

UNITED STATES PATENT AND TRADEMARK OFFICE

PATENT PUBLIC ADVISORY COMMITTEE MEETING

Alexandria, Virginia

Thursday, August 3, 2017

1 PARTICIPANTS:

2 PPAC Members:

3 JENNIFER A. CAMACHO, Esquire

4 MARK E. GOODSON, PE

5 MARYLEE JENKINS, Esquire, Chair

6 BERNARD J. KNIGHT, JR., Esquire

7 DAN H. LANG, Esquire

8 JEFFREY M. SEARS, Esquire

9 CATHERINE FAINT

10 PETER G. THURLOW, Esquire

11 F. MICHAEL WALKER, Esquire, Vice Chair

12 Julie Mar-Spinola

13 PAM SCHWARTZ

14 USPTO:

15 ANDREW FAILE, Deputy Commissioner for Patent  
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16 BOB BAHR, Director, Office of Government Affairs

17 JOE MATAL, Interim PTO Director

18 VALENCIA MARTIN WALLACE, Deputy Commissioner for  
19 Patent Quality

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21  
22

1 P R O C E E D I N G S

2 (9:03 a.m.)

3 MS. JENKINS: I have been given the red  
4 light. I think it should be green, but -- are we  
5 ready? Yeah?

6 I just want to point out -- good  
7 morning. Good morning, welcome. What a great  
8 crowd. Thank you all for coming. We really,  
9 really appreciate your being here. Had to quiet  
10 them down before we could start.

11 Hi, I'm Marylee Jenkins. I'm chair of  
12 PPAC. And it's August. I'm not sure where the  
13 year has gone to, but it's been a quite active one  
14 for the PTO and IP in general. So, we come to yet  
15 another interesting, wonderful meeting for us and  
16 learning so much and trying to give all that  
17 knowledge and information back to the shareholders  
18 in the user community. So, thank you again.

19 I first would like to just briefly start  
20 with a thank- you to our past director, Michelle  
21 Lee, for her stewardship and leadership commitment  
22 and support to PPAC. We have had tremendous value

1 from her input and knowledge and look forward to  
2 her next adventure in her life and her career.

3 So, Michelle, wherever you are, thank  
4 you. With that, I'd just like to go around the  
5 table as we usually do and have everybody  
6 introduce themselves, and then we'll start with  
7 the agenda after that.

8 MS. FAINT: Cathy Faint, Vice President,  
9 NTEU 245 and member of PPAC.

10 MS. SCHWARTZ: Pam Schwartz. I'm the  
11 president of the Patent Office Professional  
12 Association, and I'm a member of PPAC.

13 MR. SEARS: Jeff Sears, PPAC.

14 MR. KNIGHT: Bernie Knight, PPAC.

15 MS. CAMACHO: Jennifer Camacho, PPAC.

16 MR. GOODSON: Mark Goodson, PPAC.

17 MR. LANG: Dan Lang, PPAC.

18 MR. THURLOW: Pete Thurlow, PPAC.

19 MR. WALKER: Mike Walker, PPAC.

20 MS. JENKINS: Marylee Jenkins, PPAC.

21 MR. MATAL: Joe Matal, USPTO.

22 MR. HIRSHFELD: Joe Hirshfeld, USPTO.

1 MR. FAILE: Andy Faile, USPTO.

2 MS. MARTIN-WALLACE: Valencia  
3 Martin-Wallace, PTO.

4 MR. SEIDEL: Rick Seidel, PTO.

5 MR. POWELL: Mark Powell, USPTO.

6 MR. BAHR: Bob Bahr, USPTO.

7 MS. JENKINS: Okay, so I'm just noticing  
8 that we have all the PPAC on one side. (Laughter)  
9 Do not read into that, people who are watching,  
10 please.

11 So, we're going to start with opening  
12 remarks. I'd like to introduce and we're very  
13 excited to welcome Joseph Matal, intern director,  
14 performing the functions and duties of the  
15 Undersecretary of Commerce for Intellectual  
16 Property, and director of the USPTO.

17 I want to say that though your tenure  
18 has been, I guess I could say, brief -- not  
19 casting any aspersions on you in any sense of the  
20 word -- but no (inaudible), so -- but you have  
21 been so supportive of us, and we have gotten off  
22 to such a great start with your leadership and

1 look forward to continuing.

2 So, with that --

3 MR. MATAL: Oh, thank you, Marylee. I'm  
4 not going to -- since I only have a few minutes,  
5 I'm not going to explain my title. (Laughter)  
6 I'd just like to touch on a few issues that some  
7 of the business units will go into greater detail  
8 on.

9 There's been a lot of interest and  
10 inquiry about the Shared Services Initiative, so  
11 I'll give you a little update. In the past, the  
12 PTO has made -- well, winding up all the back,  
13 about three years ago then Secretary Pritzker  
14 launched an initiative to collectivize the  
15 provision of administrative services for the 12  
16 different bureaus of the Commerce Department,  
17 principally financial management, HR, procurement,  
18 and IT management. The PTO more or less made a  
19 commitment to at least participate in the startup  
20 of this program in order to preserve its ability  
21 to participate. This year, some of the bills for  
22 starting up this program have come due, and

1 they're a bit larger than what we apparently  
2 expected. And this has also forced us to take a  
3 hard look at PTO at how this program would work  
4 and how it would serve our needs.

5           Early on a decision was made that  
6 because of the way PTO was financed, it wouldn't  
7 participate in the financial management part of  
8 this. But it's still planned that it would  
9 participate in the IT and HR portions of the  
10 program. That's forced us at PTO to take a hard  
11 look at our IT and HR needs and figure out how  
12 operationally they can be addressed by such a  
13 program.

14           As you all know, the PTO has very acute,  
15 very specific hiring and IT needs and, you know,  
16 we need to make sure we're hiring the best quality  
17 examiners. But the candidates that we choose are  
18 the ones who really understand the technology in  
19 the 550 different art units.

20           And then on the IT side, the PTO spends  
21 about \$600 million a year on IT. We have a 24/7  
22 IT operation that serves examiners all across the



1 six U.S. time zones 24 hours a day, and we need to  
2 make sure that system stays up and running. And  
3 unfortunately we still operate under a number of  
4 legacy systems that are very fragile. Of all of  
5 our 200 or so systems -- about 160, 170 -- are  
6 legacy, meaning they still operate on, you know,  
7 mainframes and communicate via Local Area Networks  
8 rather than Wide Area Networks, and this makes  
9 them fragile. It makes them susceptible to  
10 shutting down in the event that that there are  
11 changes. And for PTO, a shutdown of our network  
12 is a disaster.

13 We're completely dependent on our  
14 computers, and if the network goes down our people  
15 can't work. So, keeping that network up and  
16 running is our top priority in any -- you know,  
17 however we resolve these issues about how IT is  
18 provided, our top priority at PTO is making sure  
19 that there's no diminution in the level of IT  
20 servicing that we receive. It's just absolutely  
21 no other savings or no other benefit could make up  
22 for a diminution in the quality of IT. And, you

1 know, the last thing we want is to stand up in the  
2 universe where our system regularly goes down,  
3 because that directly impacts our production, our  
4 employees' ability to do their job. But shared  
5 services program and how it's going to be  
6 implemented is currently under review.

7           With the new administration, I can't  
8 project or predict exactly what the outcome is  
9 going to be. From my interactions, though, with  
10 the Commerce Department, I'm confident we'll find  
11 a solution. The people running the Commerce  
12 Department are business people, and they'll want  
13 to know how things work and make sure that the  
14 system does work before it's implemented. So,  
15 although I'm not sure how it's going to be  
16 resolved, I'm confident we'll find a solution that  
17 serves the USPTO's needs when this is resolved.

18           And if you want to know more about some  
19 of the financial issues, you can ask our CFO, Tony  
20 Scardino, when he comes up and John Owens, our  
21 CIO, can go into great detail about our IT system  
22 and the difficulty of keeping it up and running 24

1 hours a day.

2 I wanted to touch on a few other issues.  
3 There's been questions about which of the  
4 initiatives of the previous director are still  
5 being kept going forward.

6 Earlier this year a PTAB reform  
7 initiative was started. That's been put on hold.  
8 What direction we take with broad changes to PTAB  
9 will have to await the appointment of a permanent  
10 director.

11 I would like to note, though, that that  
12 doesn't mean we've stopped thinking about these  
13 issues and about how these programs are  
14 implemented. The PTO continues, for example, to  
15 study the amendment process and inner parties'  
16 reviews. It's been a continuing source of  
17 controversy.

18 The paucity of amendments allowed under  
19 the program is something we continue to look into.  
20 You know, earlier, a year or two ago, we did a  
21 study of those amendments, and we continue to  
22 review these issues.

1           The PTO recently did an internal review  
2 of, for example, why the amendments are being  
3 denied, and we found in about 85 percent of the  
4 cases they're being denied on the merits; that is,  
5 the amendments are rejected because they're  
6 unpatentable for largely the same reasons that the  
7 original claims are unpatentable. And we started  
8 looking at, for example, the European and Japanese  
9 practices where there are more robust amendment  
10 results, not just process but results, and, you  
11 know, we've noticed that in their system people  
12 get an earlier notification of where the case is  
13 going, and so people are more willing to focus on  
14 amendments once they know that the original claims  
15 will no longer be maintained. It seems like the  
16 way our practice has evolved there isn't that  
17 opportunity, that forewarning that, yes, you're  
18 going to need to amend if you want to save  
19 something.

20           And so these are things that -- you  
21 know, we're going to put together the data and,  
22 you know, have ideas and proposals ready for when

1 a permanent director comes in. I will continue to  
2 study these issues.

3 And on the issue of serial additions in  
4 IPRs, there's been a fair amount of controversy  
5 and discussion about that as well. And I'd like  
6 to note that the Board continues to issue  
7 decisions in this area and continues to refine the  
8 ways that it exercises its discretion to regulate  
9 these additions and prevent, you know, any type of  
10 harassing behavior.

11 In fact, I'd like to highlight a  
12 decision that was just issued on July 27th on a  
13 case called Genentech Hospira v. Genentech,  
14 IPR2017-739. This is a case where the Board  
15 applied the 325D bar to prevent a follow-on review  
16 of something that had actually initially been  
17 reviewed by an examiner. The examiner had  
18 reviewed issues of priority and enablement and  
19 whether an application was entitled to a previous  
20 determination and was entitled to a previous  
21 application's priority date. And the Board, in  
22 the end, concluded that the examiner considered

1 fully the written description and enablement  
2 issues underlying, you know, the priority claim,  
3 and Petitioner has not presented new evidence or  
4 arguments that would convince us the examiner's  
5 decision was unreasonable.

6           You know, effectively, in this case just  
7 a few days ago the Board applied a type of, you  
8 know, more differential review of the examiner's  
9 decision in this application of the 325D, but I  
10 just highlight this case so people are aware that  
11 the common law process at the Board continues to  
12 function, you know, with or without any direction  
13 from the leadership of the Agency. And these are  
14 issues that the PTO continues to study and  
15 address.

16           Finally, just a few other minor things.  
17 I wanted to highlight that the PTO remains  
18 committed to its pendency goals of eventually  
19 getting to an average of a 10-month pendency for  
20 the initial action and 20 months for, you know,  
21 final resolution of patent applications.

22           We've also begun discussing and

1 implementing additional pendency goals. The  
2 patents operation -- and Drew and Andy can talk  
3 more about this -- has also talked about timing  
4 pendency, not just to average goals but to also  
5 achieving the patent term adjustment goals of  
6 14.444.36 across the board. So, at some point it  
7 became clear to us that, yeah, reaching 10-month  
8 average pendency is great, but it doesn't do  
9 people much good to tell them: Well, you know, it  
10 took us 2 years to get to a first action in your  
11 case, but on average it was 10 months. So, we're  
12 discussing taking on this additional goal of  
13 aiming to make sure that every patent, or at least  
14 in every work group, the first office action is  
15 reached within 14 months. That will require some  
16 adjustments and differences, but we've decided we  
17 really need to reach for these further goals.

18 What patent owners want is certainty,  
19 and again it's not the average; it's, you know,  
20 what's happening in your particular -- you know,  
21 what happened to your particular patent. So --  
22 but Drew and Andy can go into more detail about

1       that.

2                       We're also doing an examiner time  
3       analysis. We haven't really done a hard look at  
4       evaluating how much time examiners get for their  
5       applications since, I believe, the '70s. So,  
6       that's something that's underway right now.

7                       And then, finally, I'd like to highlight  
8       the report on Section 101 that the PTO recently  
9       issued. The PTO held two symposia at the end of  
10      last year where we invited industry -- you know,  
11      businesses and patent professional associations  
12      and trade associations -- to give us their views  
13      on the Supreme Court's recent 101 jurisprudence  
14      and its impact, and the report summarizes what CRD  
15      stakeholders told us.

16                      What you'll find in there is that there  
17      still remains a fair amount of division in the  
18      views on the software side of the equation.  
19      There's sharply conflicting opinions on the impact  
20      of the Alice decision and whether that's been good  
21      or not. I think Dennis Crouch and his blog  
22      criticized our report as being "bland." I think



1       that's the term he used.  But in this context, I  
2       think "bland" is good.  The PTO isn't about to  
3       wade into the middle of this debate, at least not  
4       in this interim period about the Alice decision.

5                 But on the Life Sciences side, what  
6       you'll find in that report is that there's  
7       actually a surprising amount of consensus about  
8       what should and shouldn't be eligible for  
9       patenting in the Life Sciences.  And there was a  
10      surprising degree of almost uniformity of views  
11      that some of these inventions -- that the Mayo and  
12      Myriad decisions impacted the diagnostic  
13      techniques and inventions where you just discover  
14      some practical application of a natural substance  
15      and reproduce that substance, that it really  
16      should be eligible.  That was nearly a consensus  
17      view.  You know, the only people -- it's only some  
18      very marginal interest that believe that those  
19      types of inventions should be ineligible.

20                The report also discusses what's  
21      eligible abroad and how U.S. standards now compare  
22      to international standards in this area, and I

1 want to commend that report to all of you. It's  
2 been 5 years now since the Myriad and Mayo  
3 decisions, and the time is becoming ripe for  
4 taking a hard look at some of these issues, and I  
5 hope the PTO's report will be an important part of  
6 that.

7           Aside from that, we have an exciting  
8 program for you. I know the different business  
9 units at PTO have worked hard on their  
10 presentations, and I actually intend to stay for  
11 almost all of the day today to watch these  
12 presentations with you.

13           And with that, I'll hand it back to you,  
14 Marylee.

15           MS. JENKINS: Mm-hmm. Thank you. Well,  
16 you can tell the interim director has jumped into  
17 the fray, so to speak, and we appreciate that.  
18 And if anyone was watching my expression, I was  
19 quite surprised that you're going to stay for the  
20 whole meeting. But that's wonderful. We're  
21 pleased to have you for the entire meeting.

22           I'm wondering if anyone has any

1 questions from the PPAC on any of the topics that  
2 were talked about briefly.

3 MR. WALKER: I'll make a comment -- and  
4 thank you, Joe, for the comments about shared  
5 services.

6 I think you know the position of the  
7 user community, that over a long period there's  
8 been a settled expectation that -- especially when  
9 it came to fee increases there was always, in the  
10 user community, support, even though a lot of  
11 people, like in the industry I was in, never liked  
12 spending more money than we had to. But when it  
13 came to fee increases, we were always supportive,  
14 because of the quid pro quo that we knew with the  
15 increased fees you would be able to hire the  
16 examiners who had the technical qualifications and  
17 skills examine the applications. You'd make the  
18 investments in the IT systems that would be  
19 robust, that would not be breaking down every  
20 other week, and so on. So, that was really an  
21 important thing.

22 And so with the shared services, you

1 know, just thank you for your comments there,  
2 because, you know, every day businesses are making  
3 decisions about investment based upon their patent  
4 rights. And to have a delay in examination  
5 because an IT system goes down or lack of quality  
6 hiring of examiners -- that has a real life impact  
7 on people whether it's large companies in their  
8 patent portfolio, but even a large company --  
9 businesses are always making decisions as to  
10 whether or not to introduce a new product based  
11 upon their patent protection. And then if you're  
12 a small company and you're looking funding, VC  
13 funding, you really need settled IP rights,  
14 because a lot of companies won't invest or a lot  
15 of companies won't deal with smaller companies  
16 until that smaller company has some granted patent  
17 rights. So, thanks for those comments about the  
18 shared service, because I think if you surveyed  
19 private industry when other entities have tried to  
20 go to these shared services, it seems like the  
21 benefits are a illusory and it goes to a lowest  
22 common denominator. And so from the user

1 community I think, you know, antennas are out and  
2 so thanks for your comments about your view on  
3 shared services, and hopefully it gets to the  
4 right place.

5 MR. MATAL: Thank you, Mike.

6 MR. GOODSON: Yes. (Inaudible) on  
7 shared services. I oversee the subcommittee for  
8 IT, and I wouldn't say it's not doable. I would  
9 say that when I talked to John Owens and people  
10 there and the people on the IT Committee with me,  
11 we would say shared services would not be  
12 advisable.

13 MR. THURLOW: So, just to change the  
14 topic a little bit, this may be a sensitive topic  
15 but it just came up. One of the interesting  
16 things about PPAC is it's the August meeting, and  
17 sometimes I think the summer -- it's going to be  
18 not as eventful and a pretty calm meeting. But  
19 Tuesday there was a front page story in the Wall  
20 Street Journal about concerns of an intellectual  
21 property theft in China, and one of the things  
22 I've learned at being on PPAC for 5 years is the

1 international involvement in intellectual property  
2 -- the IP 5 meetings, the great international team  
3 that you have here -- and then I believe China  
4 responded today. I know there's not much you can  
5 say today, but it's just -- it's a very important  
6 topic as you can appreciate. I receive many  
7 emails. There's great interest in, obviously, the  
8 trade issues and IP protection, because once  
9 you've been doing this for 20 years, the IP -- not  
10 just the U.S. (inaudible) but it's a global thing  
11 that most clients we have -- it's a global issue.  
12 So, these issues raised in the Wall Street Journal  
13 articles and many other papers are very important,  
14 and to the extent you can even briefly discuss it  
15 would be appreciated.

16 MR. MATAL: You know, we track the same  
17 issues. PTO actually has -- I don't mean to brag  
18 too much, but I think we have the most advanced  
19 China studies team anywhere in the federal  
20 government, and we've been following these very  
21 issues. The team led by Mark Cohen not only  
22 studies the laws but also the court systems, how

1 things work in practice in China, and we're aware  
2 of kind of been beating the drama about some of  
3 these same issues. We're delighted to have the  
4 leadership of the administration take these issues  
5 up.

6 Just some of the issues with licensing  
7 in China and discrimination, kind of mandatory  
8 technology transfer -- that goes on. You see the  
9 impact of it in the amount licensing fees that  
10 Chinese companies pay as opposed to, for example,  
11 Taiwan and Japan. Although China has a much  
12 bigger portion of the market for high- tech goods  
13 than those two countries, the pay is a much  
14 smaller amount of licensing fees, and to us the  
15 reason for that is pretty clear. It's these  
16 discriminatory regimes that make it hard for  
17 people to license and to get the real value of  
18 their intellectual property when they do business  
19 in China. We're again delighted to see the  
20 administration take that up, and hopefully some of  
21 these abuses can be corrected.

22 MR. LANG: So, along with the concern

1       about shared services and what that means for fees  
2       that are going to the Patent Office that are  
3       collected from the user community, you know,  
4       there's I think broad stakeholder support for  
5       giving the PTO fee- setting authority in the first  
6       place has already happened -- but also, you know,  
7       maintaining and extending that into the future.

8                       And one concern related to that is that  
9       the fee increase that had been developed as part  
10      of the fee review process in which the PPAC was  
11      involved has now been significantly delayed, and  
12      it is essentially lapping into the next fee review  
13      period. And in a sense, the period seems long  
14      enough that it's undermining the what was supposed  
15      to be independent fee-setting authority to begin  
16      with and is inevitably going to have an impact on  
17      long-term finances of the Patent Office at the  
18      model, the model that was built up in terms of how  
19      the operating reserve is supposed to be filled  
20      over time. It may not be achieved, and we hope  
21      that there will be an expeditious approval of the  
22      increase that was previously envisioned and



1 submitted and that the fee-setting authority will  
2 be extended permanently.

3 MR. MATAL: We're all for that.

4 (Laughter) We'd love to see it.

5 Our current fee package is currently  
6 under review at OMB. It's been cleared by the  
7 Commerce Department, so, you know, we think it  
8 will move through with all deliberate speed.

9 I'd also like to point out that the  
10 Appropriations Committee has honored the  
11 commitment it made in 2011 to give PTO access to  
12 its reserve funds but actually two PTO reserve  
13 funds:

14 One is a fund that we keep just in case  
15 our projections and our expenses don't match up to  
16 reality. We can dip into that fund.

17 And the other reserve fund is funds that  
18 come in above and beyond what was appropriated for  
19 us. Before that, it used to get diverted, and now  
20 it's kept in a separate fund. And through  
21 reprogramming a kind of mix of notice and  
22 permission, the appropriators give us access to

1 that money. And that money is invaluable.

2 Other than the unfortunate hiccup with  
3 the sequester and the way that that was  
4 interpreted by the previous administration's OMB,  
5 we've had continuous access to our fees. And, you  
6 know, when our fees get cut off, most of our money  
7 goes to Labor. And obviously we're not going to  
8 fire people, so the place where you feel that  
9 effect when you have something like the sequester  
10 interpretation is in our IT. We cancel IT  
11 projects, and that's really -- you know, that's  
12 part of -- you know, we would have been on Patents  
13 E2E, for example, the next generation patent  
14 search and docketing technology, were it not for  
15 the money lost as a result of the way OMB  
16 implemented the sequester. And, you know, when  
17 you cut off those projects, too, you know, you cut  
18 off your contractors, and when you're ready to  
19 start it up again, you can't get those same people  
20 that have already moved on to another project.  
21 And so there's a huge learning curve. It's just a  
22 huge waste when we have those kinds of

1       disruptions. So, we're very grateful to the  
2       Appropriations Committee for including the  
3       appropriate language in our CJS bills to continue  
4       to give us access to all of our user fees.

5               MS. JENKINS: Okay, thank you.  
6       Appreciate the questions and the comments. One of  
7       the things that PPAC is trying to do, going  
8       forward, is really trying to take more of a future  
9       viewpoint of where is the Office going and how all  
10      these different elements when you tie them  
11      together -- shared services; the fee adjustment  
12      increases; the delays in approvals -- how that all  
13      impacts. And ultimately, obviously, it impacts  
14      the Office and how it's run and maintained, but it  
15      also impacts the user community. And as we become  
16      more dependent on using the PTO services on a  
17      daily basis, we need to have reliability and  
18      consistency. So, we're here to work through these  
19      issues with you and get a good outcome hopefully  
20      for everyone, so -- in a perfect world.

21              Let us move on. We have many topics  
22      today, so our next topic on the agenda is Quality

1 Review.

2 Valencia, do you want to start us off?

3 MS. MARTIN-WALLACE: Yes. Thank you,  
4 Marylee. So, thank you very much for this time  
5 for quality.

6 Before our presenters start, I just  
7 wanted to remind everyone of the commitment that  
8 the USPTO, in particular Patents, has to the  
9 constant pursuit of quality improvement in our  
10 product, our process, and our customer service.  
11 And one of the ways that we do that is our  
12 outreach in order to get the feedback, the  
13 partnership with all aspects of the IP community,  
14 and while we may not have as many outreach  
15 activities as we've had in the past year or so,  
16 the quality of that outreach has remained the  
17 same.

18 Some examples of that are our STEPP  
19 program, which is the Stakeholder Training in  
20 Examination Policy and Procedure, of which we've  
21 had six sessions this year and an average of about  
22 96 percent approval rate from the participants'

1 waiting list getting in to be part of that.

2 Another example is the leadership of  
3 Andy Faille in the Corps with partnership  
4 meetings, which have always been very, very  
5 popular; and he's pursued even more of those these  
6 years in each technology center.

7 And one of the constants that we get  
8 from those outreach activities is an ask of the  
9 review of the examiner's work: What does that  
10 mean? How does it go? So, that leads into  
11 today's presentation where we thought this would  
12 be a great opportunity to let everyone get a  
13 better understanding from both the side of OPQA as  
14 well as the side of the Patent Corps on how our  
15 supervisors, our reviewers, review an examiner's  
16 work and give feedback on that work to further  
17 pursue quality improvement.

18 So, today we have I believe two great  
19 examples of supervisory controls in our  
20 organizations that Sandy Spyrou from the Office of  
21 Patent Quality Assurance and Christyann Pulliam  
22 from the Patent Corps -- I believe specifically

1 TC2100 -- who are here to speak to you on the  
2 review process. So, we will start with  
3 Christyann.

4 MS. PULLIAM: Good morning. As Valencia  
5 mentioned, I'm a SPE in 2100, and for those of you  
6 that don't know that's an electrical TC, so we're  
7 mostly dealing with computer-related applications.

8 So, I'm going to give you an overview of  
9 what the TC does for reviews and then hand it off  
10 to Sandy to talk to you about the additional  
11 reviews that occur in the Office of Patent Quality  
12 Assurance.

13 The basic standard the TCs are applying  
14 when we are reviewing work is the examiner PAP.  
15 The examiner PAP standard is set for all  
16 examiners, and it lays out the responsibilities  
17 that each examiner has for what they are  
18 responsible. So, it lays out what the definition  
19 of an error is. That error can be reflected in  
20 their yearly ratings for quality. And it varies  
21 greatly for each -- it varies a little bit for  
22 each level of an examiner.

1           So, here's a visual display of it. An  
2 examiner that just started in the Office maybe  
3 came in at what would be maybe a GS-7. They're  
4 not held to the same responsibility level that an  
5 examiner is who is a primary that has full  
6 signature authority and has been here for many  
7 years. They have different requirements. But  
8 when a supervisor is reviewing their work, we're  
9 looking at those. We're considering those  
10 different standards. But we're also working with  
11 them to create a good work product no matter what  
12 level they are. What should be mailed would be --  
13 we're looking for it to meet all those  
14 requirements.

15           So, the work can be returned to work  
16 with an examiner for things that are clarity, for  
17 things that are those PAP errors, or for other  
18 reasons of clarity, best practices to improve the  
19 office action.

20           So, there are a couple of different  
21 types of reviews that occur in the TC, and those  
22 are before mailing and after mailing. So, before

1 mailing with junior examiners, you're looking at  
2 reviewing every piece of work that they create.  
3 They do not have the authority to send you an  
4 office action without someone else signing off on  
5 it and working with them.

6           So, when examiners first start out at  
7 the office, they're in the academy going through  
8 training, and so the person reviewing their work  
9 is often the training SPE or training primary  
10 that's working with them in the training academy.  
11 And when they come over to the technology centers,  
12 then they're working with their SPE in the art  
13 unit to review each piece of work, and sometimes  
14 later they're working with other primaries or we  
15 have GS-

16           Trainers. So, these are primaries that  
17 are doing more intense training with the  
18 examiners. And that changes over time over the  
19 course of someone's career who's reviewing their  
20 work, but the general process is the same.

21           For primaries, obviously since they have  
22 the authority to sign work without review, they



1 sign their work without having anyone else look at  
2 it before it mails. There are some exceptions to  
3 that with reopens. After appeals, an examiner's  
4 answers, and things like that, they still need to  
5 be reviewed before they are mailed. But that  
6 amounts to fewer reviews before mailing for  
7 primaries.

8           However, after mailing we're not done  
9 yet. There are still reviews that occur in the  
10 TC. So, we -- each TC has quality plans that  
11 support the initiatives of the Office for the  
12 enhanced quality initiatives. And so each TC has  
13 looked at what they are doing and what issues  
14 exist in their TC and they're evaluating and doing  
15 reviews that are targeted to help find those root  
16 causes and work with the examiners to get them  
17 training and correct those issues and improve the  
18 work product that's going out in the future.

19           So, those are occurring after mailing.  
20 Currently those are looking at things like rework  
21 and reopens and looking for consistency among the  
22 Corps and working with the examiners to really

1 make changes for the future.

2 We also have requirements to do  
3 quarterly, at least, reviews of primaries in order  
4 to be able to rate them. We have to look at their  
5 work to be able to know what to rate them for  
6 quality. So, those occur frequently after  
7 mailing.

