

Outgoing USPTO Director Lee Praised For Smooth Tenure

By Ryan Davis

Law360, New York (June 7, 2017, 9:16 PM EDT) -- Former U.S. Patent and Trademark Office Director Michelle Lee, who resigned on Tuesday after two years at the helm of the agency, was an effective and fair leader who made the patent office run smoothly and placed a needed focus on patent quality, attorneys say.

Lee, the former deputy general counsel at Google Inc., did not disclose a reason for her departure or her future plans on Tuesday. USPTO Associate Solicitor Joseph Matal will lead the office on an interim basis until a permanent director is confirmed, the agency announced Wednesday.

A holdover from former President Barack Obama's administration, Lee stayed on in the role under President Donald Trump, but it was never clear if Trump intended her to remain director for the long term. In two years at the office, attorneys said they were impressed with Lee's leadership.

"She was perceived to be someone who cut her teeth in the high-tech industry, but I think she did a very even-handed job of representing everyone's interests," said Kevin Noonan, chairman of the biotechnology and pharmaceuticals practice group at McDonnell Boehnen Hulbert & Berghoff LLP.

During her tenure, Lee put a significant emphasis on improving patent quality as well as on efficiently managing proceedings at the Patent Trial and Appeal Board, both of which were handled effectively, attorneys say.

Part of Lee's initiative to bolster patent quality involved reducing the backlog of pending patent applications so they are reviewed more efficiently, and that has had tangible results, said Erik Belt of McCarter & English LLP.

"I've seen a little drop in the time it takes from the filing of an application to the first office action," he said, adding that "she's had a real positive effect for the IP community."

Patent quality "is like beauty, it's in the eye of the beholder," Noonan said, and while Lee's initiatives over the past year and a half may not yet have resulted in a sea-change improvement in quality, there is now greater awareness of the issue involved.

America Invents Act proceedings to challenge patents at the PTAB have become an even more integral part of patent litigation over the past few years, and the board has produced strong results, said Ronald Cahill of Nutter McClennen & Fish LLP.

"Those were designed from the outset to invalidate and weed out weak patents, and by most measures, that has been a success," he said.

When the USPTO's policies governing the PTAB proceedings have been reviewed on appeal, they have largely been upheld, Noonan noted.

"The Federal Circuit and the Supreme Court don't often agree on much, but they both seem to think the office did a good job on that, and Director Lee deserves some of the credit for that," he said.

In addition to her internal management of the patent office, attorneys said they appreciated Lee's efforts to communicate with stakeholders about how the USPTO can improve. Donald Steinberg of WilmerHale noted that she was always receptive to questions and suggestions from the public about the office.

"She often spoke at events and was very serious about reaching out to the patent community and getting feedback. I think that is really great," he said.

Lee's background in the high-tech industry led her lean toward addressing the concerns of such companies, including patent suits by nonpracticing entities, Cahill said.

"As a result, patents became more difficult to obtain and more easy to challenge during Director Lee's tenure," he said.

The life sciences industry tends to lean toward strong patent protection, and the next director might move more in that direction, Cahill suggested.

"It seems like the life sciences side has a pretty strong argument that something needs to be done to strengthen patents," he said. "There are terrific innovations that are now less likely to be patent-eligible."

Other attorneys were hesitant to characterize Lee's tenure as favoring one view of patents over another. They noted that much of the perception of the USPTO's treatment of patents comes from its decisions on what is patent-eligible under Section 101 of the Patent Act, an area in which the U.S. Supreme Court has issued several recent decisions that have been difficult to interpret.

"There are people who feel she made it particularly tough for patent applicants, but to a large degree, she was trying to implement the law in an area that is not the clearest at this point," Steinberg said.

Steven Pollinger of McKool Smith PC said that Lee sought to make patent-eligibility issues clearer and more predictable by holding roundtable meetings last year, and it should continue to be a focus for the next director.

"More needs to be done so that applicants know what is and is not patentable under Section 101, and so that granted patents are generally upheld under Section 101 in the courts," he said. "Granted patents should not later be invalidated at a high rate under Section 101 in the courts."

Recent Supreme Court rulings have tended to cut back on patent rights, and the next USPTO director will be in a position to implement policies to push back on the trend, Belt said.

"That can happen with a strong leader at the patent office who understands the importance of patents to the economy and job creation," he said.

Attorneys said they are not sure what to expect from Trump's eventual nominee to lead the patent office, given that the president and his advisers have said precious little about intellectual property issues on the campaign trail or in office. They anticipate that the turbulent environment in Washington could mean it is some time before a new director is confirmed.

Belt said he was concerned that "it's not good to sort of have the ship rudderless," adding that "the position needs to be filled with someone who knows how patents should be treated."

As the patent community waits to see the direction the USPTO takes under its next leader, Lee's tenure will be well regarded, Cahill said.

"From the perspective of someone who deals with patents every day, it seems like she's done a great job of running the office," he said.

--Editing by Pamela Wilkinson and Katherine Rautenberg.