicant is to yield to a point that is compatible
with the integrative potential, and then contend his or her position while conduct-
ing cooperative problem solving. An experienced Applicant will be a better
judge of how far to yield, when to yield, and where to contend, thus leading to
more creative options. Furthermore, the iterative nature of prosecution can gener-
ate agreements that maximize joint-benefits. Benefits, such as reduced pendency,
means the Examiner spends less time per application for the same amount of
counts and that the Applicant’s patent is quicker to issue. Using problem solving
to generate options during an interview can even be a cooperative process between
the Applicant and the Examiner.

84. The Patent office will issue a notice of allowance for applications that claim new nonobvious
inventions. See 37 C.F.R. § 1.311 (2009). For more on notices of allowance, see Dennis Crouch,
Timing of the Notice of Allowance, Issue Fee Payment, and Patent Issuance, Patently-O (June 9,
86. For example, if the Applicant does not want to make a particular statement on the record, a
direct phone call to the Examiner would be a better form of communication.
87. This approach is adapted from Dean G. Pruitt’s essay Strategic Choice in Negotiation. See Dean
G. Pruitt, Strategic Choice in Negotiation, in NEGOTIATION THEORY AND PRACTICE 27–46 (J. William
88. See generally Dean G. Pruitt & P. J. D. Carnevale, The Development of Integrative Agreements,
in COOPERATION AND HELPING BEHAVIOR (V. J. Derlega and J. Grzelk eds., 1982) (showing that a
repetitive trial-and-error process leads to greater joint benefits).
89. Id.
A patent Applicant should be firm but not stubborn when problem solving; he or she should be flexible about the claims and actively search for solutions with the Examiner that will serve the interests of both sides. For example, while summarizing the invention and arguments during an interview might be a good way to get a point across, this does little to further prosecution. Discussing specific examples of claim language and the Examiner’s interpretation of the specified language, not the merits of the specified language, generates options for the Applicant.

As opposed to contending, yielding in conjunction with problem solving allows Applicants to be flexible. Yielding during patent prosecution involves amending claims and narrowing their scope according to the Applicant’s options. When considering the options generated during problem solving, selecting options that satisfy the Examiner’s interests better than the alternatives, and eliminating options that do not satisfy these requirements, may reduce overall pendency. Yielding may also include selecting options generated during the drafting of the initial application. For example, after receiving an Office Action, an Applicant may yield by determining limitations in the original application not disclosed by the cited art and include those limitations in the amended claims. Contending during a patent application may sound risky, as forcing or attempting to force an Examiner to accept particular claims may result in rejection or an invalid patent. However, when used effectively with other strategies, contending can be beneficial to the Applicant.

It is also important for Applicants to understand contentious behavior, as Examiners often exhibit this type of behavior during the initial stages of prosecution. Contentious behavior, when used with problem-solving strategies, helps the Applicant to remain firm, even when lowering aspirational value by yielding. While making threats or being stubborn about one’s proposal can lead to failure, an Applicant can successfully contend in this context by stressing the importance of a particular claimed feature. Threatening to appeal a final rejection, or appealing a final rejection, can be viewed as a form of contentious behavior, because the Applicant is seeking a ruling by a higher authority in an effort to impose his will on the Examiner. While filing an appeal demonstrates contentious behavior to the Examiner, it does not preclude further negotiation. The risk of having to reopen examination may be enough to bring the Examiner closer to an agreement. Contentious behavior can be an effective strategy because Examiners are duty-bound to continue examining the application and cannot “walk away” from the table. Therefore, while maintaining a position over multiple iterations may not forward prosecution, it may ultimately lead the Examiner to yield the contended issue.

The current USPTO system encourages Examiners to do the most complete search of the prior art possible during initial examination of an application. There-

90. If a court determines a patent’s claims to be too broad and thereby encompass prior art, it is invalid. See Arbrook, Inc. v. American Hosp. Supply Corp., 645 F.2d 273, 276 n.1 (5th Cir. 1981).
91. Dennis Crouch, Percentage of Patents that were Initially Rejected, PATENTLY-O (Apr. 3, 2009), http://www.patentlyo.com/patent/2009/04/percentage-of-patents-that-were-initially-rejected.html (stating that about eighty-five percent of initial applications are rejected, which forces the applicant to accept the Examiner’s position).
92. The PTAB may overturn the Examiner’s rejection and require the Examiner to reopen prosecution. See MPEP § 1214.04 (8th ed., rev. 8, July 2010).
fore, an Applicant can expect to use problem-solving tactics much sooner during patent prosecution and hopefully see less contentious behavior from the Examiner. In the past, an Examiner could benefit from contentious behavior by, for example, rejecting an application until an RCE was filed. Under the current count system, Examiners benefit more from an amicable problem-solving approach because front-loading tasks is rewarded. As such, Applicants should be prepared to address the Examiner’s concerns and maintain several problem-solving strategies, such as brainstorming, in their negotiation arsenals.