8 Also for pre-appeals and appeal  
9 conferences, those occur -- those are done -- the  
10 final office action has already mailed. We're  
11 reviewing that when we are meeting on those panel  
12 meetings to evaluate the work.

13 And then of course there's the signatory  
14 review panel. So, if an examiner, as they  
15 progress through their career, wants to gain that  
16 authority to sign office actions without review,  
17 they go through a process called signatory review.  
18 And those panels review work that has already  
19 mailed in order to determine if the examiner has  
20 earned the right to sign without conditional  
21 reviews.

22 At this point, I will turn it over to

1 Sandy.

2 MR. THURLOW: Can I ask a quick  
3 question?

4 MS. PULLIAM: Sure.

5 MR. THURLOW: So, what's helpful about  
6 the presentation it's going on, if I understand  
7 correctly, right in the TC Unit itself, right?  
8 Before it goes over.

9 MS. PULLIAM: Yes.

10 MR. THURLOW: So, that's really helpful.

11 MS. PULLIAM: Mm-hmm.

12 MR. THURLOW: One of the big things  
13 we've always looked at is the pre-appeal program  
14 where 30-40 percent of the cases are reopened and  
15 sent back. I assume that's more datapoints that  
16 you review from the TC Section to kind of see what  
17 happened before it went up based on the pre-appeal  
18 decision.

19 MS. PULLIAM: You want me to answer  
20 that? You're asking if the TC is looking at --

21 MR. THURLOW: Right.

22 MS. PULLIAM: -- at pre-appeal decisions

1 generally. From a SPE perspective, we're looking  
2 at it for that examiner: What happened in that  
3 case? What can we work with them on so that that  
4 kind of -- whatever issue caused us to decide to  
5 reopen in that case -- what can we do in the  
6 future that would prevent that kind of  
7 reoccurrence of an issue?

8 MR. THURLOW: Right.

9 MS. PULLIAM: So, from a supervisor's  
10 perspective, that's what we are looking at each of  
11 those cases for: How can we fix this going  
12 forward?

13 MR. THURLOW: Okay.

14 MS. SPYROU: We also have data on that  
15 at rolled up levels --

16 MR. THURLOW: Right.

17 MS. SPYROU: -- in the QIR, which would  
18 be reopens after appeals or after pre-appeals, and  
19 we do look at those datapoints also, and we'll  
20 look at -- we can see if there's outlier behavior  
21 occurring in certain areas, and then we can dig  
22 into that to find out: Well, why is that

1 occurring there? Do we need to go back and do  
2 some training? What do we need to do at that  
3 point? So, that's very valuable information for  
4 the Corps as a whole, for TCs, as well as down to  
5 art units that we have at our fingertips through  
6 the QIR, the transactional data that we have.

7 MR. THURLOW: Great. And just one more  
8 very quick question.

9 MS. SPYROU: Mm-hmm.

10 MR. THURLOW: Yesterday we had a full  
11 day of meetings, and the major part of the  
12 meetings of course was Section 101, so I don't  
13 practice in your group art unit but I assume that  
14 101 is a major issue, and it just seems tough  
15 because cases are changing; it's just a lot of  
16 information out there, and I'm giving you a  
17 softball that's kind of -- (laughter) you know,  
18 it's just -- you know, can they tell me from a  
19 practical perspective? I mean, there's just so  
20 much information out there on 101, how you're  
21 going about reviewing these cases and  
22 patentability issues, and so on.

1                   MS. SPYROU: Every TC has a pool of  
2 specialists that answer. We have an email box  
3 where examiners can send their questions, and they  
4 field those questions and give advice and point  
5 them to -- in case they're not aware of, we have  
6 an intranet site where we house all of our  
7 information with regard to 101.

8                   So, it has all of the different -- we've  
9 done at least four workshops I believe at this  
10 point -- somebody can correct me if I'm wrong, but  
11 I know I've taught thousands of classes now on 101  
12 over the last years. So, all of the training  
13 materials are housed on this intranet website, and  
14 there we also have some of what we call kind of  
15 cheat sheets where we're keeping track of all the  
16 recent court decisions by topic of whether they  
17 were found valid or invalid in claims or whether  
18 101 was maintained or not. And we have that all  
19 in one spot for the examiners so that they can go  
20 there. It's readily available. They can sort  
21 through it and get to whatever their question is.

22                   But we also have kind of this ad hoc

1 team where they can go to these people. SPEs  
2 come, examiners come -- can email and say  
3 generally in 2800 those individuals are the  
4 T-crosses. They're also the people who help with  
5 the training. But, as you know, it's a changing  
6 target, and we try to keep up on it as much as we  
7 can. Sometimes what happens is when an examiner  
8 started prosecution, we had the line at one spot;  
9 by the time they get to the appeal or the  
10 pre-appeal it has changed maybe once, maybe twice  
11 in that timeframe. So, we do the best we can with  
12 gathering where we're seeing the problem,  
13 certainly where we're seeing the questions at the  
14 help emails. You know, just what we're getting  
15 reversed on. When it goes up to the Board we keep  
16 track of all that, and it's all kind of funneled  
17 through the quality shop in each TC so that it can  
18 get out in their quality initiatives.

19 MS. PULLIAM: So, each art unit -- a lot  
20 of -- we've been going over 101s a lot in art unit  
21 meetings, as well, to highlight to the examiner's  
22 when the Corps-wide lists of cases have been

1 updated, highlighting to them ones that are the  
2 closest to our technology. These are going to be  
3 ones that you're going to be really illustrative  
4 for what they are working on. So, we're using art  
5 unit meetings for that. RTC is also creating some  
6 more QEM- style meetings -- some quality  
7 enhancement meetings -- for the examiners to go  
8 and ask questions to the T-crosses in a more  
9 formal setting and then also to be able to learn  
10 from what the other people are raising in those  
11 meetings about those cases.

12 We've been trying to spread that  
13 information to increase the consistency in the  
14 application of 101, and as we address the moving  
15 target we've -- you know, getting information out  
16 there to the examiners, making sure they're aware  
17 when those decisions come down so that they can  
18 see how that affects their practice in their art  
19 areas.

20 MS. MARTIN-WALLACE: So, if I could just  
21 add a little to that and give another shout out  
22 for the Master Review Form, we're at over 14,000



1 reviews just for this fiscal year in OBQA, and  
2 that information is identified for each technology  
3 center, and it breaks it up by statutes. It's not  
4 only the results, but it's also good comments and  
5 feedback from the reviewers as well as comments  
6 and responses from the Corps. And every manager  
7 and quality assurance specialist in the Corps has  
8 access to all of that data, so that can help them  
9 understand better what's going on in their  
10 particular area and be able to move forward with  
11 training and coaching of examiners.

12 MR. FAILE: So, to add in to PTO  
13 original observation, one of the things Christyann  
14 said -- she talked a little bit about TC quality  
15 action plans on a high level. Just wanted to  
16 underscore that point, because this is kind of a  
17 fundamental process improvement that's done in the  
18 TCs all the time. We're constantly looking at  
19 data and looking and looking for areas for  
20 improvement, and each TC has a unique set of  
21 issues that they face, depending on the  
22 technology; the examiner makeup, whether it's more

1 junior, more senior; et cetera. You can think of  
2 the numbers of variables that are play.

3 So, each TC actually gives data, whether  
4 it's from internal reviews they do, from feedback  
5 from managers, from handoffs from the MRF data  
6 from OPQA. They take all this data assimilate it,  
7 and each TC comes up with a set of action plans  
8 for their particular TC for improvements that are  
9 unique to them. I think this is really important,  
10 because we are using data, but we are trying to  
11 get away from individual datapoints per se and  
12 correct this one little thing in this one case and  
13 look at trends of things we need to look at for  
14 processes that underlie the decision-making that  
15 turns into office actions being, you know, good,  
16 bad, or indifferent.

17 So, as the TCs are constantly working  
18 with this data developing their action plans,  
19 we're trying to tighten the loop around this from  
20 a feedback perspective, then we'll measure again  
21 next year. As long as we've made improvement on  
22 that, the TCs will change their focus elsewhere.

1           So, the iterative process by feeding the  
2           data back and using it more to tune up processes  
3           in each TC, we hope to bring up the quality of  
4           everything that we're doing en masse between all  
5           the examiners and all the work products. So, the  
6           quality action plans that Christyann mentioned are  
7           really a fundamental piece of looking at things  
8           that are very specific to TCs and looking at those  
9           processes -- leaning those processes up and making  
10          them better as time goes on.

11           MR. KNIGHT: One thing I wanted to ask  
12          was -- you know, a lot of resources have gone into  
13          this new quality initiative, and, you know, since  
14          I've been working at the PTO in the year 2000, I  
15          mean, every director -- their goals are always to  
16          improve quality and to reduce pendency. And then  
17          under Director Lee -- she had this big push to  
18          improve quality. Do you have any metrics  
19          available to show what the outcome of this new  
20          initiative is? Has quality really been improved?  
21          And how have you measured that?

22           MS. MARTIN-WALLACE: So, that's a great

1 question, and we actually have had more measures  
2 than you can possibly imagine. So -- and the  
3 Patent Office has always been excellent at  
4 measuring. What our focus has been is what do we  
5 do with those measures? What do we do with that  
6 data? How do we analyze it appropriately and, as  
7 Andy said, identify the appropriate trends and do  
8 it at lower levels -- not at the Corps-level,  
9 moving down to the work group and art unit? And  
10 we do have that information available, and I will  
11 absolutely get the links for the entire committee  
12 of where you can find it on our web page. Since  
13 the start of my division, we have all that  
14 information that's been published. Each program  
15 that we've worked through we have measures, and we  
16 have the analysis and results that come from that.  
17 So, I will make sure that you receive those links  
18 for each of our programs as well as what's going  
19 on in OBQA and the different measures that we have  
20 there and what we're doing with what we're  
21 finding.

22 MR. KNIGHT: Well, has quality -- have

1       you found that quality has improved, and by how  
2       much?

3                   MS. MARTIN-WALLACE:  The measures that  
4       we have on our web page -- we can certainly get  
5       you the links to those.

6                   I say yes.  I say not only from the  
7       point of the Patent Office in our perspective on  
8       things, but from the feedback we've received on  
9       the outside.  And, in fact, we had a quality forum  
10      yesterday with examiners, and one of the questions  
11      from the examiners to our panel was:  What are you  
12      hearing about us?  Give us the information so we  
13      can use that.  And we've received from the  
14      outside, from the IP community, that they are  
15      seeing changes, changes in the communications  
16      between the examiners and attorneys and  
17      applicants, changes for the better of office  
18      actions and the extent of the recordation, which  
19      are the things that we have been looking for and  
20      doing.

21                   So, yes, we are seeing improvements.  
22      And one other improvement that we have is with the

1 data and digging deeper with our analysis and our  
2 trends to identify the pockets of issues, not only  
3 issues where we need improvement but also issues  
4 of where we're doing a great job and our best  
5 practices and recording, identifying, and  
6 publishing those best practices so that they can  
7 be replicated throughout the Corps feedback we've  
8 received about things that could be improved with  
9 applications that are newly being filed.

10 So, on a high level the answer is yes.  
11 I've seen improvements. I've been told from the  
12 outside that there are improvements. And we can  
13 give you some data on that through the links that  
14 are up on our web page.

15 MR. HIRSHFELD: I'd like to jump in,  
16 too, if I can. So, much of what we've been  
17 working on over the last many years to me is  
18 bigger picture process changes, that it's going to  
19 be very challenging to look at any examiner and  
20 say yes because of, you know, X you improved Y.  
21 I'm not suggesting that's not something we should  
22 be focused on; it certainly is. But I wanted to

1 just give a high-level sort of overview of some of  
2 the big changes.

3           For those that will have immediate  
4 impacts on examiners, I believe what we've done  
5 well is really change the way we've trained  
6 examiners. When we train examiners now -- and you  
7 heard Sandy and Christyann talk about this --  
8 rather than put examiners in a big lecture hall  
9 and roll out training to hundreds of people at the  
10 same time and nobody can ask any questions, we've  
11 been a lot smarter about how we've trained. We've  
12 trained, one, more often; two, we've trained in  
13 smaller groups; and then we always have that  
14 follow-up training with some kind of workshop  
15 where examiners in sometimes groups of 15 -- now,  
16 as you know, we've got over 8,000 examiners; think  
17 about the undertaking to have groups of 15 or so  
18 people where they can ask questions relative to  
19 their particular technology, how it applies to  
20 them. I think that's been a huge change. I think  
21 that has helped us assimilate better any changes  
22 that we want to make, such as in subject matter

1 eligibility and other areas. I think that's been  
2 big.

3           On the process side, what we've done --  
4 and I'm trying to remember if we've -- I think we  
5 have reported out in a PPAC on this -- we've  
6 changed the way we look at and review cases in  
7 terms of what the standard of review is. And  
8 we've changed to something I think is more aligned  
9 with the public perception of how we should be  
10 looking at quality.

11           When we look an office action, we used  
12 to have a little bit more leeway on the reviewer  
13 to call whether they thought an error or not on  
14 its impacts on prosecution. Now we've switched to  
15 something that appears to be more basic, although  
16 it has its own issues. But it's more what we're  
17 calling statutory compliance.

18           So, we're looking on a claim-by-claim  
19 basis that every statute is the decision you made  
20 statutory compliant. That is a change that we've  
21 put in place, and we're in the process of  
22 assimilating to that new change, and I think



1       what's going to happen with that is we will be  
2       able to have more meaningful report-outs to  
3       members of the public that are more aligned with  
4       their perceptions of quality, right? It shouldn't  
5       be -- if you're a member of the public, you cared  
6       did the examiner get this right or wrong on this  
7       particular claim, you don't care if a reviewer  
8       thought, well, it did or didn't impact prosecution  
9       in a positive or negative way, and the Office and  
10      the public may have different views of that as  
11      well. So, the statutory compliance is a huge  
12      difference.

13                    Another process we made -- Valencia  
14      referred to it as the Master Review Form. That  
15      undertaking completely changes the way we capture  
16      data so that we can better analyze data so we can  
17      understand what our strengths and weaknesses are,  
18      potentially leading to more specific training.  
19      Andy mentioned the specific reviews that each  
20      supervisor -- each first-line supervisor is now in  
21      their performance appraisal plans that they're  
22      going to do a performance plan for just their

1 examiners, a quality improvement plan. That is  
2 all new. And then our whole efforts on clarity of  
3 the record, which we're starting to -- we've never  
4 really captured data on that. So, not only are we  
5 training examiners to take more steps of clarity  
6 of the record but we're now capturing that data.  
7 Now, I will tell you it's hard for us to quantify  
8 how much of a change we had because we never  
9 captured this data in the past. But, moving  
10 forward, we certainly are capturing clarity data  
11 -- data that we feel is going to be important for  
12 letting us track in the future. So, it's easy to  
13 look at the quality element and say, you know, can  
14 you point to A and B and see a change. But I'd  
15 like to think that not only are we having  
16 individual changes at the examiner level, but  
17 we've also put the processes in place for the big  
18 picture so that we can better -- we can have more  
19 meaningful and more impactful changes moving  
20 forward.

21 MR. WALKER: Valencia, just a point  
22 about the links that you mentioned, because this

1 was a question that we got from the audience or  
2 from a member of the public before the meeting.  
3 So, when you said make them available, I just want  
4 to make sure that we can make them available not  
5 just to PPAC but to the general public.

6 MS. MARTIN-WALLACE: Yes, we will.

7 MS. SPYROU: Okay, so we're going to  
8 shift gears a little bit and talk about the  
9 reviews that take place in the Office of Patent  
10 Quality Assurance -- or in OPQA. So, OPQA does a  
11 lot of different types of reviews, just like in  
12 the TCs. For example, we do case study reviews,  
13 sig reviews, appeal and pre-appeal conferences; we  
14 answer patent eligibility questions, end loaders  
15 reviews, and other types of special reviews,  
16 mostly at the request of the TC -- in supporting  
17 the TC. But the primary duties of RQASs or  
18 reviewers in the Office of Quality Assurance is to  
19 do what we call random compliance reviews. So,  
20 I'm going to focus, really, on these random  
21 compliance reviews, because that is what the basis  
22 of our compliance metrics that you're going to see

1 on the link that Valencia will send to you.  
2 You'll see the data on those. So, I'm going to  
3 focus on those.

4 So, we're going to talk about these  
5 random compliance reviews -- the parameters that  
6 we use in order to do the reviews -- and talk  
7 about the review process as well as how does this  
8 information get back to the TCs? How does this  
9 get incorporated into the work product?

10 So, when we think about random  
11 compliance reviews, what you have to look at --  
12 what we as an OPQA look at is we look at the  
13 quantity of work that is being generated in each  
14 of the TCs, and then we pull what we call a  
15 statistically significant sample from each of the  
16 TCs. So, compliance review are random, and the  
17 number of these reviews per TC is going to be set  
18 based on the volume of work product that is  
19 produced by an individual TC relative to the work  
20 product produced as a whole in the Corps.

21 We pull allowances, finals as well as  
22 non-finals, and so once these office actions are

1 indicated to be reviewed, then they are assigned  
2 to an RQAS based on the TC designation. So, we  
3 don't have RQASs that specialize in dockets like  
4 examiners do. For example, in 2800 I have 12  
5 reviewers that work for me, and when a case is  
6 designated to be reviewed, it's whoever needs  
7 work. It goes to them.

8           So, reviewers really are what we call  
9 generalists. They're experts in the technology of  
10 2800, and that's how the cases get assigned. It's  
11 all random. And I know that examiners oftentimes  
12 like to ask me -- and I don't know if you on the  
13 outside have the same question, you know: Are you  
14 out to get me? Are you reviewing all of my cases?  
15 Are you avoiding my cases I get? Whenever I go to  
16 speak, I always get those questions, and I always  
17 say to them: It's random; you might have the luck  
18 of the draw; and if all of your cases are being  
19 reviewed you should play the Lotto, because you  
20 have a lot of luck, right? (Laughter) So, it is  
21 random. So, they're assigned.

22           Now, the other question I get all of the

1 time about RQASs is: Are they on production? Do  
2 they have an infinite amount of time to dig into  
3 that case to find all the errors? And they don't.  
4 They're on production just like examiners are.  
5 And the average is four hours per review. Now,  
6 some reviews will take more time and some will  
7 take less time, but on average what we expect from  
8 an RQAS is basically four hours per review. And  
9 that's up for debate. Some people think maybe it  
10 should be more, it should be less relative to the  
11 time that we give an examiner to prosecute. But  
12 that's where it's at now, and that kind of drives  
13 the depth of the review that we do.

14           So, once they get the review, once they  
15 get the office action that needs to be reviewed,  
16 what does an RQAS do? Well, they're going to use  
17 the Master Review Form that Valencia talked about.  
18 And the Master Review Form has -- I think it's  
19 over 600 questions on it based on each of the  
20 statutory bases. So, they're going to look at  
21 every rejection that was made in that application  
22 and review it for what we call compliance --

1 statutory compliance. They're also going to look  
2 for any omissions to that office action where  
3 there are rejections that should have been made  
4 objections or requirements that should have been  
5 made, and they will also raise those. And they'll  
6 look at other issues like the search restriction,  
7 objections. They look at the whole big picture.  
8 So, they're digging into all of the aspects of  
9 that office action.

10 And they're going to point out not only  
11 areas for improvement, but the RQAS, even when  
12 everything is good, will raise areas of best  
13 practices. They'll look for or they'll raise what  
14 we like to call accolades. They're going to say:  
15 Hey, you did a really great job here. We call  
16 them "attaboys": Attaboy, you did a good job.  
17 Right? That's what we kind of refer to them as in  
18 our office.

19 So, if you remember, in the past -- I  
20 know we've come and talked about the MRF -- the  
21 MRF is really encompassing. On the left side  
22 you'll see -- it's called a Smart Form, and the

1       reason it's called a Smart Form is the reviewers  
2       will look at the office action; they'll come up  
3       with their ideas; they'll dig into it. They'll go  
4       to the form and say: Okay, what rejections have  
5       been made? They'll click on those statutes. Are  
6       there any omissions? They'll click on those. And  
7       then those are the sections at the MRF that pop up  
8       for the reviewer to complete. And each section  
9       drills down into a lot of questions, both with  
10      regard to the correctness as well as to the  
11      clarity of what's going on in that office action.  
12      So, it really gets down into the nitty-gritty a  
13      lot more than we have ever done in the past. So,  
14      we have datapoints to look at that we've never  
15      really been able to analyze before. So, it really  
16      has driven.

17                   And one other thing that the MRF,  
18      besides giving us data, has really given us is an  
19      opportunity to be more consistent, because if you  
20      think about it, if all of the reviewers are asking  
21      all of the same questions in kind of the same way,  
22      it really drives consistency also in the review



1 process going on.

2           So, what do they do during the review  
3 process? Well, technically they're focused on the  
4 assigned action: Look at this office action and  
5 review it. Now, they will open up that review and  
6 look at the prosecution history as a whole, as  
7 it's appropriate, but generally they're focused on  
8 that last office action that has occurred in the  
9 application. And what they're looking at -- the  
10 rejections being made as well as omissions --  
11 they're looking at what we're calling a compliant  
12 rejection.

13           You might remember that before, as Drew  
14 pointed out, before we looked at things from a  
15 standard that was called an IPED standard, and the  
16 IPED standard looked at things from: Is what the  
17 examiner doing impeding prosecution? And that  
18 leaves a lot of wiggle room, and it also kind of  
19 raises the bar to the worst of the worst for being  
20 a problem. And we've kind of lowered that to:  
21 Hey, look, our constituents, our stakeholders --  
22 what they're looking for is correct, that the

1 claims are correct, that the statute being applied  
2 is correct, and that the evidence provided in  
3 support of that rejection is sufficient to notice  
4 the applicants of what our position is.

5           So, we've moved the bar to a compliant  
6 rejection standard, and so now the reviewers are  
7 reviewing things from that perspective, and any  
8 time all three of those are not met the reviewer  
9 is going to say: Hey, there's a noncompliant  
10 rejection here. Similarly, for omissions, if they  
11 believe that they as the reviewer can identify the  
12 claims, the statute, and sufficient evidence in  
13 support of an omitted rejection, they will raise  
14 that also as an omission. So, we look at  
15 compliant rejections from both perspectives.

16           All of the reviews include feedback, so  
17 if it's a great office action we're going to give  
18 them feedback that: Hey, this is a great office  
19 action; attaboy, keep up the good work, you're  
20 doing great. If there are noncompliant issues,  
21 those are going to be pulled out, and a lot of  
22 times the reviewer is going to explain where the

1 examiner went awry and maybe how they can correct  
2 that issue.

3 So, we give positive reinforcement. We  
4 pull out best practices. We try to point out  
5 areas for improvement. And we also highlight  
6 these noncompliance or these issues that need  
7 consideration and need to be handled by the TC.

8 MR. KNIGHT: Are these reviews when you  
9 find, like, either, you know, great work or poor  
10 work -- are they rolled up into the examiner's PAP  
11 for purposes of their quality rating?

12 MS. SPYROU: As of today, the agreement  
13 with POQA is that we were reviewing at such low  
14 quantity in OPQA before. And, as you heard, we've  
15 really ramped it up this year to -- we're going to  
16 hit 18,000 before the end of this year -- that  
17 these errors that were called or identified as  
18 OPQA were not permitted to be PAP errors, okay?  
19 And you also have to remember that we're holding  
20 -- when we're reviewing cases, we're reviewing  
21 cases to what's a compliance standard and not to a  
22 PAP standard. So, not necessarily everything we

1 say -- hey, there's an issue here; this quality  
2 could be improved -- necessarily rises to the  
3 level of being a PAP error anyway. So, today if  
4 an error is found through the avenue of OPQA, we  
5 have an agreement with POPA that, no, it won't be  
6 held as a PAP error; it will be for improvement  
7 purposes. They kind of get a buy on that.

8 MS. PULLIAM: But the TC is aware of  
9 those.

10 MS. SPYROU: They are.

11 MS. PULLIAM: So, I know what errors  
12 OPQA has found from my examiners, and we're still  
13 going to work to address those issues. They're  
14 not going to be ignored, even if the examiner  
15 isn't charged an error for their quality rating.  
16 It's still an issue that we're going to work with  
17 them to train them on and correct for the future.

18 MS. SPYROU: Every single review that we  
19 do, whether it's good, bad, indifferent,  
20 excellent, whatever scale is available to the TC  
21 is available to the TC, to the SPE, to the  
22 directors. All of this data is funneled back, and

1 all of it is rolled up into our quality metrics  
2 and into a lot of our metrics.

3 I'm sorry, I interrupted you.

4 MR. KNIGHT: Okay, great. Thanks. I'm  
5 just wondering, since you said that there are, you  
6 know, PAP errors for purposes of rating the  
7 examiner for their performance ratings, and then  
8 there are compliance errors for purposes of this  
9 quality review. If our goal is to increase the  
10 quality of the patents that the examiners are  
11 granting, shouldn't the compliance errors and the  
12 PAP errors be the same?

13 MS. SPYROU: Well, I think I'll leave  
14 that up to the 10th floor to negotiate that and  
15 come to that. (Laughter) I think that's an  
16 excellent point. I think what we have heard,  
17 going around the country and talking to our  
18 stakeholders, is that they didn't believe our  
19 numbers in the past. They said: You're reporting  
20 out you're at 97 percent compliance. That's not  
21 what we're seeing. We wanted our quality metrics  
22 to be more in line with what our stakeholders are

1 feeling with regard to our quality so they can  
2 have faith. And we understand that as  
3 stakeholders what you expect from us are compliant  
4 rejections, and so that's what we're going to  
5 measure; that's what we're going to report out.

6 To get that in alignment to the  
7 expectations of what we expect from the examiners,  
8 that's above my pay grade, so I'm going to pass  
9 that over to you guys. (Laughter)

10 MS. MARTIN-WALLACE: I'll start, and  
11 then I'll hand it over to Andy.

12 Just to make clear for the Office of  
13 Patent Quality Assurance, the role and  
14 responsibility of that organization is to identify  
15 statutory compliance for the Agency. So, that's a  
16 much higher-level look at whether something is an  
17 error or not. So, we're looking at, based on  
18 policies, case laws, are the actions developed and  
19 sent out statutorily compliant? That doesn't take  
20 into consideration many things like the great  
21 level of an examiner and what they are responsible  
22 for in their PAP. It doesn't take into

1 consideration case law that may have already been  
2 published but the examiners have not been trained  
3 on yet. So, those are -- and many other examples  
4 I can give you of where the determination that  
5 OBQA makes is independent and objective of those  
6 other considerations that are required when  
7 reviewing an examiner's work and determining what  
8 is a clear error or not.

9           So, that's where I'm going to pass it on  
10 to Andy, because that's the piece that goes into  
11 operations.

12           MR. FAILE: Great question, Bernie.

13 (Laughter) Short answer, no, they're different,  
14 and I'll try to explain why.

15           So, there are "two different standards."  
16 I would point out that there's a massive overlap  
17 between the two standards, but they're not the  
18 same. And the reason is when you're looking at  
19 statutory compliance or correctness of a  
20 rejection, you're looking at the end work product  
21 signed and sent out by the Agency. We want that  
22 to be as correct as possible. If there's an error

1 in that, then that needs to be something that we  
2 correct, and that's an error in the work product.  
3 Most of the making of that work product comes  
4 through the examiner, but not all of it.

5 I'll give you an example. That's why  
6 there's a little delta between the two.  
7 Christyann had shown earlier kind of a stair-step  
8 list of duties for examiners -- list of  
9 responsibilities that's in their Performance  
10 Appraisal Plan. Most of those have to do with  
11 correctness of claims, but there are errors that  
12 could be made in an office that's sent out that  
13 you can't attribute back to the person doing the  
14 work. If they were the same, examiners would be  
15 responsible for every single thing that could  
16 happen in an application in the time they're  
17 allotted.

18 For example, an examiner has to plan a  
19 field of search. If a reviewer were to find a  
20 reference that was completely out of their field  
21 of search and not a reasonable place to look and  
22 it did preclude patentability of a certain claim,



1       then there's an error in that particular work  
2       product that we'd want to correct. We can't  
3       attribute that particular error back to the  
4       examiner, because their duties have a certain  
5       boundary point to it, and that reference would not  
6       have likely been found by them. So, we've got an  
7       error in a work product that wouldn't necessarily  
8       flow back to the evaluation of that particular  
9       examiner.

10                Again, having said that, there's a large  
11       overlap between statutory compliance and then the  
12       duties the examiner performs and what they're  
13       accountable for, but it's not absolute. So, there  
14       are times when we would have an error in the work  
15       product that could not be reasonably attributed  
16       back to the examiner's performance of their duties  
17       under their plan.

18                MS. MARTIN-WALLACE: And I'll just add  
19       that this is one of the areas that we've really  
20       concentrated on, Andy and I, in working closer  
21       together to have the findings in OBQA and the  
22       partnership in collaboration with the TCs. That's

1       why OBQA is structured such that there is, as  
2       Sandy mentioned, a particular supervisory quality  
3       assurance specialist, in particular RQASs that are  
4       assigned to TCs so that they can build that  
5       relationship and have an open communication.

6                 Sandy mentioned four hours per reviewer,  
7       but that's just for the initial review. The  
8       quality assurance specialists -- well, the  
9       reviewers as well as the supervisors spend much,  
10      much more time collaborating with their  
11      counterpart in the TC to make sure that the  
12      information is flowing and the decisions on cases  
13      are something that we can agree on and, when we  
14      don't, identifying things that may need further  
15      discussion on policy or other issues. So, while  
16      there are slightly different standards, the  
17      collaboration and partnership between the TCs and  
18      OPQA is getting stronger and stronger to identify  
19      those areas to make sure that the work is  
20      consistent.

21                MS. JENKINS: Okay, let me jump in.  
22      Chair, just a -- team. Here, team. Stay with me

1 guys.

2                   So, I'm getting emails from the user  
3 community. I need to make sure I feed PPAC,  
4 because they complain when I don't let them eat.  
5 (Laughter) And we're running almost a half hour  
6 late.

7                   MS. SPYROU: Okay, I'll finish up real  
8 quick.

9                   MS. JENKINS: All great questions -- I  
10 didn't give Valencia 45 minutes like I normally  
11 do. I apologize. So --

12                   MS. MARTIN-WALLACE: I don't want Dana  
13 to have five minutes. (Laughter)

14                   MS. SPYROU: I'll just close real  
15 quickly. Every review that we do gets funneled  
16 back to the TC through our IT systems whether or  
17 not it's noncompliant. If it's for consideration  
18 pass-through, if it's an accolade, one of those  
19 attaboys we talk about -- all of this data goes  
20 back. If it is a noncompliant, it goes through me  
21 as their supervisor first where I kind of say,  
22 yeah, I agree with it, and it goes to the POC and

1 the TC who then make sure that the appropriate  
2 action is being taken in the TC. If we disagree,  
3 like Valencia said, we'll have a dialogue, and  
4 that's a lot of times where a lot of the learning  
5 and the agreement happens between OPQA and the TC  
6 and we come up with improvement plans for the TC  
7 for an examiner or for an art unit. So, with that  
8 being said, no more questions, so I'm going just  
9 go to the next slide, and that's the end.

10 So, thank you very much for having us  
11 today. Appreciate it. (Laughter)

12 MS. JENKINS: We are going to give the  
13 audience one question, because I don't want to not  
14 allow question and comment. Is the Patent Office  
15 considering using, during examination, any real  
16 time automatically gathered patent quality  
17 information such antecedent basis, claim links,  
18 spec support checks, et cetera; in addition, the  
19 after-the-fact information from the Master Review  
20 Form?

21 MS. SPYROU: There have been some  
22 quality initiatives directed to that, and we do

1 know that there is some software out on the market  
2 where you can run an application through it and  
3 it's going to identify, like, 112 issues and all  
4 that. And I believe that that's an IT initiative.  
5 I'm not as familiar with where it's at, at this  
6 point, but something to be pulled into our future  
7 IT improvements in PE2, and maybe Valencia can  
8 talk to where that is right now.

9 MS. MARTIN-WALLACE: Okay, I'll just say  
10 very quickly that, yes, that is an area that we  
11 are looking into; and Andy, Rick Seidel, and I  
12 have been working very closely to identify the  
13 appropriate IT tools that will help us with that.

14 MS. JENKINS: Great. Thank you so much.

15 MS. MARTIN-WALLACE: Yes.

16 MS. JENKINS: Operations update -- Andy?

17 MR. FAILE: Okay, while the team comes  
18 to the table -- so, timing-wise, Marylee, do --  
19 we'll start.

20 MS. JENKINS: How long is it for you to  
21 eat, PPAC members. (Laughter)

22 MR. FAILE: We'll start. Please keep us

1 on time so to speak.

2           So, we have three updates for everyone  
3 today. One is a high-level stats update. We've  
4 kind of trimmed the stat pack from what we  
5 normally have with our litany of graphs to a  
6 select few. We're going to end that up on a point  
7 that Joe made earlier about looking at 1444436.  
8 We'll start to show you some data in that realm in  
9 charting our progress towards those goals.

10           Second update is we're going to -- we  
11 talked a little bit earlier about examination time  
12 analysis. Joe mentioned it in his opening  
13 remarks. We have an update from the team on our  
14 progress in that huge endeavor in which we're  
15 looking at the time allotted for examination for  
16 examiners to do their work and thinking about some  
17 changes there. We'll give you an update on that.

18           And then finally we have a little bit --  
19 hopefully a quick one at this time, depending on  
20 the time -- on interview practice, and Tim and  
21 Tariq from the TCs are here to talk about that.

22           I think we'll probably start with

1 interview practice, if you guys don't mind, in  
2 trying to resequence it. We'll probably need the  
3 most time for the examination time analysis  
4 discussion, so we'll start with the interview if  
5 that's possible.

6 MR. HAFIZ: Sure.

7 MR. CALLAHAN: Yeah, that would be  
8 great. So, the important stuff first. (Laughter)

9 MR. FAILE: All right, Tim and Tariq,  
10 take it away.

11 MR. CALLAHAN: All right, thank you.  
12 So, we're here to talk about and give you an  
13 overview of interviews. My name is Tim Callahan.  
14 I'm from TC3700. So, just a quick -- we wanted to  
15 show you some trends on interviews, show you  
16 what's going on. We'll talk about some of our  
17 latest innovations with the AIR form, look at some  
18 of the resources we have available to our  
19 applicants, and then just a small look at what  
20 we're planning for the future.

21 So, as far as trends, this is a look at  
22 the amount of hours that examiners claim to do

1 interviews, and it starts all the way back in  
2 2008, because 2008 is where we first started to  
3 push, to use interviews as a tool to compact  
4 prosecution. So, you see, there's a great  
5 increase. We've had about a 200 percent increase  
6 in the amount of time.

7 But to put this in a little more  
8 perspective, in 2008, the average number of hours  
9 that the examiner claimed for interviews was about  
10 13 hours, and these are fiscal years. The last  
11 one on the chart there is fiscal year 16, and then  
12 that year was 27.6 hours. That's the average  
13 amount of time each examiner has claimed for  
14 interviews. So, you can see it's over a 200  
15 percent increase. So, we've been emphasizing that  
16 as an effective tool, and the examiners I think  
17 have joined in.

18 Here's another look the data, and this  
19 is a look at all the serial disposals over that  
20 time that actually had at least one interview per  
21 application. As you can see, it tracks with the  
22 increase in interviews, and this is about 35, 36



1 percent of all those disposals have at least one  
2 interview during their prosecution.

3 MS. JENKINS: Can you get a little  
4 closer to the microphone. That's always my  
5 problem.

6 MR. CALLAHAN: Oh, sorry.

7 MS. JENKINS: Thanks.

8 MR. CALLAHAN: Yes. This better? Thank  
9 you. Sorry. We tried to cut the data a little  
10 bit differently, and again it's tracking the  
11 increase in interviews, but instead of tracking  
12 the hours, this is actually the actual interviews,  
13 and we do that by interview summaries that we see  
14 submitted in the application. So, we're tracking  
15 how many actual interviews are happening as  
16 opposed to just the number of hours claimed, and  
17 it tracks the same way, well over 200,000 for the  
18 last fiscal year.

19 And then to dive a little bit deeper  
20 into the data to see what is it that applicants  
21 are requesting, we see that primarily what we're  
22 getting is requests for telephone interviews, and

1 the data shows that.

2 As we were emphasizing the availability  
3 of video conferencing in the last few years, we  
4 were making some great progress in '14 and '15,  
5 you see; in 2016 the number of video conferences  
6 we held was much less. The data for this year is  
7 tracking very closely to 2016. We believe we're  
8 going to exceed 2016, but we won't be quite to the  
9 2015 level.

10 And I'm going to pass it over to Tariq.

11 MR. THURLOW: Hey, Tim, just a quick  
12 comment. Nothing against the videos, it's just  
13 the phone is so easy and (laughter) -- you know,  
14 it's a nice idea. I think it says something --  
15 you know, I think you spoke a year or two ago on  
16 interviews.

17 MR. CALLAHAN: Right.

18 MR. THURLOW: You know, it's a nice  
19 option to have with the phone, and for the most  
20 part you have the same examiners over the years or  
21 the same team. So, you get to know them a little  
22 bit plus we don't want to see the joke -- it's a

1 joke -- we don't want to see anybody in pajamas or  
2 something like that, you know.

3 (Laughter)

4 MR. CALLAHAN: Yeah, but it's true.  
5 We've done a lot over the last few years. We've  
6 done a lot with the examiners to train them up on  
7 the use of the tools and encourage them to use  
8 that. And we see that the examiners are  
9 comfortable with using it, but right now the  
10 applicants don't seem to be selecting that as a  
11 choice; it seems like primarily we're getting the  
12 phones as requests.

13 MR. HAFIZ: All right, thank you, Tim.

14 MR. SEARS: I have a question for Tim  
15 before we go on.

16 MR. CALLAHAN: Yeah.

17 MR. SEARS: Did I hear your statistic  
18 correct? Is it hours per year for the average  
19 examiner on interview time?

20 MR. CALLAHAN: Yeah, 27.6 hours in  
21 fiscal year '16 was the average claim by  
22 examiners.

1                   MR. SEARS: So, the average then is  
2                   about half an hour a week, ballpark?

3                   MR. CALLAHAN: Um --

4                   MR. SEARS: Ballpark. That seems really  
5                   low, because I know in my cases I routinely  
6                   interview. Just curious if you've had any  
7                   thoughts: Is that a number that's low because  
8                   it's averaged over the entire Corps?

9                   MR. CALLAHAN: I think if you look at  
10                  the one chart, it showed about 36 percent, 35  
11                  percent of the cases have at least one interview  
12                  when it's disposed of. So, it's only about a  
13                  third, or a little bit more, of the cases that are  
14                  actually requesting interviews. So, if you take  
15                  that subset down and you divide it up, it comes up  
16                  to the 27.

17                  MR. HAFIZ: And when you think about 27  
18                  hours, it comes out to a little over 8,000  
19                  interviews every two weeks, which is quite a bit  
20                  of time.

21                  MR. KNIGHT: Do the examiners get extra  
22                  time to conduct an interview?

1                   MR. CALLAHAN: Yeah, there's one hour  
2 available for an interview always for an examiner,  
3 and there's the ability -- if it's a complicated  
4 case or the particular interview takes longer than  
5 that, then they can request and get more time from  
6 their examiner -- from their SPEs.

7                   MR. LANG: These numbers -- even if  
8 there are 8,000 interviews in a time period, they  
9 show that there's a lot of room for improvement in  
10 how interactive the examination process is. I  
11 mean, my experience and the experience of  
12 (inaudible) is -- I mean, the more interactive,  
13 the more that your along on interviews, the more  
14 efficient prosecution is going to be and, you  
15 know, I would have expected that that number could  
16 be doubled, tripled, quadrupled and we still  
17 wouldn't see diminishing returns on the  
18 effectiveness of the examination process.

19                   MS. JENKINS: And just to jump in real  
20 quick, I'd love to see the corresponding slide for  
21 the trademark side of the house, because I know  
22 they -- because they do both. They call, they

1 write, they email, they're very proactive, so.

2 SPEAKER: (Inaudible).

3 MS. JENKINS: Not yet.

4 MR. CALLAHAN: Not yet.

5 MS. FAINT: Our examiners have privacy  
6 concerns about video conferencing, and so that's  
7 one of the things I think to take into  
8 consideration by the Office is to think about that  
9 a little more in ways we can help people with that  
10 concern.

11 MR. KNIGHT: Can the examiner initiate  
12 the interview, or does it always have to be the  
13 applicant?

14 MR. CALLAHAN: Examiners can initiate  
15 the interviews, and some do, but when we did -- I  
16 think it was in 2015 we did a survey of our  
17 applicants and the examiners, and we were looking  
18 at the data, and the vast majority are  
19 applicant-initiated interviews. But also from  
20 that survey, we got -- of those that responded, I  
21 think it was in the 90+ percentile, so that when  
22 they request an interview it is usually granted,

1       so. I think we have the examiners on board, that  
2       if they get the request, they're going to have the  
3       interview, and if they get the request for a video  
4       interview, they're going to have that interview.  
5       I think it's up to the applicants to increase the  
6       call for that, so.

7                 MR. KNIGHT: Just picking up on what Dan  
8       said about, you know, the interview process being  
9       so important to the applicant and really enhancing  
10      the efficiency of the examination and the fact  
11      that you do give an hour to the examiners for that  
12      interview if they want to take it. I'm just  
13      curious. Why don't more examiners then initiate  
14      interviews? Why do you think they're not really  
15      being more proactive and engaging with the  
16      applicants?

17                MR. CALLAHAN: I think the examiners,  
18      when the prosecution gets to the point where they  
19      think they can resolve the issue -- for example,  
20      maybe a minor amendment to overcome a rejection.  
21      I think that's when they're reaching out to use  
22      interviews to try to shorten prosecution. I think

1 many times there are points in the prosecution  
2 where it's really the applicant that is looking  
3 for the more information. So, I think that's why  
4 you see most of them are initiated by the  
5 applicant and not the examiner.

6 MS. SCHWARTZ: Can I say something?

7 MR. CALLAHAN: Yes.

8 MS. SCHWARTZ: First of all, when an  
9 examiner gets to the point where they think they  
10 might know of allowable subject matter and they  
11 just call and request an examiner's amendment,  
12 they don't get time for that. They don't get time  
13 when they call about something that short, so they  
14 only get time when there's a significant  
15 substantive discussion going on. That's one  
16 thing. And another thing is when there is a  
17 significant substantive discussion going on, an  
18 hour isn't that much time when you think about it.  
19 Especially if it's initiated by applicant's  
20 representative, the examiner doesn't have the case  
21 in front of them, so while they've worked on the  
22 case before, they have to pick up the case, they



1       have to familiarize themselves, they have to hold  
2       the interview themselves, and they have to prepare  
3       the interview summary form -- all within an hour  
4       or they're losing time by holding the interview,  
5       so. And while they can request more time, the  
6       standard is an hour, so it's almost always an  
7       hour. It would have to be a very unusually  
8       involved case to get more time than that.

9                   MR. KNIGHT: Have you proposed to  
10       management that examiners get more time for  
11       interviews because of this, or where does it  
12       stand?

13                   MS. SCHWARTZ: On occasion we have  
14       proposed that there be more time, and in fact we  
15       get more time for interviews now than ever before.  
16       It used to be that you only got time if an  
17       interview was initiated by applicants and was in  
18       person, right? And then it became that it could  
19       be initiated by applicants also on the phone and  
20       you got time. And now -- so, we've gone further  
21       now. An examiner can initiate a substantive  
22       conversation and get time for a telephonic

1 interview now. So, we're moving toward -- the  
2 Agency has moved toward more time for interviews  
3 over the years.

4 MR. KNIGHT: Right.

5 MR. HAFIZ: Okay. Speaking of  
6 efficiencies, in September of 2015, we launched  
7 this new tool to make it easier for applicants to  
8 schedule and request interviews. It's called the  
9 automated interview request. It's on our website  
10 if you go to [uspto.gov/interview-practice](http://uspto.gov/interview-practice). And  
11 one of the things this form does is you're able to  
12 fill out the form and request a type of interview  
13 you want and when you want it. You can do this  
14 any time of the day, 24 hours a day, 7 days a  
15 week, from anywhere. So, you don't have to wait  
16 to call in an examiner, wait for a return call,  
17 and play phone tag. And this has really made the  
18 actual scheduling of the interview really  
19 efficient.

20 To date, we've had over 24,000 people  
21 use this form to request interviews. This is what  
22 the form looks like. You just fill in your basic

1 information, serial number, request the type of  
2 interview you want. You'll get an email saying,  
3 hey, examiner will contact you within two days to  
4 confirm the interview. So, this has been a really  
5 successful program, and we encourage everyone to  
6 use that.

7           And speaking of WebEx, although not as  
8 many people request WebEx, it's a really simple  
9 tool. Once you request a WebEx interview, you'll  
10 get a link. You click on the link, and you can  
11 start having that interview. Really easy to use.  
12 One reason we're promoting WebEx is that we've had  
13 applicants that want an in-person interview but  
14 the examiners are remote, the applicants are  
15 remote, it just makes it easier to have that  
16 in-person experience through video conferencing.

17           MR. THURLOW: Just a quick comment. The  
18 benefit of this meeting is -- I've honestly never  
19 heard of the AIR form and never used it, so this  
20 is good.

21           MR. HAFIZ: Okay, yeah.

22           MR. THURLOW: I don't know if anybody

1 else has one.

2 MR. HAFIZ: Okay, great, thank you. So,  
3 you can see, like, since we launched it back in  
4 2015 the trend keeps on going up. Last month we  
5 had over 2,000 requests just in one month, so we  
6 are continuing to try to promote this form so  
7 people can use this. I'll tell you one of the  
8 things we've added improvement to or promoted is  
9 we added a new form paragraph at the end of each  
10 office action just to just about the types of  
11 interviews that are available, including the  
12 automated interview request form. And we hope  
13 more people use that. This was launched back in  
14 January 2017, so if you see an office action when  
15 you're looking for examiner information, you'll  
16 see this form as well.

17 Another thing that we have on interview  
18 -- we have a lot of resources on our website,  
19 again, [USPTO.gov/interview](http://USPTO.gov/interview) practice. Obviously,  
20 that's where you access the AIR form. We have a  
21 lot of information on video conferencing. We have  
22 TC interview specialists, all the policy and

1 guidance, as well as all the training that we  
2 provide our examiners.

3           Speaking of video conferencing, one of  
4 the things with video conferences is the fact that  
5 there's email communication. You need Internet  
6 authorization to do that. There are two ways of  
7 doing it. If you're just going to have a video  
8 conference interview, you can go ahead and do that  
9 oral authorization, but if you want to communicate  
10 with an examiner via email, we request that you do  
11 a written authorization, and one of the ways to do  
12 that is filling out a form SB/439. It's available  
13 through EFS-Web, a very simple form. Just check a  
14 box, and it will allow you to communicate with the  
15 examiner on the merits of the case via email.

16           And another thing that we do on the  
17 video conferencing is that we have interview  
18 specialists that will help and provide training to  
19 applicants on how to use WebEx. Some applicants  
20 are unfamiliar or unsure on how to have a video  
21 conference. They'll do a one-on-one mock  
22 interview with you so that you can actually be

1 comfortable using video conferencing.

2           Again, our email box is  
3 examinerinterviewpractice@uspto.gov to request  
4 one-on-one WebEx training.

5           So, speaking of interview specialists,  
6 they are subject matter experts in interview  
7 practice and policy. They assess both applicants  
8 and examiners in facilitating effective  
9 interviews. We have a link here on this site.  
10 Also, if you go to [USPTO.gov/interviewpractice](http://USPTO.gov/interviewpractice),  
11 there will be a link for interview specialists.  
12 There are about four interview specialists per  
13 technology center, and you can contact any one of  
14 them if you have any issues associated with  
15 interviews.

16           Public interview rooms: We have a  
17 public interview room on every USPTO campus.  
18 Sometimes attorneys will come to a USPTO campus.  
19 They have multiple interviews, and one of the  
20 interviews with the examiner may be remote. So,  
21 you can schedule that interview and just use a  
22 public interview room to have that interview with

1 the examiner that's remote, in addition to other  
2 interviews that you have on campus. So, it's a  
3 great resource. We've had a lot of use of the  
4 interview room on the Alexandria campus. In fact,  
5 out on the Alexandria campus we have two public  
6 interview rooms.

7 So, this is the usage, as you can see,  
8 from 2015, 2016, and 2017. I think 2017 is  
9 trending about the same as 2016 in terms of public  
10 interview room usage.

11 MR. CALLAHAN: So, we just wanted to  
12 give you a heads up on some of the things we're  
13 working on. One of the things we're working on  
14 this year is what we call the Interview Experience  
15 Survey, and this is an opportunity for applicants  
16 and examiners to give us some feedback on how the  
17 interview went and how effective it was. We're  
18 using the AIR form, so if an applicant uses the  
19 AIR form they'll be able to participate in this  
20 survey, so.

21 And just some other things. We have a  
22 series of videos that we developed about interview

1 practice on how to have a WebEx video conference.  
2 We're developing our last one in a series. This  
3 is our fourth one. This is one with examiners  
4 giving testimony about how effective interviews  
5 are and why you should have them. We're also  
6 working on some tools to update the Interview  
7 Summary Form and make it easier, more streamlined  
8 for examiners to document the interactions they've  
9 had. And each year we try -- each year we do have  
10 some type of training or information goes out to  
11 the examiners about interviews and we'll be  
12 beginning trying to decide what we're going to do  
13 for FY18 on the interviews.

14 So, that's our presentation on the  
15 interviews, and we end with our mailbox, which is  
16 for -- applicants and examiners can send any kind  
17 of questions, comments, feedback on the interview  
18 practice to this mailbox, and our interview team  
19 will answer those. Thank you.

20 MR. KNIGHT: Just a comment. You know,  
21 just looking at the examiners getting one hour for  
22 the interview, I know, just being a lawyer and



1       having to have, you know, many phone calls or many  
2       hearings with courts on cases, for me to pick up a  
3       bunch of cases and be prepared to hold a  
4       conversation all within one hour would be a very  
5       difficult task, really, for me to accomplish. And  
6       I just wonder, in this Interview Experience Survey  
7       if one of your questions in the survey might be:  
8       Do you believe the examiner was adequately  
9       prepared for the interview?

10               MR. CALLAHAN: Yeah.

11               MR. KNIGHT: And then if your getting a  
12       lot of responses that the examiner did not have  
13       time to be adequately prepared, then maybe you  
14       might consider, you know, talking to Patents  
15       Management about giving the examiners more time  
16       for this since, you know, it's, you know,  
17       overwhelmingly appreciated by the applicants and  
18       creates a much more efficient examination process.  
19       You know, you want it to be as useful possible.

20               MR. CALLAHAN: Yes, we agree. Thank  
21       you.

22               MR. WALKER: But, Tim, one quick comment

1 on that is just -- it's a balance of getting  
2 feedback on these surveys, because people have  
3 survey fatigue.

4 MR. CALLAHAN: Yes.

5 MR. WALKER: And to the extent that it's  
6 too long, you're going to get fewer responses, so  
7 Bernie raises a good point about that question.  
8 But I would caution to keep it as short as  
9 possible if you want to get a good response  
10 (inaudible).

11 MR. CALLAHAN: Thank you for that.  
12 Yeah, we're definitely trying to keep it as short  
13 as possible and just to give applicants an avenue  
14 to give us feedback, good or bad, on what their  
15 experience was.

16 MR. THURLOW: Thanks, Tim, a very quick  
17 question. Drew has always talked over the years  
18 about clarity of the record and Valencia an  
19 important part. While we're on the interview  
20 summary, there's been lots of betas as far as  
21 trying to make that meaningful as far as what goes  
22 on. We've all had different experiences with

1       that.

2                   MR. CALLAHAN: We do have training for  
3       the examiners on how to document their interviews  
4       and what went on in the interviews, and part of  
5       what we're trying to do is to make the form a  
6       little more interactive so it will direct the  
7       examiner in and gives examples on how they should  
8       be doing it. So, we're hoping that that new form  
9       will help them better document what went on.

10                   Also, very quickly, as part of the  
11       clarity of the record pilot, we had the interview  
12       summary. That was a piece of it which we  
13       identified best practices that have been shared  
14       there on our web page, and they've gone out to the  
15       examiners as well. So, we have been putting forth  
16       initiatives specifically to recordation of  
17       interview summaries.

18                   MR. FAILE: Okay, thanks, Tim and Tariq.  
19       So, let's switch over to the stats presentation.  
20       Bob Oberleitner will run through this in a fast,  
21       speedy, efficient manner that he is known for.  
22       Hint, hint, Bob -- so, we're kind of running low

1 on time. I mean, we do have a reduced stat PAC,  
2 so Bob's going to hit the highlights to kind of  
3 get everyone oriented in some of the trends that  
4 we're seeing.

5 MR. OBERLEITNER: Thank you. The first  
6 slide shows our serialized and RCE filings.

7 You can see that the serialized filings  
8 have been essentially flat since 2013. This year  
9 in 2017 we're effectively or essentially flat  
10 also. When we ran these numbers we were about .2  
11 percent increase on serial filings. We project  
12 that by the end of the year we'll end up somewhere  
13 near our projection of a 1 percent increase. As  
14 of mid-July our RCE filings were down slightly.  
15 They were down percent. This slide is showing  
16 first action and total pendency.

17 Our total pendency goal for FY17 is 24.8  
18 months, and we are currently at 24.7, so we're in  
19 good shape there. We are projecting to fall short  
20 of our first action pendency goal. Our target was  
21 14.8 months, and we're currently at 16.4. Our  
22 pendency to first action has been negatively

1 impacted this year by a couple of things,  
2 including the federal hiring freeze, some reduced  
3 levels of overtime that the examiners have been  
4 using compared to previous years, and some  
5 additional CPC adjustments that have worked into  
6 the system. We separated designs here and designs  
7 over the past two years. We have hired in that  
8 area proportionately way more than what we have in  
9 the TC to address increasing backlogs in that  
10 area. We're now seeing the results of those  
11 hiring efforts with pendency values leveling off  
12 and starting to come back down.

13 The next slide shows, in the business  
14 method area around the time of the Alice decision,  
15 we were seeing a large number of reopening rates  
16 following the reversals based on that decision to  
17 start making rejections consistent with that, and  
18 this is just a quick slide just to show that we're  
19 seeing the spikes leveling back off to the  
20 pre-Alice times, and we're considering that  
21 (inaudible) leveling off again to before that  
22 court case.

1                   We were talking earlier about 101 in  
2                   general, and with our reviews that we've been  
3                   doing in cases this year we're seeing that  
4                   essentially about 15 percent of the applications  
5                   either have a 101 rejection that's made -- this is  
6                   in the Corps now -- that have been made properly  
7                   or a rejection should have been made. To say that  
8                   in a different way, 85 percent of the cases did  
9                   not have a 101 rejection made, and it was proper  
10                  not to have it.

11                  The last slide is looking at what we had  
12                  talked about in previous PPAC meetings, which was  
13                  kind of the historical values of some of the  
14                  patent stats. We're focusing here on PTA --  
15                  Patent Term Adjustment -- and we have their  
16                  current values for this year, FY17, and we compare  
17                  that with the historical averages over the past  
18                  five years. And we have for the five areas that  
19                  we're showing improvement in -- for example, in  
20                  the first action pendency over months, historical  
21                  average is almost 66 percent, and we're at percent  
22                  this year. The one area that we're slightly above

1 is grants after payment of issue fee, the percent  
2 going over four months. Our historical average is  
3 1.2, and we have slightly above that at 1.5. The  
4 total pendency is expected to continue to improve  
5 as our first action pendency numbers continue to  
6 go down.

7 MR. FAILE: Thank you, Bob. So, let's  
8 tee up the next piece, which is kind of an  
9 overview and latest progress report on our  
10 examination time analysis project, and we have  
11 Assistant Deputy Commissioner Remy Yucel and TC  
12 Director Jay Kramer who will walk us through that  
13 particular presentation.

14 So, Remy?

15 MS. YUCEL: All right. Good morning. I  
16 promise, Mary, we'll try to make up some time  
17 here. I'll be hitting some of the high points on  
18 some of the slides, but, you know, the slides do  
19 have some more granular information.