An Applicant needs to be able to effectively manage and implement problem solving, contending, and yielding strategies in order to maximize the benefits gained from the negotiation. These strategies, when used together, make the negotiation more effective. While compromise is often seen as essential to reaching an agreement with the Examiner, it requires both sides to make concessions and give up something that they otherwise need. Compromise by the Examiner may cause issues during quality review, and compromise by the Applicant may result in a patent with little or no value. On the other hand, finding integrative solutions produces agreements, without requiring either the Examiner or Applicant to make concessions. For example, amending the claims, even when the Examiner must issue a new ground of rejection, may generate higher joint benefits than requiring a second non-final office action. Negotiating a patent application does not require that patent claims be narrow, an Applicant can make broad claims and still find an integrative solution.

C. Anchoring: How to Identify and Effectively Deal with the Anchor

An Applicant should expect to encounter anchoring during prosecution and should consider the Examiner’s interests when deciding how to account for any biases resulting from an anchor. Anchoring occurs when the Examiner defines the scope and content of the prior art by presenting prior art that either anticipates, or renders obvious, the claimed invention. It is important for an Applicant to understand that anchoring occurs and that it will affect both the Examiners’ and the Applicants’ decision-making processes. The concept of anchoring may be seen in the identification of the prior art associated with an application. An Examiner’s initial rejection will include the prior art upon which the rejection is based. Prosecution may then be considered as anchored to the cited prior art, as the focus is now on differentiating the claimed invention from it. An understanding of how anchoring affects patent prosecution will help the Applicant to reduce pendency by reducing the effect the anchor has on the negotiation.

93. Inaction and withdrawal are less likely to be effective strategies for obtaining a patent and are not discussed here. Inaction will lead to abandonment of an application, and withdrawal in the context of obtaining a patent is only helpful in correcting a patent that has been passed to issue. For more on abandonment and withdrawal provisions, see U.S. PATENT & TRADEMARK OFFICE, http://www.uspto.gov/web/offices/pac/mpep/s711.html.
96. Id. at 33. For more on the Examiner’s process, see U.S. PATENT & TRADEMARK OFFICE (Mar. 27, 2014), http://www.uspto.gov/web/offices/pac/mpep/s706.html.
Presenting the Examiner with prior art references before initial examination and drafting claims that indicate the relevant prior art may focus examination on the prior art reference supplied by the Applicant. This allows the Applicant to direct the discussion differentiating the claimed invention from the prior art. There are risks with this approach, and determining how much time and effort to put into ascertaining the relevant prior art may be difficult. However, this strategy may be used effectively to tailor the scope and content of the prior art. By presenting the Examiner with appropriate references the Applicant can direct the discussion of the relevant prior art and the scope of the claims to maximize joint benefit.

VI. CONCLUSION

The notion that a patent application is a negotiation between the Examiner and the Applicant is not a new concept. This paper has attempted to explain negotiation theory for the benefit of patent Applicants, by suggesting strategies to use during the application process. Specifically, the Applicant should use problem solving, contending, and yielding, in unison, to reach an agreement with the Examiner. Contrary to popular belief, compromise in a patent application is not ideal and should be avoided. Instead, Applicants should strive for integration, using negotiation theory and strategies.

By focusing on the seven elements of principled negotiation, an Applicant can better prepare his claims and gain an edge in patent prosecution. The better the Applicant understands each element’s impact on the patent prosecution process, the greater the Applicant’s ability will be to reach a mutually beneficial agreement with the Examiner. Knowledge is power, and knowledge of negotiation theory will give patent Applicants the power to better control the process and achieve results that benefit all parties involved.

97. An Applicant must keep in mind the duty of good faith and candor and avoid misleading the Examiner. See MPEP § 2001 (8th ed., rev. 8, July 2010). Achieving integration not only satisfies this duty, but also yields better claims.