20 So, this morning we wanted to give you  
21 an overview of our Examination Time Analysis  
22 effort. We call it ETA around here, because we're

1 PTO and we always shorten things to letters.

2           What is Examination Time Analysis? So,  
3 our goal here is to have a comprehensive analysis  
4 of examination time, and it's really to take a  
5 holistic look at the entire examination process to  
6 really have a better and more developed, more  
7 fundamental understanding about the factors that  
8 influence the time that should go into the  
9 examination process.

10           You know, once we have our hands around  
11 this information, it is our hope that we will be  
12 able to make better informed decisions about  
13 examination time. And also another goal of this  
14 is to develop methodologies so that we can repeat  
15 this process on a more frequent basis. Right now  
16 as it stands, this is the first time such a  
17 comprehensive effort has been put into this  
18 examination time. I think it's around 40 years  
19 since the last major adjustment. We've had  
20 smaller adjustment on the fringes here and there  
21 for very specific reasons but not the entire whole  
22 look at the process and all of the factors that



1 feed in and out to influence the time.

2 So, not only is this, you know, an  
3 important thing for us to consider, but it's also  
4 our mandate that's been memorialized in our  
5 strategic plan, because not only do we have to be  
6 careful about our quality but we also have to  
7 balance that with the pendency. You know, rolling  
8 out pristine patents is important but not at the  
9 expense of having everybody else wait in line to  
10 get their turn. So, it's very important that  
11 we've made this commitment, and now this is really  
12 the hard grunt work to make good on it.

13 So, why now? Again we talked about the  
14 importance of why properly calibrated examination  
15 time is important, but we are also faced with the  
16 march of time again. It's been 40 years, and in  
17 that 40 years a lot of things have happened,  
18 right?

19 So, there are new technologies; there's  
20 increased technological complexity. Back in the  
21 old days -- I won't comment as to whether they  
22 were good or not but, you know, you had very

1 distinct lines between chemical inventions,  
2 mechanical inventions, electrical inventions. Now  
3 you've got inventions that blur those lines  
4 considerably, and so there's more technology to  
5 consider in these applications, and they're not  
6 very easily categorized into one particular type  
7 of discipline. So, that's a problem.

8           There has been exponential growth in the  
9 availability of prior art and our ability to  
10 access that prior art, so there are more pieces of  
11 art that may need to be considered because, again,  
12 there's technology creep in all of these  
13 applications.

14           We have undertaken in the last several  
15 years -- and we're hopefully coming to the end of  
16 the transition -- but we have left the USPC --  
17 United States Patent Classification -- behind in  
18 favor of CPC, so that was another huge shift for  
19 us in terms of the way technologies and  
20 applications are categorized. And so we had to  
21 make the necessary adjustments to be able to work  
22 in that environment.

1                   And, you know, again we talked about the  
2                   electronic tools and the use thereof in the IT and  
3                   the ability for us to access and to have made  
4                   available to us vastly more, larger bodies of  
5                   information. And of course our friends at the  
6                   courts have not been idle during this time. They  
7                   seem to pump out seminal decisions on a more  
8                   frequent basis, and that requires us to make more  
9                   significant adjustments on the fly.

10                   So, all of these factors are -- you  
11                   know, again, they're a very high level, but  
12                   there's a lot in each of those that feed into --  
13                   really are taking a step back and looking at the  
14                   time devoted to examination.

15                   So, this is -- I mean, I hope -- we've  
16                   kind of been able to sketch out how large this  
17                   endeavor is, and this is kind of a graphic to help  
18                   further solidify that idea. We have a lot of  
19                   different major items or facets that could  
20                   potentially affect examination time. So, how do  
21                   we get our hands around it, and how do we look at  
22                   them and study them and analyze them in a

1 systematic way?

2           So, we have devised a structure where we  
3 have a steering committee that is composed of both  
4 management and our partners in POPA, and we looked  
5 at the three major big pieces, and each one of  
6 those has a lot of different sub-pieces. But  
7 we've got to look at information from the  
8 technology/data realm. We want to be able to get  
9 outreach -- that is, input from, you know, as many  
10 relevant stakeholders to this process as possible,  
11 and we'll go into who those are. And lastly, you  
12 know, figure out again the quality and clarity of  
13 actions and how we can make improvements, and if  
14 we make those improvements how that affects  
15 examination time.

16           So, we've organized ourselves in various  
17 different teams and sub-teams to tackle each one  
18 of these broad areas so that the teams can then  
19 come together and make recommendations, and then  
20 we'll go from there. So, that's kind of the  
21 overall scheme. We are still in the midst of this  
22 process. We don't have any final results to share

1 with you, but we wanted to give you a peek into  
2 our process. You know, this has been ongoing. I  
3 think we started last summer. You know, there are  
4 a lot of people involved, and we are making  
5 progress.

6 So, the first thing I'm going to want to  
7 talk about is the outreach, because it was very  
8 important for us to engage early on the important  
9 stakeholders -- not that all stakeholders aren't  
10 important but, you know, who are we talking about  
11 here?

12 Well, we have our internal stakeholders  
13 -- our examiners and our SPEs -- who do the  
14 bread-and-butter everyday work of getting the work  
15 done, reviewed, corrected, and out the door. We  
16 also have our user community, and we also have  
17 expertise in academia that can also help us think  
18 about different approaches that we might take as  
19 we take on this holistic analysis of examination  
20 time. So, those are the three main broad areas or  
21 groups of people that we sought input from.

22 So, the first thing I'm going to talk

1 about here is the survey results from our internal  
2 stakeholders, and this is in the form of surveys  
3 that were given out to examiners as well as SPEs.  
4 You can kind of see on that second bullet there we  
5 had a tremendously high participation rate,  
6 especially from the examiner. Eighty-three  
7 percent of the examiners participated in the  
8 survey.

9           So, we wanted to get the examiner point  
10 of view of impediments and enhancements to  
11 effective examination. We also wanted to get our  
12 manager's point of view for the same things in  
13 managing in this environment.

14           I'm not going to go through all of the  
15 contents of this slide -- you can read them for  
16 yourselves -- but the next several slides are  
17 summaries of what we found from the data from the  
18 surveys.

19           This slide -- slide 8 -- shows the  
20 characteristics and resources that most enhance  
21 productivity from the examiner's point of view and  
22 those that detract from their productivity and

1       their efficiency. So, you can see the top five  
2       answers. You've got well-drafted applications  
3       that make it go easier; there's, like, a  
4       reasonable, appropriate number of claims, relevant  
5       information disclosure statements, and this, like  
6       -- not that there is one or there isn't one, but  
7       the references contained therein are actually  
8       helpful; the availability of related cases so they  
9       can take their knowledge and their experience from  
10      related cases and put it into the case that's in  
11      front of them; and then also the use of  
12      international search reports. And then on the  
13      bottom of that slide we've got things that impair  
14      their availability to do an efficient job during  
15      examination. And these include involving patent  
16      complexity, which we talked earlier; poor  
17      application quality; IT issues; multiple  
18      inventions; et cetera. So.

19                 The next slide is a summary of what  
20      could indicate an application would take more time  
21      or less time, and again the top part shows --  
22      these are some of the things that the examiners

1 key on that will give them a hint that this  
2 application may take them longer. And those  
3 include greater than the typical number of claims  
4 that they get in applications in that area; the  
5 complexity of the application; if there's, you  
6 know, that blurring of the technologies; poor  
7 claim quality.

8           And we'll jump down to the bottom of the  
9 slide, and then these are variables that indicate  
10 that an application may take them less time to do.  
11 So, again, claim numbers came up. If it was an  
12 RCE, clearly they're familiar with the subject  
13 matter and they already know the prosecution that  
14 (inaudible), so of course that may take them less  
15 time. Ditto for continuations and divisions.  
16 They're already familiar with the specification,  
17 the area of endeavor, while the claims may vary.  
18 So, those are things that will take the most time  
19 time.

20           And again here is a comment on the IDS.  
21 Yes, the IDSs are great, but if the IDS is really  
22 good and has good references, it can be a help.



1 But if it's there but has bad references, it can  
2 be a hindrance.

3 We have a number -- you know, these are  
4 some of the top things that floated to the top of  
5 that list.

6 MR. SEARS: Before we move on, can I  
7 make a quick comment?

8 MS. YUCEL: Sure.

9 MR. SEARS: I know we're pressed for  
10 time, but the notation that the availability of  
11 RCEs leads to an examiner taking less time. I  
12 think this is a really good follow-up to a  
13 conversation we started in the last meeting, and I  
14 just want to note, make a suggestion. I think the  
15 Office has made tremendous progress in addressing  
16 RCEs. They were a focus of incredible public  
17 attention. I think the high was somewhere in  
18 2010, 2013. The Office has done a great job in  
19 reducing the backlog. So, one of the questions I  
20 have and a suggestion for the Office is: Is now  
21 potentially the time to start thinking about  
22 changing the examination incentives to focus more

1 on new applications driving towards '14 rather  
2 than spending so much focus on RCEs? I know  
3 there's potentially public input that might be  
4 desirable, so maybe now is becoming the time to  
5 solicit public input on RCEs versus first actions  
6 and driving towards '14.

7 MS. JENKINS: I hear Esther someplace.

8 (Laughter)

9 MS. YUCEL: We will definitely take note  
10 of that. I want to close the internal outreach  
11 piece by this last summary slide, and this kind of  
12 summarizes things that didn't neatly slot into the  
13 specific categories on the survey. And basically  
14 we can close this section by saying quality  
15 improvements can best be achieved by investing  
16 more time early in that prosecution, in particular  
17 in performing an initial search. And I think, you  
18 know, this shows that everybody -- our applicant  
19 community as well as our management team as well  
20 as our examining corps -- is of one mind on this.  
21 So, this is good news that we all agree on this  
22 part and now it's -- you know, we have to figure

1 out a way to make that come to fruition.

2 Another takeaway is the top benefits for  
3 enhancing productivity. We find that the  
4 flexibility of work schedules and ability to the  
5 planned work really feed into an examiner's  
6 ability to work most efficiently. Clearly, the  
7 expertise and the claimed art also enables an  
8 examiner to work more efficiently.

9 And, finally -- and this was heartening  
10 from our management staff and our SPEs who work  
11 very closely with the examiners -- the examiners  
12 felt that they had effective management support  
13 and staff support in terms of having the main  
14 resources that they need to do their job and  
15 assistance when they need it.

16 Another very clear takeaway and one that  
17 we have been thinking on for quite some time is  
18 that it came through loud and clear that there's  
19 great dissatisfaction within the Corps with the  
20 time allotted for tasks after finals. So, that is  
21 an area that will be fertile for further study and  
22 further discussion on pinpointing what the issues

1 are and possible solutions.

2           Okay, so the next segment that we sought  
3 input from was our public outreach, and many PPAC  
4 members helped us with this endeavor late last  
5 fall and into winter of 2017, and this was to  
6 gather public feedback regarding expectations of  
7 the IP community. We wanted to understand the  
8 interest regarding quality and pendency and the  
9 costs for services, because that's a three-legged  
10 stool that we have to manage and balance out, and  
11 getting input from our stakeholder community is  
12 crucial to that.

13           And we also wanted to kind of shed some  
14 light on the characteristics of patent  
15 applications, which can lead to a more  
16 time-consuming examination.

17           So, the next slide pretty much  
18 summarizes our methodology. We used a Federal  
19 Register Notice to solicit written comments, and  
20 we held a number of different outreach events at  
21 all but I think the Detroit office, and we held  
22 roundtables for the public, and we solicited input

1 from there as well, so we had out several sources  
2 to gather the input from our user community.

3 So, essentially these are the top -- a  
4 number of things were brought to our attention,  
5 but this slide summarizes the top concerns or  
6 priorities that our user community wanted us to  
7 take into consideration.

8 First and foremost is measurable  
9 quality, thorough and high-quality searches that  
10 filtered up to the top, and if you remember that  
11 was something that the examiners themselves also  
12 identified as being extremely important -- the  
13 public, again, with the discussion that we had  
14 earlier with Tim and Tariq. Effective oral  
15 communication throughout the prosecution process  
16 was also highly valued from our stakeholder  
17 community. And then also again, jiving with what  
18 the examiner said, the expertise of the examiner  
19 not only in their given technology but also of  
20 applicable law was very important.

21 This next slide summarizes, from our  
22 stakeholder user community, the areas that they

1 felt most impacted examiner time, and those  
2 roughly fell into those items listed in the  
3 left-hand column, "Examiner Related Factors."  
4 They also identified applicant-related factors,  
5 Office-influenced factors, our court system, and  
6 rapidly developing technology. So, you can kind  
7 of see each one of those has further sub-bullets  
8 under them. But you can see the emerging themes  
9 are very similar from what we learned from our  
10 internal survey. It's mirroring quite nicely with  
11 what we found out from our external stakeholders.

12           And lastly, to close out this part of  
13 the outreach report-out, again there were things  
14 that, you know, again, what were the higher  
15 things, things that didn't necessarily slot in  
16 neatly into the other comments. These are some  
17 common observations (inaudible) to draw parallels  
18 between -- or among, I should say -- our examiner  
19 SPEs in the IP community.

20           Again, these are the four things that  
21 keep floating to the top: Got the examiner's  
22 expertise; importance of clear communication

1       between applicant and examiner; a very solid,  
2       thorough search is very important; and everybody  
3       recognizes that depending upon the application  
4       there are a lot of factors that can influence the  
5       complexity. And that really ends up being  
6       application specific, fact specific.

7                 So, the last segment that we sought from  
8       was from the academic community, and we overworked  
9       and we partnered with the Office of the Chief  
10      Economist, and we hosted an information- gathering  
11      session with scholars with expertise in personnel,  
12      economics, business and human resource management,  
13      and organizational incentive mechanisms. And I  
14      think this was going to a comment made earlier.

15                So, we partnered with four different  
16      academics, and what we really wanted to find out  
17      from them was, you know, what is already currently  
18      known of the academic literature about incentives  
19      for knowledge workers, right? Now, these are not  
20      line workers; these are knowledge workers, yet  
21      they work in a production environment. So, it's a  
22      workspace that draws from two very distinct types

1 of workspaces that you find in the public sector.  
2 This combination is not necessarily a widely used  
3 one, and so to be able to get the best and latest  
4 from that area of research was important to us.

5 We wanted to get ideas about how to  
6 improve our current incentive system and to get  
7 ideas about, you know, what kinds of empirical  
8 studies and research designs we could use to  
9 analyze the current incentive structure that we  
10 currently employ, what might work better for us.

11 And I think I forgot to advance the  
12 slides. I apologize.

13 Last, this is kind of a summary slide of  
14 -- you know, it helped us to talk with those folks  
15 from academia, because they were able to really  
16 kind of crystalize our thinking in this particular  
17 topic. We all recognize that there's tradeoff  
18 between examination time and examination  
19 performance, but it was really good to hear from  
20 them, you know, empirically and, you know, how  
21 much importance to put on both sides of those  
22 equations.



1                   We learned about the variety of  
2                   incentives available and the potential drawbacks  
3                   and advantages of using different incentive  
4                   structures; the impact of aligning quality  
5                   measurements and monitoring mechanisms, and Agency  
6                   objectives; and, finally, the importance of  
7                   effective management practices to bring about the  
8                   best employee management relationships.

9                   So, with that, I'm going to pass it over  
10                  to Jay, and he's going to walk you through the  
11                  other two pieces of the big ATA effort.

12                 MR. KRAMER: Thank you. So, now that  
13                 Remy did about 10 percent of our presentation,  
14                 I'll handle the other 90 percent. (Laughter) No,  
15                 in all seriousness, the piece that Remy talked  
16                 about, which was the outreach piece in the middle  
17                 is the piece that we are most fully through now,  
18                 and we've gathered the information, we've  
19                 collected it, and now the question is how do we  
20                 take that information and assimilate it and then  
21                 turn it into -- and basically do the analysis  
22                 behind the examiner time analysis. And that's

1 kind of what the next two blocks from that chart  
2 were, which is looking at the quality and  
3 balancing that with some of the data stuff. So,  
4 I'm going to start now with what we're doing with  
5 regard to quality and clarity of actions.

6           So, the first step we've embarked on is  
7 putting together a team, and they're looking at  
8 what is basically mapping out every step an  
9 examiner would do within examination, and the last  
10 duration of this I think had somewhere near 600  
11 different steps that an examiner does in the  
12 course of examination. And so as we go through  
13 those steps, we now put that next to some of the  
14 internal and external feedback to say: Okay, how  
15 do we prioritize these steps? Which of these  
16 steps take more time? Which of these steps take  
17 less time? How do we look at all of these that  
18 we're requiring an examiner do and start to  
19 analyze those with regard to the time we want to  
20 give an examiner to do them?

21           Some of the other pieces we're starting  
22 to look at are: How can we look at the

1 modernization of some of these steps in terms of  
2 what needs to be done by a patent examiner? What  
3 could be peeled off and maybe done at a lower  
4 level or even in an automated manner as we move  
5 towards IT solutions?

6 So, again, looking at these steps, how  
7 does an examiner do them and then how do we go  
8 through and apply time?

9 MR. THURLOW: So, Jay, this is just a  
10 friendly comment. Six hundred steps seems like a  
11 lot. From the public standpoint, this is all  
12 great stuff, the quality and everything, but it  
13 really -- in my opinion, it just comes back to a  
14 good review of the application, a good search, and  
15 a good analysis. So, it's interesting to me. I'm  
16 not sure you're going to have exact numbers, but  
17 just really it all breaks down to that for many of  
18 us in the public: Review the application; do a  
19 good search; and do a good analysis. And I'm sure  
20 I'm simplifying the process, but that's just my  
21 perspective.

22 MR. KRAMER: Well, you raised a very

1 good point that maybe I left off, which is also of  
2 the 600 steps, we've also looked at how often you  
3 do those so. So, examiners are going to search in  
4 every application. They may only write an  
5 examiner's answer or conduct an interview in 30  
6 percent. So, we're capturing all -- we don't want  
7 to leave anything out when it comes to the time  
8 that's necessary, but we certainly understand that  
9 some things are done often and in every case and  
10 are required and, as we noted, are priorities that  
11 need time. Other things happen far less  
12 frequently in case-by-case situations. So, that's  
13 all part of that, but we really wanted to be  
14 completely thorough in trying to capture  
15 everything.

16           And then the last piece is what can we  
17 peel off? What needs more time? What needs less?  
18 And that's all part of that process. And we've  
19 taken in, like this year, input both internally  
20 and externally as we set that prioritization  
21 level. So, actually, that's a very good point and  
22 part of the process, trying to make it part of the

1 process.

2           So, that's where we are with that.  
3 We're still working through that, but that's an  
4 update of where we are and how we're going with  
5 the quality piece.

6           The third box from the chart before was  
7 the Impacts of Technology. Where the USPTO has  
8 noted before, we have data. We love data. We  
9 love to look at data. So, no analysis would be  
10 complete without trying to figure out how we can  
11 use data.

12           So, what we're embarking on with this  
13 is: Again, going back to our internal and  
14 external surveys and looking at the factors that  
15 we think drive time and impair as well as make  
16 things easier for an examiner with regard to time.  
17 We try to look at a bunch of different datapoints  
18 that are relevant to an application that might  
19 drive time.

20           So, going back to the survey, internal  
21 and external stakeholders noted that the number of  
22 claims in an application can drive the time it

1 takes, so can we look at, through a data  
2 standpoint, the number of claims filed in an  
3 application to glean something about different  
4 areas in the USPTO that might require more time  
5 and less time.

6 We're identifying the methodologies to  
7 pull this data, what data to look at, again  
8 similar to the quality, how to prioritize which  
9 datapoints are more important than others and  
10 would lead to needing more time versus others.  
11 So, this is a pretty good example of some of the  
12 different factors. We've broken them into a  
13 couple of categories: Application factors, search  
14 factors, and prosecution factors. Again, in an  
15 effort to be as thorough as we can based on the  
16 data that we have, we put a lot of up there, we're  
17 not going through those to say, okay, which ones  
18 are the more important or the priorities towards  
19 time, which ones are less, and so, again, this is  
20 an active analysis that we're going through and  
21 trying to capture this data and go through it.

22 The last piece of the time analysis is,

1 then, the CPC considerations. And you've heard a  
2 lot of talk today about the move that the USPTO  
3 has undergone to move from a USPC classification  
4 system to a CPC classification system. And,  
5 again, I don't want to personally get too weedy in  
6 this, but at a very high level, thinking about  
7 USPC -- under USPC system as the USPTO operated  
8 under U.S. classification, we gave every  
9 application defining symbol, and that's what  
10 routed it to an examiner or to a technology. The  
11 way that the international system works and CPC  
12 works is it gives applications many symbols that  
13 are representative of the technology within it,  
14 and when an application has many symbols, we can  
15 glean a lot of information, especially things that  
16 you saw from the internal and external stakeholder  
17 regarding multidisciplinary technologies. Trying  
18 to put one symbol that defines an application, you  
19 tend to pigeonhole it to mechanical, electrical,  
20 chemical. When you can put multiple symbols on a  
21 document, you can put a chemical symbol with an  
22 electrical symbol and you learn much more about

1 the complexity of that application.

2 So, as we make this shift to CPC we're  
3 trying to take in this transfer and see, well,  
4 what can we learn from this again that tells us  
5 things about how difficult it would be to examine  
6 the application and what time would be necessary  
7 to do that. And you can see that there from  
8 diversity of symbols, field of search, and all  
9 these things.

10 MR. KRAMER: Our next steps are simply  
11 to continue to evaluate the factors that impact  
12 time, consider changes to time especially in light  
13 of how long ago it's been since we did this  
14 analysis, so what has changed in different areas  
15 and how do those changes affect examination time.  
16 We're trying diligently to devise a methodology to  
17 make updates in the future so we don't have to  
18 wait another 30, 40, 50 years to do this.

19 The last thing I'd like to leave  
20 everybody with is to put into everybody's mind,  
21 what a massive undertaking this is. Almost every  
22 group director in Patent Ops is involved in this



1 project in one way or the other through all the  
2 various teams. We've also got many, many  
3 supervisors who are working on this project in  
4 various forms to give us input and give us  
5 feedback. As Remy mentioned, we have roles where  
6 POPA is rolled into almost all of our teams. They  
7 are involved at the highest levels in the steering  
8 committee. We've reached out to Valencia shop and  
9 the quality mark shop and international as well as  
10 rick shop so it is within patents, every piece of  
11 the organization is coming together, this is a big  
12 undertaking. Here we are today at the last pole  
13 with PPAC seeking your input and giving you guys a  
14 briefing on this. Thank you very much.

15 MR. MATAL: So Remy, I just want to say,  
16 Jay did a great job and covered a lot of material  
17 but you definitely did more than 10 percent.

18 CHAIRPERSON JENKINS: Okay we're going  
19 to move on, we need to move on.

20 MR. LANDRITH: Just quickly, this really  
21 is an important initiative and the tradeoff  
22 between on the one hand quality and the other hand

1 examination time is the critical tradeoff in the  
2 system. The benefits that come with quality and  
3 there are costs that come with examination time  
4 and increasing that. Is there any public  
5 available output from the session that the chief  
6 economist had with the academics because I would  
7 think that they would be the ones focusing on the  
8 bigger picture and what are the social benefits of  
9 increased quality and how to balance that against  
10 the cost of potentially adding examination time if  
11 the analysis shows that that would be beneficial.

12 CHAIRPERSON JENKINS: We have partnered  
13 with them for our academic outreach event. That  
14 is one of the things that that office looks at on  
15 a regular basis. That might be something that we  
16 can ask them to cover at a future PPAC and have  
17 them kind of go over the different activities that  
18 they've been involved in with regard to the social  
19 impacts and the impacts on jobs and innovation and  
20 that. I know that that is something that they  
21 work on. It is one their *raison d'etre* but I  
22 don't know of a single work product. I think we

1       should get them in here and have them explain  
2       themselves.

3                   MR. FAILE:   That's a good point, Dan.  
4       That would be a good conversation to have.  When  
5       we did this endeavor in brought in the chief  
6       economist's office who were looking at slightly  
7       lower levels than this, we were looking at kind  
8       of, from a human resource point of view, are there  
9       studies to say that workers that as Remy explained  
10      are knowledge workers in a production line.  What  
11      incentives would really drive them and a lot of  
12      times, pay doesn't do it, you need other  
13      incentives.  They were pretty helpful in bringing  
14      the research out about what would drive workers in  
15      this particular situation and what would detract  
16      and what would actually drive.  So, we were kind  
17      of partnering with them for this endeavor on that  
18      level but I like the higher level and I don't know  
19      that we've specific conversations with them on  
20      that level, that would something to engage them  
21      in.  Thanks for the comment.

22                   CHAIRPERSON JENKINS:  We must move on.

1 Bob, policy update. Thank you, thank you all.

2 MR. BAHR: Thank you. While we're  
3 getting set, I'd like to introduce Charles Kim.  
4 He's the Director of the Office of Petitions and  
5 he will be giving us an update on e- Petitions,  
6 e-Terminal disclaimers and Web-Based ADS.

7 MR. KIM: Thank you, Bob, and good  
8 morning everyone. Thank you for having me. As  
9 Bob mentioned, my name is Charles Kim and I'm the  
10 Director of the Office Petitions. Today I'll be  
11 providing you an overview of some online tools  
12 that are currently available that can help  
13 increase the efficiency of the prosecution process  
14 by saving time and money. The online tools I'll  
15 be covering today are e-Petitions, e-Terminal  
16 Disclaimers and the Web-Based and Corrective  
17 Web-Based ADS. So, I suspect that most people are  
18 going to be more interested in hearing about one  
19 on one so I'll go my best to go over my slides as  
20 quickly as possible so that Bob Bahr has enough  
21 time to talk about one on one.

22 So, the first online tool is the

1 e-Petitions. Before I get into more details about  
2 the e-Petition process, I did want to provide a  
3 little bit of background about the Office of  
4 Petitions. So, the Office of Petitions handles  
5 over different types of petitions. We receive  
6 about 50,000 petitions per year. Of the 45 plus  
7 different petition types, there are 12 types that  
8 can be file by an e-Petition. I do want to point  
9 out that there is a difference between filing an  
10 e-Petition and filing a petition electronically  
11 using ESF-web. So, as I mentioned, there are 12  
12 types that can be filed using the e-Petition and  
13 if all of the requirements are met, then you can  
14 receive an immediate grant. Whereas for pretty  
15 much all of the other petitions that we handle,  
16 those petitions can also be filed electronically  
17 using ESF-web but those petitions would be  
18 manually decided by the Office of Petitions.

19 So, there are several benefits of using  
20 e-Petitions. The first benefit is that it saves  
21 time. Although the Office of Petitions has  
22 significantly reduced our backlog and our

1 processing times, a petition that is manually  
2 processed can still take several months for us to  
3 decide. But if you use an e-Petition, you can  
4 avoid having a wait and you can receive an instant  
5 grant and that grant letter will actually be  
6 automatically uploaded into the image file. The  
7 other benefit of using e-Petitions is the auto  
8 granting feature. With this feature, it helps to  
9 increase the chances of a successful petition  
10 because the only decision that you can get is a  
11 grant. If you compare that to a non e-Petition,  
12 it is very possible for a non e-Petition to be  
13 dismissed if certain requirements are not met.  
14 When that happens, the applicants typically file a  
15 renew petition and we will have to issue a  
16 decision on that renew petition. So, by filing an  
17 e-Petition, you can avoid that back and forth  
18 which can take up to several months. The  
19 e-Petition also provides the benefit of instant  
20 feedback so that at each step of the e-Petition  
21 process, the user will be notified if any specific  
22 requirements are met. The way the system works it

1 will actually prevent you from moving on to the  
2 next step if all the requirements of each step are  
3 not met. That is how it is able to issue the auto  
4 grant.

5           So, these are the 12 types of petitions  
6 that can be filed by e-Petition. In the interest  
7 of time, I'm not going to go through all 12 types.  
8 This information is available on our e-Petition  
9 resource page which I'll show you in one of the  
10 following slides. The next few slides will show  
11 you a couple of web pages that provide more  
12 information about statistics related to  
13 e-Petitions. The first web page is the Data  
14 Visualization Center or the Patents Dashboard. If  
15 you see on the bottom right of the dashboard,  
16 there is a tab labeled Petition Data. If you  
17 click on that tab, it will take you to this page  
18 and this page shows you a side by side comparison  
19 of what you can expect if you file and e-Petition  
20 versus a non e- Petition. As you can see here on  
21 the left with the e- Petitions, the average  
22 pendency is zero days because you receive an

1 immediate decision. The grant rate is going to be  
2 100 percent for all the e-Petition types because  
3 the only decision that you can get is a grant.  
4 Now if you compare that to the information on the  
5 right for the non e-Petitions for the same  
6 petition types you can see that the average  
7 pendency can take up to several months and the  
8 grant rate can be as low as 32 percent. So, I  
9 think table really highlights the benefits and the  
10 value of using e-Petitions.

11 The next page is the petitions timeline.  
12 The timeline was launched back in 2015 in response  
13 to feedback that we received from our users  
14 requesting more information about petitions.  
15 Basically, with the timeline what we did was it  
16 provides various information about different  
17 petitions that can be filed throughout the  
18 prosecution process. We've broken down the  
19 prosecution process into five stages. For each  
20 stage, we have a list of different categories  
21 where a petition can be filed. So, if you see  
22 here, it is hard to see here but under the first



1 category for abandonment related if you click on  
2 that it will take you to this page. This page  
3 will show you all the different types of petitions  
4 that can be filed when an application goes  
5 abandoned. So, you can see here, the timeline  
6 provides information about the average pendency  
7 and the grant rate and both of those two numbers  
8 are determined based on a 12 month rolling  
9 average. The timeline also provides information  
10 about the deciding office so if you have any  
11 questions about a particular petition type or if  
12 you want to check the status of your petition, you  
13 can contact the appropriate area.

14           So, one of the updates that was recently  
15 made to the timeline can be seen on the far right  
16 column, the e-Petition option. So, we added that  
17 column to help our users see which petitions on  
18 the timeline can be filed by an e-Petition.  
19 Before, I mentioned the e-Petition resource page.  
20 This page has recently been updated to include an  
21 e-Petitions computer based training video, a CBT,  
22 that provides an overview of the e-Petitions. It

1       also includes a step by step demonstration that  
2       shows you how to file an e-Petition.

3               The next online tool I'll be discussing  
4       is e- Terminal Disclaimer or ETD. The ETD system  
5       was first launched in 2012 and since its launch,  
6       we've seen a steady increase in ETD filings. For  
7       this current fiscal year, FY17, a little bit more  
8       than half of all the Terminal Disclaimers are  
9       filed with the USPTO are filed using ETD's. You  
10      can see why more and more people are using ETD's.  
11      ETD's are easy to file and cost effective. One  
12      example of how it can be cost effective is if the  
13      applicant is trying to disclaim over both a patent  
14      and a pending patent application, without the ETD,  
15      they would need to file two separate forms and pay  
16      two separate fees. But with the ETD, you can do  
17      both. You can disclaim both to patent and the  
18      application in one submission and pay one fee.  
19      Similar to e-Petitions, the ETD provides instant  
20      feedback to ensure that the filing requirements  
21      are met and also provides an immediate approval  
22      upon submission.

1                   So, here are some basic guidelines for  
2                   filing an ETD. It is only available for  
3                   registered EFS-Web Filers and they can be filed in  
4                   the non-provisional utility application including  
5                   National Stage 3 71 applications and reissues and  
6                   design applications including design reissue  
7                   applications. The ETD's are currently not  
8                   available for plan applications, reexaminations  
9                   and Terminal Disclaimers based on a joint research  
10                  agreement. For these scenarios, a regular TD  
11                  would need to be filed.

12                  So, here are some tips for filing and  
13                  ETD. It is important to verify both the applicant  
14                  and the ownership information. Currently, the ETD  
15                  system does not communicate with the assignments  
16                  database, so it doesn't verify the ownership data.  
17                  So, it is very important that both the applicant  
18                  and the ownership information is accurately  
19                  entered into the system. It is also important  
20                  that the reference application and patent  
21                  information is correctly entered. It is also  
22                  important to note that filing an ETD does not

1 (inaudible) a need to respond under rule 37 CFR  
2 1.111. So, if a response under rule 1.111 is  
3 needed, a separate response must be submitted. If  
4 the ETD is filed after the payment of the issue  
5 fee but before the patent issue, a request for  
6 certificate of correction must also be filed to  
7 indicate that the patent is subject to a Terminal  
8 Disclaimer. So, more information about e-Terminal  
9 Disclaimers can be found on our research page that  
10 is shown here.

11 Moving on to the Web-Based and  
12 Corrective Web-Based ADS tools. Both the  
13 Web-Based ADS and the Corrective Web- Based ADS  
14 tools were launched back in December 2015. The  
15 difference between the two tools are the Web-Based  
16 ADS can be used for when you're filing a new  
17 application and a corrected Web-Based ADS tools  
18 available for follow up submission and existing  
19 pending applications. So, there are several  
20 benefits of both the Web-Based ADS and the  
21 Corrective Web-Based ADS. I'll start first with  
22 the Web-Based ADS tool. So, the Web- Based ADS

1 provides the benefit of saving time by providing  
2 the option of prepopulated certain application  
3 information based on the previously filed  
4 application. The information that can be  
5 prepopulated include the inventor information, the  
6 domestic benefit or national stage information and  
7 any foreign priority information. It also reduces  
8 the chances of an ADS being improperly executed.  
9 We've seen certain situations where the filing by  
10 reference section of the ADS was inadvertently  
11 filled out. We've also seen ADS's where the  
12 domestic benefit or foreign priority information  
13 was not correctly entered into the ADS. So, using  
14 the Web-Based ADS system can help minimize these  
15 types of mistakes.

16           The Web-Based ADS tools can also help  
17 increase the accuracy of the data that is captured  
18 by the PTO. Because the Web-Based ADS, once it is  
19 completed, is automatically uploaded into the  
20 system and that avoids the need to manually enter  
21 that data which can cause errors. These are the  
22 basic guidelines for filing a Web-Based ADS. It

1 is available for both registered and unregistered  
2 e-filers. It can be filed in a new utility and  
3 design application that is filed on or after  
4 September 16, 2012. All the required fields of  
5 the Web-Based ADS must be completed and they must  
6 also be properly signed.

7 So, some tips for filing a Web-Based  
8 ADS. As I mentioned before, there is the ability  
9 to prepopulate certain information. When you do  
10 use that feature, all the benefit information will  
11 be prepopulated in the order that it was presented  
12 in the parent application. So, the only thing  
13 that you would need to do is go in there and  
14 designate the relationship of the application that  
15 is being filed and the first link in the chain.  
16 The next tip, I think, applies more generally to  
17 ADS practice regardless if you use the Web-Based  
18 ADS or the Corrective Web-Based ADS and that is to  
19 properly review the filing receipt to ensure that  
20 the information in the filing receipt is accurate,  
21 especially with regards to any domestic benefit or  
22 foreign priority information. If you do review it

1 and you do see any errors or any issues with the  
2 information, you can request the PTO to issue a  
3 corrective filing receipt. If you're able to do  
4 that within the 4 month,

5 month time period, then you can avoid  
6 the need to file a petition for a delayed priority  
7 claim which can be costly and cause delays.

8 So, moving on to the Corrective  
9 Web-Based ADS tool. Again, this is available for  
10 follow on submissions. There are several benefits  
11 of the Corrective Web-Based ADS tool. The first  
12 is that it shows you the application information  
13 that is currently captured by our systems and it  
14 will also show you the information that is being  
15 changed. One of the screens that you will see  
16 when using the Corrective Web-Based ADS is there  
17 is a table with one column showing all the bits of  
18 the application information that is currently  
19 captured and it will also show you another column  
20 that shows you any changes that are being made.  
21 The other benefit of the Corrective Web-Based ADS  
22 tool is that it automatically marks up the ADS so

1 that if there are deletions or any changes it  
2 automatically marks it up with the proper  
3 markings. That can help minimize some of the  
4 issues that we've seen with the ADS's where  
5 changes are being made but the proper markings are  
6 not being used.

7 MR. GOODSON: As I understand it, that's  
8 only available for registered users is that  
9 correct?

10 MR. KIM: Yes and I actually have that  
11 on the next screen, it is available only for  
12 registered users. The Web- Based ADS which can be  
13 used for new applications is available for both  
14 registered and unregistered users.

15 MR. GOODSON: And if you have a mistake,  
16 how do you fix it if you're not registered?

17 MR. KIM: If you have a mistake with the  
18 ADS?

19 MR. GOODSON: You cannot do underline  
20 and strikethrough.

21 MR. KIM: If you review the filing  
22 receipt and if you see any issues with the



1 information that is in the filing receipt, you can  
2 contact the PTO to request that a corrected filing  
3 receipt be issued.

4 Here are some basic guidelines for  
5 filing a Corrected Web-Based ADS. It is very  
6 similar to the guidelines for filing a regular  
7 Web-Based ADS so I'm not going to go through all  
8 the bullets. The only difference, as was  
9 mentioned, for Corrected Web-Based ADS, you do  
10 have to be a registered e filer whereas for the  
11 Web-Based ADS it is available for both registered  
12 and unregistered.

13 So, here are some tips for filing a  
14 Corrected Web- Based ADS. It is very important to  
15 indicate the correct relationship and order of the  
16 domestic benefit information that is listed in the  
17 ADS. Because if the order is not correct the  
18 Office of Patent Processing, OPAP, during the pre-  
19 exam stage, may not be able to capture the entire  
20 benefit information. It is also important not to  
21 delete any information when you're in the  
22 Corrective Web-Based ADS system especially if you

1 don't want to change that information or if you  
2 don't want to delete it. If you do delete the  
3 information, it will automatically generate the  
4 marked up ADS that shows that that information is  
5 being deleted. For the domestic benefit and  
6 national stage information, it is very important  
7 that the application numbers and the filing dates  
8 are correct because the Corrected Web-Based ADS  
9 system will accept the information that is being  
10 entered, it will not verify that information.

11 So, we do have two quick start guides  
12 that are available for both the Web-Based ADS and  
13 the Corrective Web- Based ADS and the links for  
14 those two quick start guides are listed on this  
15 slide. That is the end of my presentation. I'd  
16 be happy to answer any questions that people may  
17 have, otherwise, I'll turn it over to Bob Bahr.

18 MR. BAHR: Thank you, Charles. Now I'm  
19 going to move into the section 101 update. I'm  
20 going to go over the judicial development. I'm  
21 just going to go through them at a high level and  
22 then I'm going to speak to the next steps. With

1 regard to three petitions at the Supreme Court,  
2 there is currently two pending. There was one  
3 filed last Friday so there are currently two cert  
4 petitions pending at the Supreme Court. However,  
5 you should note that since Alice, the Supreme  
6 Court has not granted cert in any patent  
7 eligibility case. There is a list of denied  
8 petitions. Similarly, at the Federal Circuit,  
9 there are four petitions for En Banc hearing,  
10 again one was filed on Monday so it is not listed  
11 on here. Once again, the Federal Circuit has not  
12 heard any patent eligibility case En Banc since  
13 its decision in Alice. There have been a number  
14 of Federal Circuit decisions, and this would be in  
15 the last six months, since the last time we had a  
16 101 update at PPAC meeting. Roughly, if you look  
17 there, roughly half of the cases were disposed of  
18 with a Rule 36 decision. A quarter were  
19 precedential decisions, another quarter were  
20 roughly non precedential decisions and of all  
21 these cases, there was only one that found the  
22 claims at issue to be patent eligible, that's the

1 Thales case. Here basically it was directed to  
2 method of sensors, one on a moving platform one on  
3 a stationary platform and a system of determining  
4 motion tracking. This case actually was against  
5 the U.S. Government because it was claimed that  
6 the sensors in the F-35 navigation system  
7 infringed this patent. Here, the Federal Circuit  
8 held the claims to be patent eligible. Basically,  
9 it distinguished between a situation where an  
10 invention involves the use of mathematics versus  
11 one where the claim is directed to mathematics.  
12 So, it found it to be eligible under step 2A or  
13 the Mayo Alice step 1 and so did not need to  
14 proceed further. So, the judgement in the lower  
15 court of invalidity was reversed and I guess it  
16 was sent back for further action. That was  
17 Thales, the eligible case.

18 Moving on to what we've been doing, we  
19 recently issued a report on subject matter  
20 eligibility. Basically, in this report, it was  
21 from a roundtable we conducted and we invited  
22 public comment. The report basically sets out the

1 historic background of patent eligibility. It  
2 also discusses the recent supreme court decisions  
3 on patent eligibility and the Federal Circuit  
4 decisions interpreting it. It also did a brief  
5 survey of patent eligibility as viewed in the IP 5  
6 offices it briefly discussed that. And then it  
7 included a summary of the public comment we got at  
8 the roundtable and the written comments we  
9 received. If we can put them into two bins,  
10 basically the one is from the bio life science  
11 area. It was basically a consensus that the  
12 Myriad and Mayo cases were impeding innovation and  
13 were not good and there was a need for changes to  
14 that. Whereas in the high tech area, the comments  
15 were more split. There were some that felt that  
16 no, the court cases should be allowed to sort  
17 themselves out where other commenters felt that  
18 no, there needs to be legislative intervention to  
19 change these cases. That was basically the  
20 report, it was issued recently and is posted on  
21 our website. That is the link to the report and  
22 all the materials like the Federal Register Notice

1 announcing it, all the comments we got and the  
2 transcript of the hearing. I think I sent you an  
3 email giving you that information this morning.  
4 That's the report we issued.

5           What are our next steps, obviously,  
6 we'll continue to monitor any judicial  
7 development. We are in the process of revising  
8 the MPEP and the revised MPEP will contain a  
9 revision to the section on patent subject matter  
10 eligibility which will incorporate all of the  
11 guidance we've issued and basically in the federal  
12 register notices and examining to the core. Also,  
13 we'll include the cases that were issued from the  
14 Federal Circuit since our most recent update and  
15 also it will respond to the feedback, basically  
16 incorporate the feedback we got from the public  
17 comments on the other -- in addition to having a  
18 roundtable on the contours of subject matter  
19 eligibility, we also had a roundtable discussing  
20 possible changes to our examination guidance and  
21 the written comments we got in response to that  
22 and the comments we got at the roundtable. We're

1 also going to basically modify our guidance in  
2 response to those comments in the next revision of  
3 the MPEP. We are also continuing in developing  
4 training to reinforce patent eligibility  
5 principles and to try and improve consistency  
6 throughout the examining core on subject matter  
7 eligibility. And, of course, there is an ongoing  
8 public comment period so any time someone wants to  
9 submit a comment, they're welcome to do so on  
10 subject matter eligibility.

11 MR. KNIGHT: Bob, is there any  
12 coordination between the training given to  
13 examiners under 101 and what the PTAB is basically  
14 training the judges on 101 issues? Is there any  
15 coordination between the two offices?

16 MR. BAHR: There is not direct  
17 coordination. Obviously, we monitor PTAB  
18 decisions to see trends. It is not like, I mean,  
19 we don't sit together and develop the training  
20 materials. For examiners, obviously they are  
21 mostly technical people, they're not lawyers for  
22 the most part so we sort of gear it in that

1 direction. I haven't been involved in the PTAB  
2 training.

3 MR. KNIGHT: Thanks.

4 MR. THURLOW: Can I make a very quick  
5 comment and we discussed yesterday. I think the  
6 report is very helpful. I need to read it and as  
7 Joe mentioned, I think it really provides a good  
8 background on the information for people to get up  
9 to date. The real challenge with organizations,  
10 with firms and the Patent Office, is what do you  
11 do with the information that you have, the report.  
12 You mentioned the AIPLA meeting, the IPO and that  
13 you speak at that to disseminate the information.  
14 So, that's a challenge. One of the things we're  
15 looking at is doing more video conferencing and so  
16 on, so I just recommend all of the above because  
17 now you have it and need to get it out there.

18 With Charles' presentation really quick,  
19 many of us manage very large patent portfolios so  
20 from a substantive 101 standpoint, that's not you,  
21 I guess. But what you're doing is really  
22 important and if you work with law firms and



1 smaller shops that do lots of prosecution, what  
2 you're doing is critical because if we can make  
3 the process more efficient and we're not aware of  
4 the petitions, I think your presentation actually  
5 can be more important or from a process efficiency  
6 standpoint, really important to law firms and  
7 companies as they manage large portfolios. If  
8 you're missing out on e- Petition, then you're  
9 really not doing good.

10 MR. BAHR: Thanks. That's one of the  
11 reasons I asked Charles to give this presentation.  
12 We often get suggestions on how we can improve  
13 things by adding more e- Petitions. Rather than  
14 say I'll do that and take credit for doing what  
15 Charles has already done, we point out that many  
16 of the things we're requested to do, we have  
17 actually in place already with these e-Petitions  
18 and the e-Terminal Disclaimers. So, we thought it  
19 was important to get that information out there.  
20 Thank you.

21 MR. KIM: And just to add, thank you for  
22 the kinds words, Peter. We do really think that

1       these online tools are a win-win both for the  
2       office and for our users. As you can see, it does  
3       save our users time and money and it is a win for  
4       the office because it does help free up the office  
5       resources. To the extent that you can help spread  
6       the word, we definitely appreciate it.

7                MS. CAMACHO: Bob and Charles, I have a  
8       question. As our understanding of 101 continues  
9       to evolve, I'm curious how to ensure the standards  
10      by which we measure compliance and quality keep  
11      pace with the changes in our understanding without  
12      overreacting to every swing of the pendulum.

13               MR. BAHR: Yeah I agree with you not  
14      overreacting to every swing. One of the things we  
15      do is when we give guidance and training to  
16      examiners, we make sure that both the examiners,  
17      the examining core group and the OPQA group gets  
18      the exact same training so that they are on the  
19      same page with respect to subject matter  
20      eligibility.

21               MS. MARTIN-WALLACE: So, great question.  
22      One of the things that we do at the deputy level

1 is constant meeting and communication on policy  
2 and making sure that our areas are consistent in  
3 how we review the cases in operations and OPQA as  
4 well as in OPLA. And there are points of contact  
5 in OPLA, representatives that are assigned  
6 technology centers and to OPQA to build that  
7 relationship and make sure that we're constantly  
8 consistent on whatever changes are coming down.  
9 That we're hearing it at the same time and have  
10 discussions to make sure that we're all in  
11 agreement with the direction that we're going in.

12 MS. CAMACHO: Thank you.

13 CHAIRPERSON JENKINS: Great, thank you  
14 so much. Nick, next on deck please.

15 MR. OETTINGER: Good morning. My name is  
16 Nick Oettinger. I came to you last quarter to talk  
17 about the work of our working group on regulatory  
18 reform. I'm here to give you a quick update.  
19 I'll try to be brief to give some time back to  
20 PTAB. I am Senior Counsel for Regulatory and  
21 Legislation Affairs. Our working group has  
22 continued to meet regularly since I last came to

1 talk to you. We had given input and I  
2 participated in the Department of Commerce  
3 taskforce on regulatory reform. That taskforce  
4 released a report to the Secretary in late May. I  
5 don't have a copy with me, the Department hasn't  
6 released that publically yet. I've had some  
7 discussion with the taskforce about them doing  
8 that and having a website that will put those  
9 materials up. But in that report for PTO, we  
10 identified a handful of candidate regulations for  
11 removal. And our current work right now is we are  
12 at this moment, internally drafting notices of  
13 proposed rulemaking that are going to propose  
14 removal of these regulations that represent, I  
15 would say, our first cut at various low hanging  
16 fruit. Based on a review of things that are no  
17 longer needed or perhaps duplicative, repeat  
18 things that are in the regs or are otherwise  
19 unnecessary. I'm meeting at one o'clock with our  
20 working group to discuss these drafts which are  
21 proceedings for our normal rule making process.  
22 The Committee will see that as part of that and I

1 would expect these to be reviewed internally and  
2 published sometime in early September so the  
3 public will see them. These will be proposals for  
4 removal of regulations. As you recall, the  
5 executive order requesting two for one issuing of  
6 regulation required that regulations be proposed  
7 for removal. We have guidance from ONB that tells  
8 us that a removal of regulation can effectively be  
9 banked for use later. PTO has done a number of  
10 small rulemaking since the executive order have  
11 come out, that ONB has judged not affected by the  
12 executive order. They have not required removal  
13 of regulations. But when we do issue rules in the  
14 future that will require per ONB's guidance  
15 removal having done some already and affectively  
16 banked those savings will allow us to proceed  
17 normally with rulemaking without needing to engage  
18 in additional process at that time. So, it is a  
19 relatively minor update. You will see those rules  
20 when they come through. I would manage  
21 expectations by saying I don't think they're any  
22 sort of earth shattering or very significant

1 changes and what we'll move but it will represent  
2 the beginning of our efforts of this. Our working  
3 group continues to meet regularly. Our email  
4 address continues to be open and we seek input.  
5 These NPRM's will focus on that as well. These  
6 principles of the executive order continue to  
7 guide us as we engage in rulemaking in the future.

8 MR. THURLLOW: A question of in the bar  
9 association in the IP community, a lot of  
10 discussion about the IDS requirements and looking  
11 at that. Is it really necessary to have hundreds  
12 of references submitted in an application? Can  
13 you give us a flavor is whether that is a topic  
14 without me asking a leading question?

15 MR. BAHR: Yeah we are looking at our  
16 IDS process and the IDS requirements. We're  
17 looking at, I can't tell you which way it will go.  
18 We have requirements because basically we need  
19 them to function. We need to change how we  
20 operate if we change the requirements and that is  
21 kind of where we're at but we are looking at it.

22 MR. WALKER: Nick, just a quick

1 question. So, when you come up with regulations  
2 that you want to put into the process here to be  
3 removed from future regulations to be allowed to  
4 be issued, is the Department of Commerce giving  
5 you the thumbs up or thumbs down? Is there a  
6 review process by Department of Commerce on  
7 whether or not those regulations that you want to  
8 withdraw are appropriate or accountable towards --

9 MR. OETTINGER: Yes I would say there is  
10 sort of in two ways. The regulations that we have  
11 identified were discussed within the Department of  
12 Commerce Regulatory taskforce specifically created  
13 by the second executive order that is this body  
14 within the Department where we sit. All the  
15 bureaus are kind of talking about what do we have  
16 that are candidates for removal, are there savings  
17 that could be realized from these, what would be  
18 the effect of that. So, there is sort of  
19 discussion there about them. I wouldn't say  
20 they're necessarily approving them up or down in  
21 the sense that we're submitting to them and asking  
22 for their clearance. Is this one that can go,

1       what do you think of the effectiveness. Our  
2       normal rulemaking process involves, in part,  
3       review through the Department. So, when we write  
4       a proposed rule here, we finish it internally,  
5       there is review by the Department and then there  
6       is review by ONB. They will be involved in the  
7       process as well. We will be in part through them  
8       but these proposed rules that you'll see that are  
9       part of this process are going to be effectively  
10      normal notices of proposed rulemaking for us  
11      suggesting here are some things we've identified,  
12      here are the reasons we think they can go out,  
13      please give us your comments before we make a  
14      final decision.

15                   CHAIRPERSON JENKINS: Nick, thank you.  
16      Let's move on.

17                   MR. OETTINGER: Okay.

18                   MR. RUSCHKE: A couple of quick  
19      announcements. I wanted to make sure everybody  
20      was aware of some big events that we had occur  
21      over the last three months since we last gathered  
22      here together. At the end of June, PTAB had three



1 events back to back here in Alexandria, the first  
2 event was on Monday June 26th where we gathered  
3 all of PTAB's leadership together in one place for  
4 the very first time. If you recall, we had an  
5 announced and organizational change about six to  
6 eight months ago where we installed four  
7 operational vice chiefs' and one vice chief for  
8 engagement and then we expanded our sections to  
9 around twenty sections, each one having a lead  
10 judge. So, this is the first time that all the  
11 leads and the vice chiefs were together in one  
12 place. I think it was a very positive experience  
13 for all of the leadership of PTAB to be together.  
14 That was followed the next Tuesday and Wednesday  
15 which was what we called our all hands meeting.  
16 So, we actually gathered all 275 judges and over  
17 100 staff here in Alexandria. This was the first  
18 time we had an all hands meeting of PTAB in over  
19 two and a half years. A number of the judges had  
20 never seen each other in person, although they  
21 have communicated by WebEx constantly with a  
22 conferencing over the cases. But it was nice to

1 have everybody here together. Finally, and we'll  
2 get to this a little bit more when we talk about  
3 the agenda later. The following day on Thursday,  
4 we put together our own judicial conference, which  
5 we hope to hold on an annual basis. It was a half  
6 day program here in Alexandria. We had the  
7 benefit of all the judges being here from the  
8 previous all hands meeting. It was quite well  
9 attended by the public and we were very excited  
10 about it. We talked about appeals and talked  
11 about behind the scenes operations at PTAB. A  
12 little bit what we want to follow up on a little  
13 bit later and is what Joe mentioned in his  
14 introductory comments is that we spent a lot of  
15 time actually having in-depth conversations about  
16 these two hot button issues which have been out  
17 there for a long time. Amendment practice as well  
18 as multiple petitions. We'll get into the  
19 mechanics of that as well. The interaction of the  
20 judges with the stakeholders sitting around a  
21 table, I don't think we've had that before and it  
22 think it was very, very effective.

1           I also wanted to give everybody a heads  
2 up of another event that is going to be occurring  
3 prior to our next PPAC meeting. We do live  
4 hearings in conjunction with TTAB. We've made a  
5 decision to try to limit those live hearings to  
6 situations where we are doing that in conjunction  
7 with law schools as opposed to with some of our  
8 larger stakeholders. The next one that is coming  
9 up, we did one actually in April. The next one  
10 that is coming up is actually going to be  
11 September in Minnesota in conjunction with the  
12 University of Minnesota. I think it is September  
13 27th or 28th, so stay tuned for that.

14           Also, I wanted mention, again following  
15 up on some of the comments that were made in the  
16 introduction. We had representatives from JPH  
17 over here for two days. We sat down with them and  
18 we went extensively through each other's processes  
19 and procedures, statistics, data. They also saw  
20 appeals hearings as well as IPR hearings here in  
21 Alexandria. This exchange has been very, very  
22 positive. They've asked for PTAB representatives

1 to go over to JPO as well. I think we're going to  
2 be furthering that also at the EPO. Again, this  
3 sharing of information, best practices, best  
4 procedures, I think it only better the PTAB  
5 procedures that we have here in the United States.  
6 Those are my introductory comments. I wanted to  
7 make sure we got to those announcements before we  
8 get to the slides.

9 We don't actually have too many slides,  
10 we have about a four or five point agenda that we  
11 worked through in a sub-committee. As Joe already  
12 mentioned, formally the PTAB Procedural Reform  
13 Initiative that was launched under Michelle's  
14 direction, has been put on hold. That said, I've  
15 heard that when I go out and speak and just with  
16 discussions with shareholders, there is still a  
17 lot of interest in submitting information. We  
18 completely welcome that. This is just a  
19 screenshot of our webpage. If you're unaware of  
20 this, on our webpage we have a box of suggestion  
21 boxes. Please put them right in there. We have  
22 one for appeals, one for trials as well as PTAB

1 end to end. That's the best way to get  
2 information to us. Also, you can email me  
3 directly, David.Ruschke@USPTO.GOV and you'll cover  
4 all your basis if you do both. That is effective  
5 and we're still getting information on a fairly  
6 regular basis, I would say, and I still get  
7 inquiries. So, the time period for submitting  
8 comments has not closed but there is no formal  
9 initiative going forward at this point.

10 MR. KNIGHT: Could I ask a question  
11 before get into the data? That is when I asked  
12 Bob Bahr during his segment whether or not there  
13 is any coordination with the Board in developing  
14 the examiner guidelines under section 101 and I  
15 think Bob said there isn't.

16 MR. BAHR: Are you asking about  
17 training?

18 MR. KNIGHT: Oh okay, I meant that as  
19 part of training.

20 MR. BAHR: Is there coordination, yes I  
21 run them by David.

22 MR. KNIGHT: Oh great. Because one

1        thing that I would be concerned about is if you're  
2        issuing guidelines to the examiners under 101 and  
3        they are finding patent eligible subject matter  
4        and then later the patent is challenged in a post  
5        grant review or a CBM before the Board and there  
6        is an inconsistent decision, I know there is going  
7        to be some different decisions, examiners are  
8        going to make mistakes. But I think some level of  
9        coordination is really important for the patent  
10       applicant community.

11                MR. RUSCHKE: Well we definitely have  
12        coordination on that piece but Bob was right that  
13        as far as training goes there is not necessarily  
14        any formal coordination on the training piece that  
15        we do for our EU's.

16                MR. KNIGHT: Do the judges actually, do  
17        they review the patent examiner guidelines under  
18        section 101 when they are issued by the patent  
19        core? Do you actually educate and train the  
20        examiners on those 101 guidelines so that  
21        different sections of the agency are on the same  
22        page, meaning the examination court and the Board.

1       So, that when a patent is granted, patent owners  
2       have some sort of understanding that the Board is  
3       basically going to follow the same rules if  
4       someone later challenges their patent.

5               MR. RUSCHKE:  So, we have essentially  
6       monthly meetings for both appeals, trials and then  
7       on the off days we have brown bag training  
8       sessions.  So, every week there is some sort of  
9       formal training that is going on at PTAB.  Again,  
10      if there is a major change that happens, in the  
11      patent corps, for instance, that would be one  
12      topic that we would cover in our brown bag.  I  
13      think that is how we would typically handle those  
14      sorts of things.  We also handle any major  
15      changes, let's say in Federal Circuit or Supreme  
16      Court law, that also gets handled through the  
17      brown bag training sessions.

18              MR. KNIGHT:  So, I'm just trying to  
19      focus a little bit more on making certain that we  
20      get the judges and the examining core on the same  
21      page when these guidelines are issued so that it  
22      is basically an agency statement of position and

1 the user community knows if they follow these  
2 guidelines that they're actually going to be  
3 followed by the examining corps. Later, they are  
4 going to be respected by and followed by the Board  
5 judges. Is that a reasonable expectation of the  
6 user community today?

7 MR. BAHR: Well Bernie, just from my  
8 perspective when you speak to insurance and  
9 certainty, there is a degree of flexibility here  
10 in that the case law sets out a framework for  
11 analysis. Also, our instructions to examiners are  
12 to consider things abstract ideas because they are  
13 similar to a case. So, remember that how similar  
14 something needs to be to a case could be in the  
15 mind of a reviewer. You could have an examiner  
16 and a later panel of APJ's come to a different  
17 decision on a particular case. Also, just by the  
18 nature of this, there are going to be more cases  
19 issued by the Federal Circuit as we go on, so  
20 different things will be considered abstract under  
21 the passage of time from when we issue the patent  
22 and it is subject to review by the PTAB. So, even



1 if we perfectly worked towards the same  
2 guidelines, you could have different results.  
3 There is no real way to guarantee identical  
4 outcomes in all cases. I agree the framework  
5 should be generally the same.

6 MR. KNIGHT: Okay great. I totally  
7 agree.

8 MR. BAHR: I just hope you're not asking  
9 for too much.

10 MR. KNIGHT: No, not asking for too  
11 much. I'm just speaking from past experience when  
12 I was the General Counsel here and, at times, when  
13 I was working with the Board, it was a little bit  
14 difficult for me to get the Board judges to  
15 appreciate to the level I wanted them to  
16 appreciate that PTO guidance or an agency position  
17 on something is something the Board judges should  
18 follow as well and it is not just examiners. And  
19 I think it is more important now that the Board,  
20 the agency really is being criticized to a large  
21 degree. On the one hand, applicants are paying a  
22 lot of money to get a patent and then once it is

1 granted by the agency, another arm of the agency  
2 is invalidating that patent. To the extent that  
3 we can get the Board and the examining corps on  
4 the same page to the extent we can do that, I know  
5 there is going to be outlier cases, Bob, I 100  
6 percent agree with you. But to the extent that we  
7 can get examination coordinated with what the  
8 Board judges are doing then the less there is  
9 going to be a disconnect and the more people can  
10 really rely upon the exam process.

11 MR. RUSCHKE: And I don't think we  
12 disagree with that. I would just add a comment on  
13 that that not that I have any solid data on this.  
14 I think from an examination standpoint, a patent  
15 issues out of the patent corps, there is  
16 necessarily a limited amount of prior art that  
17 that was reviewed. So, if there is an  
18 inconsistency which when the patent is later found  
19 unpatentable by PTAB, it is likely because that  
20 was in litigation where thousands and thousands of  
21 dollars were spent finding new prior art and it is  
22 that reason. So, it is not necessarily that we're

1 applying different standards or anything like  
2 that, it is certainly in the one on one instance.  
3 That is probably the more likely reason as to why  
4 a patent would issue but PTAB would later find it  
5 unpatentable.

6 MR. MATAL: David I would just like to  
7 add and Bernie, especially in the 101 area the  
8 vast amount of the discrepancy between PTAB and  
9 the examining corps, we blame the courts. The  
10 standards under which 101 is applied has changed  
11 markedly and we have to follow the latest judicial  
12 decision. There are things that are ineligible  
13 now that were clearly eligible in the past.  
14 Again, it is a struggle for us just to keep up  
15 with the changes in the courts. The patent corps  
16 has done a great job. Every time there is a new  
17 court decision they immediately apply it and send  
18 out instructions to the corps. The Board's also  
19 been pretty good these days about following patent  
20 policy. Nothing like the terror of having someone  
21 from OGC running the agency for a while to enforce  
22 that compliance. Some of the issues, I think you

1 saw in the past, have been resolved. To the  
2 extent the courts make it possible, we're all  
3 singing from the same songbook these days.

4 MR. KNIGHT: No, that's excellent to  
5 hear, so thank you.

6 MS. MARTIN-WALLACE: I would also like  
7 to add, I think David and Bob did a great job of  
8 explaining it so I'm talking specific of 101 but  
9 in general. We have programs that help bring  
10 awareness of the decisions being made in PTAB to  
11 examiners such as our post grant outcomes that  
12 funnels the information from the IPR's to the  
13 examiners and helps them identify cases they're  
14 working on now, related cases. We also have  
15 periodic meetings between PTAB and our operations  
16 quality and DC Patent areas to discuss issues as  
17 well as there are programs going on in the TC's as  
18 the appeal decisions are being made that they are  
19 being analyzed within the TC's and that  
20 information is going out to all examiners and  
21 supervisors.

22 MR. RUSCHKE: Great. Let's move on

1 quickly, I know we're a little short on time.  
2 Again, I do like to always put up our appeal  
3 inventory and the next slide will be on pendency.  
4 As you can see where we are right now with  
5 appeals, the inventory has come down significantly  
6 year over year. The FY17 data is, of course, only  
7 partial fiscal year data. We are anticipating  
8 that we will probably end up around 10 to 11  
9 percent lower on inventory year over year. That  
10 is compared to about a drop of 26 percent from  
11 FY15 to FY16. If you recall, the reason for this  
12 again is that when we were modeling our workload,  
13 we were trying to come in at a fairly soft landing  
14 so that we're not cratering down to zero. We are  
15 going to try to get to that year pendency, that is  
16 our goal. So, that's why you'll see a flattening  
17 in our overall inventory numbers year over year.

18 Also, I want to remind about two  
19 meetings ago, we announced that we had completely  
20 cleared the inventory of any 2014 cases or before.  
21 In terms of our progress on 2015 cases, of that  
22 14,000 that is still pending, we only have about

1 662 2015 cases remaining. So, we should be able  
2 to finish that up within the next couple of months  
3 and hopefully be able to report that at the next  
4 PPAC meeting.

5           Again, this is the pendency slide that  
6 we've been using to talk about by technology  
7 center. The important thing is that you can  
8 recognize that the top number above the gray bars  
9 was the year back in FY16 and the color bars  
10 beneath it is the progress that we've made. In  
11 every single technology center, we have improved  
12 markedly, these are by months. You can also see  
13 that the blue, the electrical and computer  
14 sections are by far and away heading directly  
15 towards that 12 month pendency which is our goal.  
16 We are doing better in biopharma and chemical of  
17 late, we still have some work to do in the  
18 mechanical and business method areas to bring that  
19 pendency down to the 12 month goal. We are  
20 actively looking at what we need to do to make  
21 sure that we're focusing on getting those down as  
22 much as we can. Again, I think it is a very big

1 success story and the appeals side, again,  
2 two-thirds of our workload, two-thirds of our  
3 judges getting the inventory down and targeting  
4 that optimal appeal pendency of about 12 months.

5 Trial statistics. This has gotten a  
6 little bit of press. The first slide, of course,  
7 is the number of petitions that would get filed on  
8 a monthly basis. The top is, of course, IPR's in  
9 blue which is the vast majority of petitions that  
10 we get in. You can see that prior to January, the  
11 middle of the graph, it was fairly stable at  
12 around 150. Beginning in January, if you recall,  
13 we had the spike, we thought that was an anomaly.  
14 It seemed that way in February, went up in March,  
15 down in April and now it seems to be creeping back  
16 up. This six month period from January to June is  
17 actually the largest number of petitions filed  
18 since the beginning of the AIA. This is something  
19 that, again, we're monitoring. We're not exactly  
20 sure why this is happening, if it's associated  
21 with additional litigation, particular petitioners  
22 challenging a number of patents. Not seeing a lot

1 of correlation here. There is variability. Right  
2 now, we're handling this by moving as many judges  
3 as we can into some AIA work to handle these sorts  
4 of cases. A lot of these cases coming, as we've  
5 said before, are electrical cases. We are getting  
6 a lot of the judges who are electrically trained  
7 to make sure that we can handle this new influx  
8 from the last six months.

9           Again, looking at the two lower graphs,  
10 the only comment I have on PGR's again is maybe  
11 there is a trend creeping up month over month from  
12 zero to seven, we shall see. Again, remember that  
13 it is some very low numbers compared to IPR and,  
14 of course, the bottoms are CBM's which again are  
15 fairly low as they have been for the last year.

16           MR. SCARDINO: I might just add that  
17 with this seeming anomaly in the filings, we've  
18 not changed our projections on how many judges we  
19 need to hire right now as has been mentioned at  
20 previous meetings, we're pretty much at the right  
21 size, just under 275 judges. We expect mostly  
22 backfills for the next several years unless this



1 roughly 200 a month IPR's becomes more of a trend,  
2 then we'll have to revisit that. That also, if it  
3 does become a trend, until that hiring could take  
4 place, would have some impact on the amount of  
5 work that gets done in our exparte arena too.  
6 These two are interrelated.

7 MR. RUSCHKE: And that goes to, again,  
8 what we've talked about as sort of our one board  
9 policy that all the judges are trained to do all  
10 jurisdictions and that as the workload shifts from  
11 one side to the other we're able to move the  
12 judges around as effectively as possible to handle  
13 whatever influx we have an any given point.

14 Institution rates, again this is  
15 actually all of the data that we have since the  
16 beginning of the AIA. We again seem to be  
17 stabilizing. This is all IPR's, CBM's, PGR's.  
18 The vast majority of this data gets swamped by the  
19 IPR numbers. Again, we're stabilizing right  
20 around mid-sixties, maybe two- thirds percent  
21 institution rate. That's where we are right now.

22 This is our final slide which gets all

1 of our data together on a per petition basis, not  
2 a per claim basis as some previous data slides do.  
3 You can see that we've had a total of 7,168  
4 petitions in the red. We get to the blue sections  
5 where we institute a trial. Our statistics are  
6 holding fairly regular again at about one-third of  
7 all petitions are not instituted on. So, we are  
8 only going forward on approximately two-thirds of  
9 the petitions. And then as you can see, there is  
10 a fair number of settlements before 883 before  
11 decisions to institute, 684 after trials  
12 instituted, that too is holding fairly steady at  
13 approximately percent maybe one-third. So,  
14 one-third aren't instituted, one-third settle and  
15 then as I say before when I try to point this  
16 slide out. It is at that point, if anything  
17 doesn't take the petition out and there is a  
18 little bit of noise there because of requesting  
19 for adverse judgements and dismissals. By the  
20 time you get to the final written decision, it is  
21 only at that point where we've written 1,652 final  
22 written decisions out of a total of 7,000

1 petitions filed. It is at that point you see the  
2 statistics above where we find all claims  
3 unpatentable 65 percent of the time. 17 percent  
4 some claims found unpatentable and about 18  
5 percent no claims found unpatentable. But it is  
6 only when we reach that final written decision  
7 that we get to that point.

8 I think that is the last of the data  
9 slides. Do we have any questions on data,  
10 otherwise, I'll move on to some of the other  
11 points of the agenda.

12 MR. THURLOW: Just a very quick  
13 question. Joe mentioned the Hospira, I think it's  
14 a Genentech case, 325 G- Bar, I think that is  
15 going to be a helpful case. The JPO meeting that  
16 you had, I think they're great please continue but  
17 based on your background and experience, you have  
18 a very good understanding of those proceedings but  
19 you clearly know the concern is that the real  
20 truth with the claim amendments in the U.S. is the  
21 intervening rights. Even if you make it as easy  
22 as possible there is going to be extreme

1 reluctance to do any claim amendments and so on.

2 MR. RUSCHKE: Absolutely. And that's  
3 the difficulty of comparing apples to apples.  
4 Their data, again, they are much more willing to  
5 amend both in the EPO practice and frankly also in  
6 JPO practice, the data is there. And again, I  
7 think that's largely driven by the fact that those  
8 are not damages cases, those are injunction cases.

9 MR. THURLOW: Right. Last point is in re  
10 Aqua and those very important to the patent  
11 office. Just tell me if a petitioner gets denied  
12 which has happened in one-third of the cases, do  
13 they have any option? Is it to obviously --

14 MR. RUSCHKE: The can request rehearing.

15 MR. THURLOW: Yeah which 99 percent get  
16 shot down. So, is that request for hearing still  
17 heard by the same three judges?

18 MR. RUSCHKE: It is heard by the same  
19 panel.

20 MR. THURLOW: I know we've had years of  
21 discussion on that but in every case it is always  
22 heard by the same three judges?

1           MR. RUSCHKE: That's correct. They can  
2 also ask for an expanded panel though as well.

3           MR. THURLOW: Are they granted?

4           MR. RUSCHKE: We review all the requests  
5 and it is my discretion whether to expand the  
6 panel or not. And again, we have specific  
7 criteria as to when we expand or not, that's  
8 actually in our SOP one.

9           MR. THURLOW: Maybe in the next meeting  
10 we can just get some data on those requests since  
11 it is so important with the institution rates  
12 going down.

13           MR. RUSCHKE: Sure.

14           MR. THURLOW: Thank you very much.

15           MR. RUSCHKE: Sure. One of the other  
16 points that I wanted to mention, this is sort of a  
17 heads up for everybody. At our subcommittee calls  
18 over the last few months, and unfortunately our  
19 Chair, Julie Marr Spinola is not here with us  
20 today. I did want to highlight on the public  
21 record, some efforts that PPAC has asked us to  
22 become involved with that we, I think, are very

1 supportive of. As I mentioned before, we had a  
2 judicial conference where we actually sat down and  
3 talked about specific scenarios, specific fact  
4 patterns, specific operational affects. That is  
5 something that I don't think has happened before.  
6 PTO has definitely gone out on what we have called  
7 listening tours when the EAA was first started.  
8 We have put out some RFC's in the past where we  
9 have asked for comments on specific proposals but  
10 I don't think what we haven't necessarily done is  
11 sat down and have a dialogue back and forth on  
12 specifics based on specific case scenarios.

13 So, what the Committee has decided to do  
14 and again, this is just in the formative stages,  
15 is to try to leverage what we did at the judicial  
16 conference which I think was highly successful  
17 where you have judges and practitioners together  
18 talking about not just high level issues which I  
19 think we were all well aware of all the issues  
20 that are out there but to get into the nitty  
21 gritty and actually talk about the scenarios. And  
22 say, that's a great suggestion but have you

1 thought about the effect that would have on the  
2 Board in this way. Have you thought about the  
3 effect that it would have in this way. It is that  
4 sort of back and forth, I think, is a very  
5 educating process to the judges as well as for the  
6 stakeholders. There aren't really necessarily any  
7 easy answers here in a number of these very  
8 complex situations. As we've noted on multiple  
9 petitions, for instance, Joe pointed out the case  
10 that just came out recently. I really want to  
11 emphasize, that is not an outlier. There are a  
12 lot of cases. Again, one-third of our cases  
13 coming in will get denied. So, there is a lot of  
14 cases that are denied because of either 314(a) or  
15 325(d). That's, I think, a very, very important  
16 point and that is the evolution of our case law.  
17 That is the natural evolution of where the cases  
18 are headed here at the USPTO. So, I think that is  
19 really important to recognize.

20 On the multiple petitions though, the  
21 comment I wanted to make was, we have a case  
22 called Invidia where there is a number of factors

1 that we use in order to try and determine whether  
2 we should move forward with a subsequent petition  
3 or whether we will deny moving forward with that.  
4 That decision is being interpreted and used by the  
5 judges, I think, quite a lot. But it comes up  
6 when we did it at the judicial conference, we  
7 focused in on amendments and these multiple  
8 petitions. We walked the stakeholders through  
9 under this scenario with this factor should the  
10 Board deny, institution. If you add this factor,  
11 should the Board deny. If this were the  
12 situation, should Board deny. I think it was very  
13 effective to get the feedback from the  
14 stakeholders because there was definitely  
15 consensus on certain points. There were  
16 definitely situations that made everyone a little  
17 bit uncomfortable where it may not be as clear.  
18 So, what we're trying to do is actually look at  
19 that in this sort of situation. We have not  
20 figured out timing, size, location, invitees, but  
21 the primary criteria for these sorts of things  
22 going forward is this is not a listening tour,



1       this is not an air your gripes session, this is a  
2       working environment where we educate you and you  
3       educate us. That's what we want to try and get at  
4       and get at that nitty gritty. So, that's what this  
5       is hopefully going to be targeted for. Hopefully  
6       we'll have at least one underneath our belt when  
7       we get together in three months. As Joe  
8       mentioned, we are waiting for a Senate confirmed  
9       director to do any major policy initiatives. As  
10      he said, we're not just sitting here, we are  
11      actually doing this work with PPAC and some others  
12      as well which we're excited about.

13                   Precedential opinion process. Just  
14      yesterday we posted the first precedential opinion  
15      coming out from PTAB in quite some time. This was  
16      an AIA case dealing with assignor estoppel Athena  
17      v. Husky. This is one, an issue that has arisen.  
18      It has actually come up before the Federal  
19      Circuit. The Federal Circuit was not able to  
20      review it because it was associated with a  
21      decision to institute. So, at this point, we were  
22      really incumbent upon us to make sure that we were

1 very clear to tell the patent community and the  
2 petitioners whether you could as an assignor bring  
3 a petition. We decided in a precedential opinion  
4 that yes, the statute 311(a) does control that any  
5 person other than the patent owner can challenge a  
6 patent via petition.

7 I wanted to give you a heads up, I had  
8 hoped this was going to get published before the  
9 meeting. It is in the works right now. We have  
10 another opinion that is coming out precedential  
11 very, very shortly. This will be in the ex parte  
12 arena, again, a big part of our docket as well.  
13 And what we've also done is I said up there, is  
14 this website revamp. We've gotten feedback from  
15 the stakeholders that we have all of the pinions  
16 published and again if you recall we have  
17 precedential, informative, representative  
18 decisions. That in and of itself can be somewhat  
19 confusing. But if you try to look on the website,  
20 it might not be easy for any practitioners to see  
21 exactly what precedential opinions we have or  
22 informative decisions. So, we're redoing the

1 website with respect to precedential opinions to  
2 try to make that more user friendly. We're also  
3 going to take a hard look at whether some of those  
4 cases are frankly outdated and that we might end  
5 up designating those sorts of cases as  
6 precedential or even informative. We want to make  
7 that sort of guidance for the public as well as  
8 the judges as useful as possible. So, I think  
9 that's going to be something that is visually  
10 going to be important for the stakeholders but it  
11 is also going to be very, very important for the  
12 judges. Again, we are also, as I think Michelle  
13 spoke before her departure, we are looking very  
14 strongly at our precedential opinion process and  
15 again the multiple levels that we have. We need  
16 to get more precedential opinions out. We've  
17 heard that, we encourage the public to also submit  
18 candidates for precedential designation. That  
19 again is accounted for in our SOP's. We have  
20 gotten a few in but we could definitely have more  
21 suggestions.

22 One other thing that we're doing more as

1 well and we can follow up on this in the next  
2 meeting, is this notion of expanded panels. This  
3 is governed by our SOP 1. If you look at SOP 1,  
4 one of the big things there is if it's essentially  
5 trying to expand a panel to drive consistency to  
6 essentially make sure that it is like interpanel  
7 consistency, consistency between a panel's  
8 decision and agency policy, consistency between  
9 case law at the Federal Circuit or the Supreme  
10 Court or if there is something that is designated  
11 as particularly important that either the  
12 commissioner or the parties deem to be an  
13 exceptional case, those are situations where we  
14 will go forward with an expanded panel. So, to  
15 your point, the criterion is kind of tight but we  
16 would like to explore the use of expanded panels  
17 to make sure that when it might not be designated  
18 precedential at least not immediately but by  
19 expanding the panel to go from a 3-0 to a 5-0 we  
20 send a signal to the public and to the judges,  
21 this is where the agency is headed, it may be  
22 precedential down the road or not but this is the

1 direction that we're heading. So, that has  
2 actually been a very, very important piece that  
3 we've been doing at the Board. We've actually  
4 assembled a large number of suggestions for areas  
5 both substantively and procedurally where expanded  
6 panels and precedential cases would be of  
7 particular relevance. We've actually hired a few  
8 more lead judges who are going to be spearheading  
9 this effort to coordinate the expanded panel and  
10 the precedential opinions over the next six months  
11 so that when the new director comes in we will be  
12 ready to go and tell them exactly what levers we  
13 can pull at the Board and where we're headed.

14 One of the things that we have heard  
15 that we are still working on that is still in the  
16 works is our SOP 9, that deals with remands. We  
17 are almost finished with that, that should be  
18 issued shortly. As I've said before on many  
19 occasions, our typical goal is six months from  
20 mandate and with one or two exceptions we've been  
21 hitting that goal fairly consistently. So, we  
22 need to get that document out to the public

1       because we want to provide guidance on the  
2       procedures as to who contacts whom and when and  
3       what they can expect in different remand  
4       situations.

5                        Last but certainly not least is  
6       something that Joe mentioned again at the  
7       beginning. We have an extensive study on  
8       amendment practice that is posted on our website  
9       that we update regularly. The import of that  
10      data, I think, is very important in that it is  
11      over 80 percent of those cases, the motions are  
12      not granted because they do not meet 101, 112, 102  
13      or 103. If you were sitting in an examiners  
14      chair, the Board would not allow those claims to  
15      issue. That's the reason that they're not being  
16      granted. So, again when we look at any potential  
17      procedural changes to the amendment process that  
18      is an important data point. Why are the proposed  
19      amendments not overcoming the prior art and not  
20      meeting 101 and 112.

21                      I really do want to mention the last  
22      piece too is the multiple petitions. We put out

1 initial data last May and we are working  
2 diligently to try to get as much data out here as  
3 we can. Unfortunately, we are actually doing this  
4 manually. Our IT systems do not allow us to  
5 actually press a button and get data out on a per  
6 patent data. So, we're working through this. The  
7 key data that we released last May stated that 67  
8 percent of the cases, it is one petition per one  
9 patent. And then it is an additional essentially  
10 20 percent where there are two petitions per one  
11 patent. So, almost 90 percent of the patents do  
12 we see anything more than two petitions. Again,  
13 the reason as to why they're filing multiple  
14 petitions is the tricky piece that we're trying to  
15 get into. So, what we're trying to do is look at  
16 the data of timing. If somebody is filing  
17 additional petitions before the patent or  
18 preliminary response or the DI there might be an  
19 assumption that at that point, they're being filed  
20 for page limits. We've recognized that we've  
21 heard that one of the frustrating things for  
22 patent owners is when petitioners use either the

1 patent on a preliminary response or the DI as a  
2 road map in order to get a second bite at the  
3 patent. We can get at that data and I think we  
4 should have some of that very, very shortly.  
5 Right now, the data is showing one patent, one  
6 petition 67 percent of the time and almost 90  
7 percent two or less petitions per patent.

8 CHAIRPERSON JENKINS: David, thank you.  
9 I have a question from the audience. Is it proper  
10 to have the Board making rules through  
11 adjudication? What about the public's right to  
12 notice and comment. What about the Administrative  
13 Procedures Act and aren't you avoiding the whole  
14 process with safeguards?

15 MR. RUSCHKE: No, I think when we look  
16 at any potential reforms of PTAB and changes there  
17 is a number of different ways that things can be  
18 changed and addressed. One, of course, is through  
19 statute and some of it has to be changed via  
20 statute. If it is in the statute, we can't do  
21 anything to change that. If it is in the rules, we  
22 follow the rules, that's absolutely true. But as



1 any judicial body, we do have the precedential  
2 opinion process, we have our trial practice guide,  
3 there also can be written guidance from the  
4 director or from the chief judge guiding the Board  
5 in one direction or another. Ultimately, the  
6 Federal Circuit will be reviewing our decisions  
7 and monitoring us to make sure that we are  
8 complying with the Administrative Procedures Act  
9 and the Supreme Court has not been shy taking  
10 cases. That is the ultimate authority.

11 MR. MATAL: I just wanted to add, there  
12 has been a lot of interest in amendments and  
13 whether the PTO is going to revisit its amendment  
14 process. In addition to waiting for a permanent  
15 director, I'd like to remind folks there is a case  
16 that the Federal Circuit took on reviewing our  
17 authority to craft amendment procedures. I  
18 believe it was argued in December and we're still  
19 waiting for a decision. I'm very curious to hear  
20 the Federal Circuit tell us whether the statutory  
21 grant of authority for us to set standards and  
22 procedures for amendments allows us to set

1 standards and procedures for amendments. So, we  
2 still don't have a decision there and we don't  
3 know how much of our regulatory authority to craft  
4 new amendment procedures will remain intact after  
5 that decision.

6 CHAIRPERSON JENKINS: Is there another  
7 question? No.

8 MR. RUSCHKE: Thanks Marylee, thanks  
9 everybody.

10 CHAIRPERSON JENKINS: So, we are running  
11 behind as everyone has figured that out. I am  
12 going to ask PPAC if you all would just go grab  
13 lunch, come right back because we get to talk  
14 about the annual report. And then we break for  
15 everyone else and then we have a luncheon speaker  
16 at 12:30. Thanks so much, we'll be back soon.

17 (Whereupon, at 12:21 p.m., a lunch  
18 recess was taken.) AFTERNOON

19 PROCEEDINGS

20 (1:05 p.m.)

21 CHAIRPERSON JENKINS: Hi, we're back for  
22 the afternoon session. We're starting a little

1 late but we'll try to get back on track. So, our  
2 next topic is International. I know everyone from  
3 International is teed up and ready to go. I don't  
4 know who's going first, Mark is, okay, Mark.

5 MR. POWELL: Thank you, Marylee. I have  
6 the honor to reintroduce my colleague, Amber  
7 Ostrup, who manages the work in our work sharing,  
8 planning and implementation division meaning that  
9 in all award sharing type things involving  
10 examiners such as PPH, the collaboration pilots  
11 and whatnot, she's responsible for all of that.  
12 Amber was here right at two years ago at PPAC and  
13 was introducing a couple of collaborative search  
14 pilots that we had begun with the Korean and  
15 Japanese offices. I believe that she today will  
16 give us some results of that and next steps as to  
17 future work there so, Amber.

18 MS. OSTRUP: Thank you, Mark, I  
19 appreciate that. Good afternoon, it is a pleasure  
20 to be here with you this afternoon. So, like most  
21 things in life, we like things faster and cheaper.  
22 Well, IP is no different. We want things faster,

1 cheaper with greater consistency and certainty.  
2 We're hoping the Collaborative Search Pilot  
3 program will do just that.

4           We started two pilots, one pilot with  
5 two offices two years ago. One with the Japan  
6 patent office and one with the Korean patent  
7 office. The JPO pilot ended July 31st and the  
8 KIPO pilot is due to expire August 31st. With the  
9 JPO pilot, it was a serialized search, meaning  
10 that the examiners actually were able to look at  
11 the other search results from the other office.  
12 Whereas with the KIPO pilot program, it was a  
13 parallel search where the examiner did not have an  
14 opportunity to see the KIPO search results unless  
15 the USPTO examiner noted an allowance.

16           So, how does the CSP achieve the goal of  
17 faster and cheaper. One, it's faster because once  
18 the petition is granted in both offices, the  
19 application is moved to the top of the list. It  
20 is cheaper, there is no petition fee, the  
21 applicant receives search results from two offices  
22 and gives the applicant more comprehensive art.

1 In certainty, in regards to getting search results  
2 from multiple offices, the examiner would have  
3 more prior art for their examination and  
4 consistent results. With getting art for multiple  
5 offices, it provides the ability for similar  
6 actions.

7 To date, we've had 141 applications with  
8 CSP petitions. Of those, 125 have been granted.  
9 There are problems when we deny an application.  
10 That's because either they applied for both pilot  
11 programs or there was examination that had begun  
12 on that application and that's one of the key  
13 requirements is that no search or examination  
14 could have started for the application. Of those,  
15 46 have received an allowance. We're happy to say  
16 that the majority of those allowed, occurred  
17 within the 8 to 9 month timeframe and most of  
18 them, less than 12 months. The actions to  
19 complete prosecution from the time granted to  
20 petition to grant or abandonment is the majority  
21 60 percent, over 60 percent was within one office  
22 action and no more than three office actions. So,

1 we're hoping that this streamlines the  
2 prosecution.

3 So, 29 percent of the USPTO examiners  
4 modified their search strategy based on the  
5 results of the JPO search. 100 percent of the  
6 USPTO examiners gave a score of 3 out of 5 on  
7 helpfulness and 37 percent gave 5 out of 5 on  
8 helpfulness. 88 percent of JPO examiners gave a  
9 score of at least 3 out of 5 and 42 percent gave a  
10 5 out of 5. Now, these are initial results but as  
11 you can see, both sides thought that this was  
12 helpful. At this time, we do not have stats for  
13 the KIPO pilot. Again, as mentioned, the examiner  
14 did not review the KIPO search results before they  
15 were sent to the applicant, so we're still doing  
16 some analysis.

17 What we have found within the JPO pilot  
18 program is the combined effort from both offices,  
19 provided greater benefits to the applicant.  
20 However, we did find that the substance of the  
21 program was good but the process was challenging.  
22 For example, the USPTO would issue their action to

1 the applicant and based on the process, they may  
2 not get the search results or the action from JPO  
3 for another month or two months. And that  
4 provided a time lag that was not helpful to the  
5 applicant, obviously, because then they had to go  
6 back to the application and review that a month or  
7 two after they received the USPTO results.

8 The KIPO finding we found, again, was  
9 benefit because they had the search results from  
10 two offices. But we did find that the applicant  
11 did not always follow up with the USPTO with the  
12 IDS noting the art bound from KIPO. And the  
13 examiner did not always have the KIPO art to  
14 consider which made it challenging as well.

15 So, what we're doing is within the next  
16 proposed pilot program that we're hoping to start  
17 this fall, we're combining both. We're taking the  
18 lessons learned in what we found from the first  
19 pilot program and combining them into the next  
20 collaborative search pilot. Once the petition has  
21 been granted in both offices, we are going to send  
22 the application to the examiners to begin the

1 parallel search. The examiner here at the USPTO  
2 will do a first action on the merits. Previously,  
3 they did a first action interview, a PIP  
4 communication form and that made I challenging.  
5 One, the applicants didn't always know what the  
6 first action interview pilot program was. Two, we  
7 came up with another form that they had to get  
8 introduced to so now we're going to do a first  
9 action on the merits. Those results will go over  
10 to the other office. The office will then provide  
11 their search results to us. The examiner will  
12 then look at those search results, put those on  
13 the 892 to relieve the applicant from having to  
14 submit any ideas and then we'll send that out to  
15 the applicant. We hope by doing this, this will  
16 streamline the results and also provide compact  
17 prosecution.

18 So, the CSP framework, one, it's the  
19 same as before. The requirement is the all  
20 utility applications will be accepted provided  
21 that no examination has begun at any participating  
22 offices. No design applications at this time.



1 Applications must share a common earliest priority  
2 date. Claims must correspond. Again, the  
3 timeline is for this fall, 2017. We have been  
4 coordinating with our POPA friends to ensure that  
5 we're working on the examination and the hours and  
6 other time and whatnot. So, we've had a  
7 collaborative relationship regarding this pilot.  
8 We will be preparing so that the heads can sign  
9 this at the general assembly's meeting, the MOC's  
10 and then the federal register notice will be  
11 shortly thereafter.

12 As you saw from our numbers, they were  
13 very low. We really want to increase this pilot  
14 program. The attorney's that we have talked to  
15 that have used this program, that have received an  
16 allowance in less than a year, free to file a  
17 petition, they have loved this program. The issue  
18 is getting the word out and sharing the benefits  
19 of this pilot program. So before, we did 200 per  
20 office and this time we're going 400 with each  
21 office. So, we really need your help in marketing  
22 this. If there's anything that we can do, we can

1       come to your site, we're happy to do conference  
2       calls. We'll have information on our website,  
3       we'll be sharing information and doing social  
4       media but really, we're happy to come to you at  
5       any time. So, with that, I'll turn it over to you  
6       to ask any questions that you have regarding this  
7       pilot program.

8                   MR. THURLOW: Is there a way to just see  
9       like some of the biggest users of the IP system?  
10      Obviously, I think of Korea I think of Samsung.  
11      Japan I'm sure there are some big users. Is there  
12      a way to get that information and specifically  
13      reach out to them?

14                   MS. OSTRUP: If you don't mind, I'd like  
15      to follow up with that. I would like to check  
16      with our office on whether or not we can release  
17      the information as far as the top filers that  
18      we've had within the CSP program. To this date,  
19      we haven't provided that information currently,  
20      but I'm happy to go back and check with our legal  
21      office and whatnot that we can provide that.

22                   MR. POWELL: Yes, I can chime in here,

1 Pete. So, we've always tried to maintain the  
2 confidentiality of applicants, business strategies  
3 and so forth. We normally don't release that  
4 information.

5 MR. THURLOW: No, I'm not interested in  
6 the top filers from CSB I'm saying, in general, we  
7 know the users are from Korea or in Japan. I want  
8 you to find out and say are you aware of this  
9 great program.

10 MR. POWELL: Yeah, great. I also wanted  
11 to add that in the end, what we're trying to show  
12 here, is the value of obviously a collaborative  
13 search. There is a couple of points here. Number  
14 one is, and we're conducting actually a rather  
15 large study in my office of a number of things  
16 such as what are the effects of having an Asian  
17 surge on a U.S. patent that has undergone an AIA  
18 trial and a host of other factors such as that.  
19 The main idea being one, a huge quality boost.  
20 One thing we have come to know over the years is  
21 that each of the three major offices is quite  
22 adept at searching all of the major offices prior

1 art. So, you would have the value of a Asian  
2 search in a marrying case with a U.S. search, for  
3 example.

4 Secondly, what in the end, are the  
5 prosecution savings for applicant. For example,  
6 having all this prior art early, maybe getting it  
7 one and done with an action and move down to  
8 patent grant quickly so that both the officer can  
9 take up another new case and the applicant can  
10 afford to file another one. Those are things that  
11 we believe will bear out over time. And then, in  
12 the end, to what extent and by what means would we  
13 implement this as a permanent program, permanently  
14 available program if it is shown to have such  
15 value. I wanted to get those points out, thank  
16 you.

17 MS. OSTRUP: Peter, if I may, we  
18 definitely want to take advantage of those top  
19 filers and I apologize for misunderstanding your  
20 question. We definitely want to touch base with  
21 those large applicants that file quite a bit  
22 because those are the type of applicants that are

1 using this program. So, if we can really get in  
2 touch with those stakeholders, via you or anybody  
3 else, we'd be happy to do so, so thank you.

4 CHAIRPERSON JENKINS: But I thought you  
5 were going to do that last time? No?

6 MS. OSTRUP: We did but it was not to  
7 the scale that we want to do it this time. I  
8 don't think we hit on the marketing aspect and  
9 outreach aspect that we had hoped and now with us  
10 going to the second phase of this pilot,  
11 streamlined approach, we want to push the  
12 marketing even more so than we have in the past.

13 MR. POWELL: Right, and as we learned  
14 from the patent prosecution highway programs which  
15 we started a little more than ten years ago, we  
16 need to get some early adopters that found success  
17 with the program and get them talking about it.  
18 That's how the patent prosecution highway just  
19 took off. When we had people extoling its value  
20 on the private side of things then, of course, it  
21 took off. But the IP communities are somewhat  
22 conservative. One, they always want to get

1 somebody else to go first and, you know, it takes  
2 time to introduce a new program such as this.

3 CHAIRPERSON JENKINS: But isn't also the  
4 concept of, is this works well and people  
5 understand it, just like PPH, the idea is to  
6 expand it.

7 MS. OSTRUP: Yes.

8 CHAIRPERSON JENKINS: So, it wouldn't  
9 just be for JPO, KIPO, it would be other offices.

10 MR. POWELL: Right and I'm glad you  
11 mentioned that. We're in the final steps of  
12 working out with all the IP five offices, a  
13 collaborative search, an exam pilot in the  
14 international phase of PCT. I believe we're at or  
15 extremely close to the agreement and hope to have  
16 that kicked off by agreement this fall and then  
17 implement in 2018. It's a bit more complicated  
18 involving five offices. Again, we're trying to  
19 test the limits of do you need five offices or is  
20 three enough or what is the price point and  
21 quality and prosecution savings.

22 MR. THRULOW: When I started 20 years

1 ago, I prosecuted candidate portfolios so they're  
2 in the top ten normally and you have Honda,  
3 Hyundai. I mean these are lists that I figure to  
4 reach out to.

5 MR. POWELL: Great, thanks Pete.

6 MS. OSTRUP: Marylee, also we are slowly  
7 dialing up CSP with other offices. We're  
8 currently in discussions with two other IP offices  
9 in hopes of them joining CSP. It might be a  
10 little bit of a smaller scale but our goal is  
11 hopefully to dial this up slowly and bring in  
12 other offices.

13 CHAIRPERSON JENKINS: Great, thank you.  
14 Karen is next.

15 MS. FERRITER: Thank you, it's a  
16 pleasure to be here. I'm representing my boss,  
17 Shira Perlmutter who is unfortunately on vacation.  
18 She regrets that she was not able to join you all  
19 today to talk about the patent related activities  
20 of the Office of Policy and International Affairs.  
21 Just to give you a very high level understanding  
22 of what we're working on right now, the WIPO

1 Program and Budget Committee is coming up. We  
2 continue to be concerned about the  
3 disproportionate emphasis WIPO places on PCT fees  
4 to fund the organization. We're continuing our  
5 push to make sure that the revenue is more fairly  
6 allocated. We're continuing to work within the  
7 U.S. government to try to get our contributions  
8 released in the past. We had placed, the U.S.  
9 government had placed a hold on our ability to pay  
10 our WIPO contribution because of some concern such  
11 as regarding WIPO whistleblower practice. We are  
12 very comfortable with their current practice and  
13 we're hoping that those funds can be released.  
14 We're preparing for the WIPO general assembly in  
15 October. We're continuing WTO, trade policy  
16 reviews and a session work. This is just steady  
17 state work for all of our attorney's reviewing  
18 those foreign government laws and making sure they  
19 comply with the WTO trips agreement.

20 We've been gearing up for some time to  
21 prepare for the NAFTA negotiations. That's really  
22 just now getting started at USTR. And, of course,



1 we have a lot of interagency agreements such as  
2 science and technology agreements and proposed UN  
3 declarations that we're constantly reviewing.  
4 That's kind of all the behinds the scenes work  
5 that we do but probably the most important work  
6 that we're doing is the training of the foreign  
7 government officials and the U.S. Inventor  
8 community about foreign government laws.

9 Today, we wanted to focus on some of the  
10 China Road Show's. I'm fortunate to have Conrad  
11 Wong come here to talk about the China team and  
12 their activities and the China Road Show.

13 MR. WONG: Thank you, very much Karen,  
14 and thank you all ladies and gentlemen for being  
15 here and also for tuning in remotely. As Karen  
16 spoke about our China Road Shows and all, I just  
17 want to give you all a quick overview of what the  
18 China team is here at headquarters at the Patent  
19 and Trademark Office.

20 We are led by Mark Cohen who is the  
21 senior counsel for the China team. It is the  
22 country specific team within policy and

1 international affairs. As many of you know, OPIA  
2 has a patent group, trademark group et cetera.  
3 All the attorney's, my colleagues, cover different  
4 geographic areas. But those of us on the China  
5 team specifically, deal with China, some of us are  
6 language capable so it also facilitates a lot of  
7 the communication back and forth, not only with  
8 rights holders here but also with the Chinese  
9 government over there.

10 We have seven attorneys on staff here in  
11 all the disciplines. We also have five Chinese  
12 attorneys at our posts in China which are Beijing,  
13 Shanghai, Guangzhou. Mark, himself, served as the  
14 first IP attaché from 2004 to 2008 and I served at  
15 the U.S. Consulate in Guangzhou in Southern China  
16 from 2007 to 2012. So, we actually have not only  
17 a number of people who are specialized in this but  
18 we have very diverse and very deep understanding  
19 of the issues effecting both of our countries from  
20 an IP perspective.

21 Going to the China IP Road Shows  
22 themselves, this is where we do try to bring

1 together policymakers and leading experts  
2 basically to have a colloquy. To have, not only  
3 an outreach to the White's holders but also to  
4 have exchanges between the panelists themselves.  
5 Reflective of this administration's priorities, we  
6 are working and targeting more and focusing  
7 towards American rights holders, particularly  
8 small and medium sized and micro enterprises. We  
9 also try to, of course, listen to their concerns,  
10 bring it to us. Also, if we hear it is effecting  
11 a particular geographic area in China, we will  
12 touch base with our colleague at the embassy in  
13 Beijing or the Consulate in Shanghai. The  
14 position in Guangzhou at the moment is vacant.

15           Just to let you know, we've had a couple  
16 of very interesting speakers. Representative John  
17 Culberson who represents the Houston area was at  
18 our Houston Road Show. Federal District Judge  
19 Victoria Roberts spoke at our Detroit program and  
20 Dallas Mayor Mike Rawlings spoke at our Dallas  
21 program. So, they each brought something very  
22 interesting regarding their particular geographic

1 location and the involvement of China and  
2 intellectual property issues as they effect that  
3 specific area.

4           One of the things I will say about the  
5 Road Shows is that we do try very much to target,  
6 and I'll be putting up a listing of all the  
7 cities, but we try very much to work and target  
8 with our regional offices. So, we have not only  
9 synergies but also economies of scale, we don't  
10 have to fly people back and forth. We also try  
11 very much to feature hometown people so that the  
12 audience has a connection with the speakers  
13 themselves. I think it is very, very important  
14 also, just so that each region in the country has  
15 different IP concerns and focuses. Some are more  
16 patent focused, some are more IT focused.  
17 Trademarks, of course, are always something that  
18 is going on across the board.

19           Here are some of the topics that we  
20 cover. Just from a patent perspective on bullet  
21 point one, IP portfolio and management, as many of  
22 you know. Utility model patents, design patents

1 and invention patents, they are the main three.  
2 Only invention patents are substantively examined.  
3 Utility model and design patents are not, it is  
4 almost like a recordation system, I don't want to  
5 simplify it too much but essentially, that's what  
6 it is. So, when we have speakers that are up  
7 there speaking to our rights holders and then  
8 essentially opining on what the effective strategy  
9 for protecting a patent related invention or  
10 service might be, they would say well, you should  
11 go with an invention patent as opposed to a  
12 utility model patent. Or, they may say, you know  
13 what, get something on paper, get something  
14 registered so that at least you have something on  
15 record and then we'll figure out everything from  
16 there. So, for instance, you can file for a  
17 utility model patent and an invention patent  
18 simultaneously and then when one matures, you can  
19 drop back from the other one. So, it's these  
20 helpful tips that help our folks navigate through  
21 the system over there.

22 Of course, with brand protection and

1 anti- counterfeiting, the main issues right now  
2 are e-commerce, for China IP resources and  
3 databases. We here at the Patent and Trademark  
4 Office have the China resource center. My  
5 colleague, Larry Lian who is right here, is  
6 leading that group so we have very much a data  
7 focused and data analytical type of analysis that  
8 drives a lot of our arguments because frankly,  
9 China is a very data driven environment.

10 With regards to enforcing IP rights of  
11 the United States, we have a very good  
12 relationship with the IPO Center so we work and  
13 have had in our Road Shows, speakers from the FBI,  
14 Customs and Border Protection. We also have very  
15 good contacts with the Justice Department's  
16 Computer Crime and IP section. So, if we are  
17 unable to have a CSIPs attorney come out, they  
18 will appoint a CHIP, Assistant United States  
19 Attorney. Each of the 94 offices apparently does  
20 have or at least most of them have, I should say,  
21 a computer hacking and IP attorney. So, someone  
22 who is dedicated to IP issues in that particular

1 region. So, they also work with their local  
2 federal law enforcement counterparts so that  
3 actually brings a nice local focus to the Road  
4 Shows.

5 MR. WALKER: Conrad, excuse me. Can I  
6 ask a question?

7 MR. WONG: Yes sir.

8 MR. WALKER: So, what about trade  
9 secrets because when you mentioned U.S. attorneys,  
10 I mean there are some very high profile cases, one  
11 including around the genetically modified seed  
12 theft where someone was sentenced to prison for  
13 three years.

14 MR. WONG: Right.

15 MR. WALKER: So, is trade secret  
16 enforcement part of this and are the U.S.  
17 attorney's being exposed to trade secret issues in  
18 addition to the cyber security issue you just  
19 mentioned?

20 MR. WONG: We do raise that as well,  
21 yes. It's not, as you all know, Defend Trade  
22 Secrets Act is relatively new. We still have the

1 Economic Espionage Act out there. They are seeing  
2 some cases, some as you noted, more than others.  
3 I know there was the case, I believe, it was in  
4 Iowa where Chinese defendants apparently literally  
5 just pulled up corn plants and just threw them in  
6 cars to try and work backwards as to the genetic  
7 code. So, they're aware of it, I don't know that  
8 they're seeing a lot of it. We have indicated to  
9 them, look if you're seeing trade secret matters,  
10 let us know. And that we're also, just so you're  
11 aware, following China's trade secret issues over  
12 there as well because both countries have, of  
13 course, rights holders with the trade secret issue  
14 so they're really, really important to us but we  
15 do mention that.

16 MS. FERRITER: If I can just jump in,  
17 our enforcement team has a number of people who  
18 became really experts on the Defend Trade Secrets  
19 Act. We have started to do a lot of government  
20 official specific training whether it's  
21 trademarks, trade secrets, trying to do that for  
22 government officials and judges and others. So,



1 also again, going out into the U.S. community to  
2 make sure that people understand what the laws are  
3 and to try to help with that.

4 MR. WALKER: Well, that's outstanding.  
5 Because I think one of the issues is with  
6 everything that's on a U.S. Attorneys plate, to  
7 bring a case around trade secrets, really requires  
8 a pretty high priority put on that. But these are  
9 incredibly important cases at the same time to the  
10 parties involved. This education effort sounds  
11 outstanding.

12 MR. WONG: Sure. Actually, just a  
13 point, Judge Roberts, when she spoke at our July  
14 10th Detroit program, spoke on a trade secret  
15 matter that she had been handling. So, it's still  
16 in the preliminary stages so to the extent that  
17 she could talk about it, she did. But it is  
18 definitely on everybody's radar.

19 Just going on very quickly, enforcing IP  
20 rights in China, one of the things we do try to  
21 have is speakers coming from Chinese firms to  
22 speak to our rights holders so that they're aware

1 of the landscape out there. One of the things,  
2 from the trademark end of the house, is bad faith  
3 filings which has been a constant source of  
4 irritation for the rights holders. It has been  
5 something, a conundrum that we've been trying to  
6 work on between Commissioner Dennison on the  
7 trademark side of the House and the China  
8 Trademark Office. With regards to local companies  
9 experienced in China, we are very fortunate in our  
10 Grand Rapids show on July 12th to have Bissel Home  
11 Care, the folks that make vacuum cleaners and  
12 floor sweepers talk about their collaborative  
13 efforts not only to work in China but also to  
14 defend their intellectual property.

15           And then, very lastly, the U.S./China  
16 Collaboration and Competition piece. This is one  
17 where we want to learn from the folks that are  
18 collaborating. There is a lot of collaboration  
19 going on as you can probably guess, so we were  
20 able to have for our Michigan program, folks from  
21 the tech transfer offices of the University of  
22 Michigan, speak to how they collaborate but also

1       how they defend as well.

2                   Here, just very quickly where we have  
3       done our programs, you can see that  
4       geographically, we're sort of literally all over  
5       the map, Boston, Dallas, Houston, Detroit and  
6       Grand Rapids. A couple of action shots, this is  
7       the incomparable Mark Cohen up there who actually,  
8       you can't tell but I was there because I took this  
9       picture. This program was entirely in Mandarin.  
10      We originally budgeted to have 45 people attend  
11      this program, we had 70. And this is in the  
12      Houston area and to be frank with you, being of  
13      Chinese descent, I didn't think there were that  
14      many folks down there of my heritage but there you  
15      go. And it was entirely sold out and was entirely  
16      done in Mandarin. Here's Mark and a couple of  
17      other folks speaking in Houston and they are  
18      talking, actually about trade secret enforcement,  
19      how about that. Last again, here's Mark again at  
20      the Mandarin language program, us talking about  
21      our regional offices. So, you have an idea of how  
22      we tried to get our message across and also all

1 the resources of PTO.

2 Here are our upcoming programs. It is  
3 September 14th here in Alexandria we'll be doing  
4 one of the Road Shows and then you can see,  
5 Denver, Salt Lake City, Indianapolis, Chicago.  
6 The week of November 13th, it says Portland,  
7 Oregon, we've also just added Seattle, Washington.  
8 And then in early December we are hoping to do a  
9 program with John Tribeca and the San Jose office  
10 in the San Francisco Bay area, so we have that.  
11 And there's our contact information but before I  
12 relinquish the mic, we did receive a query from an  
13 audience member to the PPAC members so I thought I  
14 should address this. The comment reads as  
15 follows, "it is very difficult to go forward when  
16 your partner, China, won't even admit to there  
17 being a problem to solve. My hat is off to the  
18 PTO for trying to bring this young country/ancient  
19 civilization to the modern age by proving to them  
20 that innovation can occur anywhere on earth and it  
21 pays to recognize it with a patent even for  
22 standard essential patents. Ask them for input,

1 concentrate on big versus small and all countries.  
2 Praise them for what they are doing well, such as  
3 non-standard essential patents. Have you tried to  
4 provide them with data that demonstrates the  
5 disadvantages to China for continuing to do what  
6 they are doing". I can just tell you that again  
7 as I was saying earlier in my remarks, this is a  
8 very data driven country. Promotions and economic  
9 well-being are all dependent upon the numbers in  
10 that country and we track those very, very  
11 carefully. I just, we with the China resource  
12 center and also working with the Chief Economists  
13 office, do answer a lot of China's behavior or  
14 points that they try to make with data driven  
15 analysis so they do have an understanding of where  
16 we're coming from, that we're not just sort of  
17 flailing away and throwing up high in the sky or  
18 anything but that we actually do have substantive  
19 evidentiary basis for our points. I just wanted  
20 to let you know. With that, thank you very much.

21 CHAIRPERSON JENKINS: Great. Any other  
22 questions? Peter, I just want to make a comment

1 first, sorry. One of the things that was  
2 discussed by Dom at the last PPAC meeting in May  
3 was the lack of designation for the attaché's in  
4 the different countries and the effort being put  
5 forth to get recognition to have appropriate  
6 designation. So, I just want to call out and  
7 thank the Senate SGAS sub-committee on  
8 appropriations. In their report, they  
9 specifically said that the U.S. PTO, the  
10 Department of State should all work together. In  
11 theory, of course, we always want it stronger but  
12 that they should lead to discussions and  
13 negotiations regarding the counselor ranking. So,  
14 this is for us to be able to protect stakeholders  
15 and get the correct information out, we need to be  
16 able to negotiate with the counterparts in the  
17 various countries the attachés are in so this is  
18 really a very important aspect. So, I encourage  
19 all of your efforts and hope there will be more  
20 for recognition for you as PTO folk doing this.

21 MR. WONG: And if I could, thank you  
22 very much for your support of PPAC and the members

1 at large. Just to point that out and for folks  
2 who don't know this particular issue, the ranking  
3 of an officer in a consulate or an embassy is  
4 very, very important because it dictates who we  
5 speak to on the other side. If our rank is not  
6 that high, they're going to not send somebody  
7 higher than that. So, one of the ranks you may  
8 have heard is Minister Counsel which is fairly  
9 significant in the diplomatic world. If we're  
10 able to get that rank, then we will see somebody  
11 of equivalent rank on the other side. If we are  
12 not accorded that higher rank, we see somebody  
13 lower, generally somebody who is not necessarily  
14 in a position to do very much except to report  
15 back to their bosses. So, that's the reason why  
16 the issue is so important, so thank you.

17 MR. LANDRITH: Can you speak to how  
18 USPTO attaches rank in comparison to other  
19 government agencies besides the State Department  
20 and military?

21 MR. WONG: I don't really know in  
22 comparison to like, if you go to any of our

1 embassy's or consulates, you've got folks not  
2 only, of course, from the State Department but  
3 from law enforcement, from FAA and also the  
4 various commerce bureaus themselves. Whether it is  
5 the Bureau of Industry and Security or the Census  
6 Bureau or NOAA or something like that. The  
7 rankings, as you can probably guess, are very  
8 closely guarded in terms of the higher versus the  
9 lower. So, that makes it a little bit tough us  
10 being sort of appointed versus career people.

11 MS. FERRITER: But Dominic Keating, the  
12 head of the IP attaché program did do some  
13 research. Of course, since this is mostly  
14 determined initially by the State Department, the  
15 State Department not surprisingly has most of  
16 those higher titles for themselves. For foreign  
17 government officials, we also see a bit of a mix.  
18 I was posted in Geneva for a while. They weren't  
19 so proprietary as to who they would meet with,  
20 understanding that the U.S. PTO didn't have a job  
21 title that reflected our responsibilities so we  
22 could get those meetings. But in foreign



1 government such as China, Russia, they are really  
2 very proprietary. Again, it is a disservice to us  
3 that within the U.S. Embassy, our mission, that  
4 maybe our colleague, the health attaché has the  
5 Minister Counselor rank but we the IP attaché just  
6 have IP attaché. There is that perception that  
7 since we have that lower ranking that we're not as  
8 important. But it is just really a matter of  
9 historical -- it's not a matter of pay, it's just  
10 a matter of the ranking and agency's ability to  
11 advocate for that job title.

12 MR. THURLOW: Just to comment and see if  
13 I need to figure out if there is a question here  
14 but I just want to bring you into my world a  
15 little bit. All commerce, all the work we do is,  
16 for the most part, global. And these days the  
17 last couple of years I've been doing a tremendous  
18 amount of work with startups. Every startup needs  
19 capital. Where they get the capital from, the  
20 U.S., it would be perfect if we got it from the  
21 U.S. but that capital raise is normally global.  
22 So, one of the biggest areas of capital is we work

1 with VC's in China and I'm trying to figure out if  
2 this is a bad thing or good thing just based on  
3 the state of politics that you can answer to. So,  
4 we have a VC in China, \$10 to 15 billion. 20  
5 percent of that funding is provided by the Chinese  
6 government. They'll invest a certain amount of  
7 that money in the U.S. to grow that company in the  
8 U.S. then use the IP or take the IP to China and  
9 grow the company in China. That's just a very  
10 basic emanay kind of corporate transactional thing  
11 that we do. There is money raised in the Middle  
12 East and so on.

13 The second part, just a story, is in New  
14 York we get a lot of Israeli VC's come in and they  
15 have a very close relationship with China because  
16 as you're well aware, the trade policy between the  
17 U.S. and China, the high technology and so on,  
18 Israeli's tell me they actually love our policy  
19 because they have very high trade with China, very  
20 good dealings and so on. To me, in the global  
21 commerce business, some of us think from a big  
22 perspective, I guess I question some of the whole

1 policies, you know. You can't answer it but I  
2 just want to bring you into my world a little bit  
3 where trade is global.

4 MR. WONG: Well, we certainly take that  
5 into consideration. It's one of those things  
6 where we are very aware that money makes a lot of  
7 things work but we also have to work also to  
8 ensure that we're cognizant of the laws over there  
9 that we're essentially, to be frank, not being  
10 played for suckers and that we are working, of  
11 course, within their framework. And where we  
12 think there might be some issues, we talk to them  
13 about that and say, you know, this is not  
14 necessarily how we would do it, perhaps there  
15 might be another way, for instance licensing and  
16 things like that. So, not everything flows  
17 smoothly. We do have our issues and we also work  
18 closely, of course, with the U.S. trade  
19 representative's office, with the folks over at  
20 the Department of Commerce, Secretary Ross,  
21 they've got a pretty good handle on all this. So,  
22 when they ask us for our expertise we chime in.

1 But we certainly are keeping a very, I don't want  
2 to say a wary eye but we're certainly very  
3 conscious of what's going on.

4 MR. THURLOW: Yeah, thank you very much.

5 MR. WONG: Certainly.

6 CHAIRPERSON JENKINS: Great, thank you.  
7 So, we will move on to IT.

8 MR. OWENS: Good afternoon. Thank you  
9 for having us here today. I'm going to turn it  
10 right over to David Landrith, who will run through  
11 the slides and of course answer any questions that  
12 you have. Who has the clicker?

13 MR. LANDRITH: So looking at a summary  
14 chart at the top, we have the document application  
15 viewer. As we've gone over the last two quarters  
16 in December, we had a brief series of issues with  
17 the document application viewer on count Mondays.  
18 We've been monitoring since then, and we have not  
19 seen any continued problems. And we are also  
20 continuing our work towards the MADRAS parity that  
21 we hope to achieve in first quarter of next fiscal  
22 year.

1                   With the official correspondence  
2           application that was released in training  
3           commenced in April, it shows here the training  
4           commenced in July for TC1600 and 3600. We have an  
5           update on that. The training for 3600 is complete  
6           and 1600 will end this week. The next steps for  
7           that is continue to monitor the training and make  
8           sure that we're supporting that and the needs of  
9           the new users.

10                   With the examiner search we're  
11           continuing the production bug fixes in order to  
12           prepare that for training. This week we were able  
13           to demonstrate a level of resiliency and  
14           performance and some stress tests that I think  
15           we're evaluating for justifying expanding the  
16           pilot to more users next week. With cooperative  
17           patent classification we are still doing the  
18           quarterly releases in cooperation with  
19           international partners, mostly ramping up to what  
20           we envision in FY18 as an expansion of CPC to  
21           additional IP5 partners.

22                   We've already gone over this a little

1 bit and what we say under July, the 3600 tech  
2 center is already completed and 1600 is underway.  
3 We project that training will be completed in  
4 December of 2017. There may be some variability  
5 within that schedule if we need to work around  
6 tech-center specific constraints.

7           Yeah, at this point we do not have usage  
8 charts for OC, and we're working with OPIM in  
9 order to make sure that we're going to be able to  
10 provide those going forward. Many of you who saw  
11 the document application viewer rollouts are  
12 familiar with the high quality information that  
13 OPIM was able to aggregate in concert with OCIO in  
14 order to demonstrate usage over time, and  
15 hopefully we'll add that by the next meeting. In  
16 terms of Legacy System Retirement we're very much  
17 the same place that we were last quarter where we  
18 planned to do IFW and MADRAS in FY18, as well as  
19 OACS and then in '19 moving into East/West  
20 Retirement and also the CDS retirement that  
21 handles the USPC portion of our flavor of CPC.

22           MR. OWENS: I will point out that the

1 retirements for eDAN and everything that was  
2 scheduled for this year did happen on schedule,  
3 and that we have agreements with POPA to make sure  
4 that there is enough overlap between legacy  
5 systems and the next gen systems -- that there is  
6 at least a year time just in case that we could  
7 roll back. So the important thing to note is we  
8 are on schedule to plan.

9 MR. LANDRITH: Thank you, John. If  
10 Role-Based Access Control right now all fee  
11 collection is being protected by RBAC, the  
12 Role-Based Access Control functionality using a  
13 single factor. Patent Center will use RBAC in --  
14 it uses RBAC in the July 2017 alpha production  
15 that we released this past weekend, and we'll  
16 continue to do so in subsequent releases.

17 Regarding NIST, Dave expressed concern  
18 with the second factor authentication possibility  
19 of using that with SMS. So we're looking at  
20 making sure that we are NIST compliant for  
21 security needs, specifically look at other options  
22 including voice or email for identify assurance

1 with the second factor that we require.

2 The next steps in this are to  
3 consolidate the grant system as well as activate  
4 additional components to improve the system  
5 availability across the USPTO. And by grant  
6 system, I mean the provisioning system whereby  
7 administrators provide users with their  
8 information and credentials.

9 With the Patent Center, as I mentioned  
10 in the last slide that our July release was  
11 successful, that release is to in-house users. We  
12 were evaluating that. We're looking at taking  
13 that to a larger external pilot audience in  
14 October and in the meantime in September, we're  
15 looking to release the Patent Center functionality  
16 that is currently in our larger external audience.  
17 And we're looking to incorporate that with an EFS  
18 web and private PAIR, so that that will allow for  
19 text filing of initial application for non-utility  
20 patents in the current web filing tool that we  
21 offered applicants.

22 With Global Dossier we've made some good



1 headway in terms of testing the document sharing  
2 and then also establishing a back file database  
3 for DocDB. The next steps are to deliver the  
4 consolidated citation list and export  
5 functionality for external users, as well as some  
6 additional examiner tools. We're also looking at  
7 ways that we can store additional information and  
8 provide it, as well as accommodating patent number  
9 expansion and new forms. Did you want to --

10 MR. OWENS: Yeah. So it was brought up  
11 in the private session yesterday that the folks  
12 that were using Global Dossier experienced, last  
13 week while I was on vacation, a slowness. I  
14 didn't have anything to do with that, but I wasn't  
15 aware of the slowness until yesterday. I did get  
16 the report this morning and I evaluated it. There  
17 are four virtual servers that handle the traffic  
18 here. It's usually more than enough. Two of them  
19 experienced an operating system level corruption  
20 that we have not identified the root cause with,  
21 but we have replaced those server images. So the  
22 problem has been circumvented. We are monitoring

1 those more closely than we had before for the  
2 slowness issue that folks saw.

3           So the way it works is, there is a  
4 cluster of computers that randomly handle  
5 responses to each and every person's query, and if  
6 you were rotated around all four of those for any  
7 of the requests that you made when you were on two  
8 of the servers that were in a corrupt state and  
9 responding slowly, you would have a poor  
10 experience. So, we have upped our level of  
11 monitoring significantly. We've added two  
12 servers. We're going to replace those two, and  
13 we're adding two more for further redundancy. I  
14 don't expect there to be any other problem, but  
15 when we finish the forensics to find out why those  
16 two images corrupted themselves, we will let you  
17 know.

18           MR. SEARS: Thank you very much. I  
19 really appreciate that. From my experience Global  
20 Dossier is a fantastic program, really incredible  
21 access to the USPTO's files and foreign files.  
22 And I know I speak for many users when I say thank

1       you for ensuring that the access is maintained at  
2       such a high level.

3               MR. OWENS: With the launch of any new  
4       system you do hit small hiccups, my apologies  
5       there. What I can guarantee you is when we do  
6       figure it out it won't happen again.

7               MR. LANDRITH: Thank you, Jeff, for the  
8       feedback. The CPC management tools, as well as  
9       the CPC IP collaboration tools -- the move for  
10      both of these projects is to continue to automate  
11      the workflow as well as increase the traceability  
12      of operations that occur within the system. As I  
13      mentioned, in order to facilitate the projected  
14      expansion of CPC to additional member IP5 offices  
15      in FY18.

16              The PE content management system has  
17      (inaudible) consolidated content storage for  
18      patent documents which is currently rather  
19      diffuse. The next step that we have for July,  
20      which was scheduled to be completed last week, is  
21      actually overdue. We're currently developing  
22      contingency plans to deal with this and hopefully

1 that is something that is resolved by our next  
2 meeting.

3 MR. OWENS: We have just solved some  
4 important prototyping work on this product, just  
5 to let you know it is not stagnant. We completed  
6 required database and performance work to meet the  
7 service level agreements to our customer on things  
8 like quick data retrieval to support flip rate and  
9 so on and so forth. And those were completed, and  
10 we have overcome some of the major obstacles on  
11 getting fast enough storage and breaking our data  
12 apart in a way that allows us to access it very  
13 quickly. That shouldn't be discounted. It was a  
14 major initiative and a major change, one that the  
15 agency has tried to crack over the last decade or  
16 so and has not been able to, so that was a major  
17 win. I believe with that we are open to  
18 questions.

19 MR. GOODSON: Well, there okay.  
20 Question from the audience. And that could be the  
21 feasibility, possibility of making the search tool  
22 available, the same or similar caliber for the

1 public to use, you know, do a download or  
2 something that is available for the examining  
3 core.

4 MR. OWENS: So the good news is when we  
5 built EST, which is the new search tool that we  
6 just talked about, we built it to be deployed on  
7 the Cloud and the public. It, of course, would  
8 have a different set of data, a complete duplicate  
9 of our data, but only the published data not the  
10 private data for obvious reasons, right? Of  
11 course, anything marked "Private" or "Held back"  
12 or "Non-disclosed" for any legal reason would be  
13 not transported to the Cloud. But the product  
14 itself would run in several Clouds including the  
15 Amazon Cloud without changing of the code at all.  
16 So we have that, of course we haven't specked it  
17 or scoped it. We have a plan to actually do  
18 something like that post FY19 and the late FY19  
19 calendar year/FY20 fiscal year.

20 And hopefully, we will be able to keep  
21 on track because at least here we believe that the  
22 best way to get a quality application is for

1 people to head due quality searches. And the  
2 easier we can get that done and provide that same  
3 facility with all of the same data to the public,  
4 of course we're interested in doing that.

5 Now, not all the data, as I mentioned,  
6 would be available to the public because it's  
7 available to the examiner. We do pay for  
8 datasets. We couldn't afford to pay for the  
9 public to use them. Some of them are quite  
10 expensive through third-party agreements. Whether  
11 or not they're from other governments and/or  
12 companies such as Derwent. And of course, none of  
13 prepublished data would be available to the  
14 public. Other than that though, the system is  
15 capable of running in the Cloud and could be  
16 available to the public once it's complete,  
17 obviously it's not yet but we're close.

18 MR. GOODSON: So that I understand you,  
19 we could search applications in patents that have  
20 been issued. However, access to say the IEEE  
21 database for their journals, that would be private  
22 to the agency, USPTO?

1 MR. OWENS: That is correct.

2 MR. GOODSON: Okay.

3 MR. OWENS: Because I have to pay for  
4 each one of those queries --

5 MR. GOODSON: I understand.

6 MR. OWENS: -- and that could add up  
7 really fast.

8 MR. GOODSON: I understand. Okay, and  
9 then IFW is on its way out.

10 MR. OWENS: Yes, it is. It's scheduled  
11 for retirement, but it's tied into several legacy  
12 back-end systems, so we have to wait until those  
13 systems are completed and offline. But yes, the  
14 major portion right now of waiting IFW's  
15 retirement is the content management system we  
16 just spoke about and transferring all of the data  
17 out of that in a product called Score, which is  
18 another database collection and several other  
19 smaller collection areas into the new content  
20 management system.

21 MR. GOODSON: In terms of user  
22 experience throughput, however you would like to

1 put it, do you see a dramatic improvement compared  
2 to IFW?

3 MR. OWENS: Stability certainly, it's at  
4 least or better than IFW. There are some fringe  
5 cases for some datasets that are quite large --  
6 biometric data for example out of score that will  
7 be in the content management system and  
8 downloading that size of a file will not be much  
9 faster.

10 MR. GOODSON: Okay. And then text  
11 entry, that's, I see that's --

12 MR. OWENS: That's huge, yeah.

13 MR. GOODSON: That is huge.

14 MR. OWENS: It is huge. It's in Patent  
15 Center. It's the basis for Patent Center and as  
16 discussed, we are migrating those features for  
17 text submission into the current system as well  
18 EFS-Web. So you will get -- first, if you are not  
19 part of the beta or any of the folks here or your  
20 friends are not part of the beta, we are bringing  
21 those features and functions to EFS-Web, as well  
22 as the beta and of course, Patent Center will



1       replace EFS-Web on its schedule. I think that's,  
2       what year?

3                   MR. LANDRITH: 20.

4                   MS. STEPHENS: And just to add, in the  
5       internal test for the text receipt and processing  
6       has been going pretty well. So we anticipate in  
7       the next two to three weeks providing a patents  
8       alert message indicating, as John mentioned, that  
9       EFS-Web and private pair is able to accept text  
10      and we're encouraging all users to take advantage  
11      of that.

12                  MR. GOODSON: Then essentially the  
13      digitization that remains will be that essentially  
14      of drawings.

15                  MR. OWENS: Well, the applications  
16      themselves will hopefully, any part of them that  
17      are text -- obviously, you can't turn drawings  
18      into text, but any part of the application that is  
19      text will continue to be text because we'll get it  
20      submitted as text, right? I don't know if we're  
21      going to dynamically OCR an embedded graphic with  
22      texts, are we? That's a good question, do we

1 know?

2 MS. STEPHENS: I don't think so.

3 MR. OWENS: I'll have to get back to you  
4 on that. So if you -- if there is a non-vector  
5 image or raster-based image with text in it, I  
6 don't know if we plan on OCRing that. Though  
7 there are tools on the desktop today that allow  
8 examiners to OCR that, but I'll get back to you on  
9 that.

10 But obviously, if it's a vector drawing  
11 with text, it's identified as embedded text. But  
12 yes, the more we get in text the less we have to  
13 OCR, the less error introduced through optical  
14 character recognition, that's what OCR stands for,  
15 would happen and of course we can save money on  
16 the front end, as well as publishing because we  
17 get text, and we don't have to convert back and  
18 forth like we've talked about before.

19 MR. GOODSON: I'm just looking at the  
20 throughput. It's got to be much higher.

21 MR. OWENS: Certainly speedier.

22 MR. GOODSON: Thank you.

1 MR. OWENS: Yes, sir.

2 MR. LANDRITH: And obviously we'll  
3 continue to be accepting applications in  
4 traditionally filing format.

5 MR. OWENS: Yeah, we don't reject  
6 anything, so --

7 MR. LANDRITH: We hope that those  
8 numbers are eclipsed by text filings.

9 MR. OWENS: Very much. Other questions,  
10 they seem to have given me plenty of time today,  
11 but you may want to make up some time. I'll be  
12 happy to give my time back.

13 MS. STEPHENS: You know, believe it or  
14 not, the scheduling is not the easiest thing and  
15 we --

16 MR. OWENS: Oh that wasn't a complaint.

17 MS. STEPHENS: And we really wanted to  
18 give you more time because I often take time away  
19 from you. So yeah, you guys are always very  
20 accommodating when we're running behind. So,  
21 anyone else have any other questions?

22 MR. GOODSON: I just have one

1 clarification, John. So when you talked in  
2 response to Mark's question about the availability  
3 of the patent search tool, new patent search tool  
4 for the public, is the deadline of FY19 calendar  
5 year 2020 for the examiner access too? Is it the  
6 same timing?

7 MR. OWENS: No, the examiner access, we  
8 are behind with EST for examiners, but I made a  
9 commitment to POPA to not release a product that I  
10 couldn't guarantee was as fast and as quality as  
11 the one they have today. Over the summer we have  
12 overcome those hurdles, some of those hurdles, the  
13 major parts of those hurdles. And over the last  
14 two days as a matter of fact, we went through a  
15 stress test with OPIM and representatives from  
16 POPA, and I am looking forward to the results of  
17 those tomorrow or Monday. But I heard that they  
18 were good, she's nodding good, nodding good?  
19 Okay. Once that product gets completed and we are  
20 confident just like OC and DAV, we will start  
21 training. We will roll it out. The examiners  
22 will be compensated for time, and we will replace

1 per the current schedule, East and West with the  
2 current EST product.

3           Only after that is done according to the  
4 schedule we have today, as long as nothing  
5 changes, will we roll, will we be in a position to  
6 roll it out to the public. First test to come,  
7 the examiners, and to be honest the examiners are  
8 going to bulletproof it because these folks are  
9 really good at searching. To be honest, they are  
10 going to work the heck out of it and find all the  
11 issues, and then we'll fix them. And then in the  
12 end of FY19 calendar year, which is really the FY,  
13 I'm sorry. In the 2019 calendar year FY20 is when  
14 we have the project to do the scheduled. Lots of  
15 things could happen with projects between now and  
16 then given money and so on and so forth,  
17 priorities by the administration and so on and so  
18 forth, but it's on the books now. But the EST  
19 release to replace East and West comes first.  
20 Does that answer your question, sir? Okay.

21           CHAIRPERSON JENKINS: Okay. Great.  
22 Thanks, John, I appreciate it, thanks John and

1 team. Okay, guess what? We're on time, yeah.

2 MR. OWENS: Yeah. Well, thank you very  
3 much.

4 CHAIRPERSON JENKINS: Tony is next to  
5 provide finance budget update. I realize you have  
6 two titles. I just confirmed that with Joe. I'm  
7 sure you have more titles than that.

8 MR. SCARDINO: But they're still shorter  
9 than Joe's, put them both together and it's  
10 shorter than Joe's.

11 MALE SPEAKER: Tony you got 45 minutes  
12 today, so.

13 MR. SCARDINO: I see that. I mean,  
14 unless I start reading the dictionary, I don't  
15 think I can take 45 minutes. I'm from New York.  
16 I speak quickly. And my boss took some of my  
17 thunder away earlier today and spoke on shared  
18 services which was my first thing. Thank you,  
19 Joe, I appreciate that a lot. So I have a  
20 presentation and unless you have any questions for  
21 clarification on issue number one, I can move to  
22 --

1 MR. KNIGHT: I have a question, Tony.

2 MR. SCARDINO: Sure.

3 MR. KNIGHT: So what is the -- can you  
4 say publically what is the seed money, the  
5 additional funding that the department now wants  
6 for shared services, and if this shared services  
7 were to, or enterprise services, were to go  
8 forward where would it be located?

9 MR. SCARDINO: So seed money, startup,  
10 standup -- it's called a lot of different things.  
11 We paid about \$3 million to date, somewhere  
12 between \$3 and \$3.5 million for basically the  
13 assessment of our current services versus what the  
14 new construct or enterprise services or  
15 organization would possibly provide. For this  
16 year we then got an outstanding bill for roughly  
17 \$8 million for additional standup and startup for  
18 the (inaudible) Services Center, an organization.  
19 That's a proportionate share so we would just be  
20 paying our part, and we haven't done so yet. And  
21 then an additional amount for 2018 which is closer  
22 to \$15 million. 18 million is the total cost, but

1 we've actually received some services for a part  
2 of that, what's called HR connect and some other  
3 small services. So the standup, startup probably  
4 will be closer to \$14 to \$15 million.

5 As to the location, that hasn't been  
6 fully decided. I think there is actually a  
7 reprogramming action that Congress will have to  
8 act on. I believe they've got a site selected  
9 somewhere and, you know, not in Washington but  
10 somewhere, you know, outside the Washington Area.  
11 So that's unclear definitively. To be honest, I  
12 don't know.

13 MR. KNIGHT: Okay. And when you talk  
14 about the \$8 million that they want currently, the  
15 standup Enterprise Services, do you project that  
16 the PTO would have a need to buy \$8 million of  
17 services from Enterprise Services?

18 MR. SCARDINO: No, there is no  
19 connection there. For the \$8 million we wouldn't  
20 receive any services. That would be for it to  
21 stand up the organization, have people work for  
22 the Enterprise Services organization, as well as



1 -- I will call it enabling technology. So if you  
2 eventually go in and order on their technology  
3 site -- either higher or you wanted to buy  
4 something that's -- they are calling that mission  
5 enabling technology, which would be just to  
6 support the Enterprise Services Organization. So  
7 we would not be participating, we wouldn't receive  
8 any services in '17.

9 MR. KNIGHT: We would not. So, I mean,  
10 just as the, you know, prior general counsel of  
11 the USPTO, just from a legal perspective, I would  
12 be a bit concerned how we could use USPTO, you  
13 know, funds that are appropriated for something  
14 where we don't know we're going to get services  
15 equal to the amount of money we're going to be  
16 spending.

17 MR. SCARDINO: Right.

18 MR. KNIGHT: Is that an issue that has  
19 been brought to the department's attention?

20 MR. SCARDINO: So let me start with --  
21 as you know, I've never been an attorney. I have  
22 never played one on TV. I don't know all the

1 details there specifically, but my limited  
2 understanding is that if we receive services it's  
3 legal for us to pay just about anything in the  
4 sense that we consider those to be services of  
5 good value. So if we paid for the standup in '17  
6 and thought that we were going to receive services  
7 at some point in time that added enough value, I  
8 look at total cost, not unit cost. So my point of  
9 that is that if somehow this Enterprise Services  
10 Organization could get us cheaper goods and  
11 services, when I say cheaper, less expensive, but  
12 bring in the same value, then you could make that  
13 cost benefit analysis. We just haven't seen that  
14 yet, so it's hard for us to pony up the standup  
15 dollars when as Joe's mentioned, a lot of our  
16 needs are so specific. It's hard for someone else  
17 new to come in and do it to the level that we do.

18 MR. KNIGHT: And then when you look at  
19 what's contemplated for Enterprise Services, is it  
20 just to buy goods like computers or would  
21 Enterprise Services also take over management of  
22 the USPTO's human resources function or the

1 USPTO's IT function?

2 MR. SCARDINO: That's a little hard to  
3 say in the sense of, you know, it's going to be an  
4 organization that matures. So I think in the  
5 beginning it would be certain functions they would  
6 take over. So for IT I think they'd be buying  
7 commodities, network services, laptops, printers,  
8 things like that over time. It's unclear as to  
9 whether they'd delve more into your hardcore  
10 development. I don't think anybody knows that  
11 answer.

12 MR. KNIGHT: All right, and then for  
13 human resources what would be contemplated for  
14 Enterprise Services?

15 MR. SCARDINO: That's a little more  
16 difficult to say, well not more difficult. They  
17 are a little further along there in terms of  
18 actually providing services. Accenture is the  
19 provider that the Enterprise Services Center has  
20 gone with, and they're starting to already doing  
21 some hiring for NOAA and doc rockets a lot of the  
22 smaller organizations or bureaus within commerce.

1 I don't know to what level they'll do beyond  
2 hiring. They certainly are never going to make a  
3 hiring decision, but they're certainly going to  
4 provide candidates for NOAA and others to  
5 consider. So I'm not sure when you say about  
6 management, like take over all HR functions?

7 MR. KNIGHT: Well, what I'm concerned  
8 about is the American Inventors Protection Act --  
9 when it was enacted gave the USPTO director  
10 authority over the administrative functions of the  
11 agency. It really set up the department as a  
12 separate agency within the Department of Commerce.  
13 And what I'm concerned about is that this  
14 Enterprise Services, even if they could get us  
15 computers that were super cheap, and we couldn't  
16 buy them anywhere else, I would be concerned that  
17 it would take away the autonomy and the authority  
18 of the USPTO director to control IT and to control  
19 human resources. And just having worked here I  
20 have a really keen appreciation for how the  
21 director has utilized that authority to the  
22 benefit of the patent and trademark systems and

1       how the Department of Commerce does stuff in a  
2       completely different way, and in a way that really  
3       wouldn't further the patent and trademark systems.  
4       So I'm just concerned about the authority being  
5       taken away from the director and given to the  
6       department's Enterprise Services Organization.

7               MR. SCARDINO:  So, as Joe mentioned this  
8       morning, this has been a project that's been  
9       ongoing for three years now.  I know former  
10      director Lee had no interest in giving up the  
11      authorities granted by the AIPA and I can't speak  
12      for Joe but, I mean, he's been consistent in all  
13      of the conversations I've had with him and so  
14      that's not the interest here at all.  And I've  
15      never heard that from commerce either.  I think  
16      their goal is to take away some of the challenges  
17      of doing things like hiring that a lot of bureaus  
18      have had, so that we can devote our resources  
19      towards more mission services.

20             MR. KNIGHT:  Right, but the only thing I  
21      would say to that is that I don't think that the  
22      PTO has had issues hiring and I think Fred

1       Steckler and his team really -- when I worked with  
2       them, they really did an outstanding job. And  
3       they were also sensitive to the needs of the  
4       Patent Organization with respect to technical  
5       qualifications, where to find those people. Also,  
6       you know, very sensitive to the hiring needs and  
7       the training needs of the patent core. So, they  
8       were, you know, they responded to the needs of the  
9       commissioner really in real time to bring people  
10      on when the commissioner needed people and they  
11      could turn that and turn it off.

12                 And I'm just concerned that you're not  
13      going to have that level of service, that level of  
14      sensitivity to the needs of the commissioner for  
15      patents when it's, you know, sent somewhere else  
16      outside of Washington D.C. to be handled by this  
17      organization that knows nothing about intellectual  
18      property, really knows nothing about the patent  
19      and trademark systems. And to me it's really  
20      contrary to the legal provisions in the America  
21      Inventors Protection Act. And I'm concerned about  
22      it from an appropriations law perspective too. If

1 we were to give \$8 million of user fees today  
2 without even knowing what we're going to be  
3 getting for that, I don't think it's good enough  
4 to say, "Hey, we might have a need for \$8 million  
5 of services in the future." I don't think that's  
6 good enough under appropriations law. I think you  
7 have to have something more finite that you are  
8 using the fees for. So, you know, I say all of  
9 that just because I'm concerned where this is  
10 going and concerned about diverting user fees to  
11 other commerce bureaus and also the director, the  
12 next director, losing a lot of autonomy over the  
13 administrative functions of the agency.

14 MR. MATAL: Bernie, there is a simple,  
15 clear and direct answer to a lot of your questions  
16 about the intended scope of this program and that  
17 answer is, we don't know. We've seen different  
18 plans drawn up, just on the IT side, for example.  
19 The CIO's office has shown me, Enterprise Services  
20 plans that envisioned this center taking over IT  
21 security for all of the bureaus including USPTO.  
22 We currently provide all of our own IT security.

1 We don't have an affirmative need to fill any gap  
2 or anything, but these are the types of things  
3 we're studying now. It's, you know, to figure out  
4 how would this work and could it work in a way  
5 that continues to provide the same quality of  
6 service.

7           You know, the legal question -- I am a  
8 lawyer, and if we were a more pedestrian agency  
9 with more pedestrian needs -- a lot of these  
10 agencies all they really need on the IT side, for  
11 example, is word processing and email and internet  
12 access. You know, you could plausibly say how big  
13 -- especially if we were a small bureau, a big  
14 center could provide a cheaper and would be, you  
15 know, perfectly adequate, good enough for  
16 government work. But we're not that, you know,  
17 we're not that kind of a bureau. We have 8,300  
18 examiners who need access to this high end, you  
19 know, search and docketing and databasing system,  
20 24/7 across the country and it's -- these are the  
21 operational issues that we're looking at now to  
22 see, you know, how could this plausibly, how could



1       this plausibly work? And you're right. Yeah, if  
2       we don't anticipate being able to use the system  
3       then, you know, we shouldn't start investing in it  
4       in the first place.

5                   CHAIRPERSON JENKINS: Just to jump in  
6       and touch on some of Bernie's points, as well as  
7       yours, Joe, is on the flip side for the points  
8       that you're raising is that you need to have a  
9       stable, secure, non-cyber attacked or infiltrated  
10      system that is not only valuable and working  
11      correctly for your users within the office, but  
12      also for our users outside the office. I noticed  
13      some of the comments earlier in the day about  
14      outside, and I don't know if you guys picked up on  
15      the comment outside. I feel if anything that we  
16      can do is, we should act as a team. It's not  
17      inside the office and outside the office and  
18      particularly with shared services. It needs to be  
19      a team effort. And so with respect to PPAC, I  
20      think we do have great concerns about the concept  
21      of the shared services, how much money is being  
22      spent. And, you know, the hope is that this

1 administration will take a very deep and  
2 calculated look at really what is the advantage  
3 here? And we are a very specialized group. I  
4 mean, I was sitting here thinking when you were  
5 talking, Bernie, you know, we all just sit here  
6 and take a patent exam in order to be a patent  
7 attorney. So, you know, there are reasons why we  
8 do that. There are reasons why we hire the  
9 certain way we do. There are reasons why we have  
10 this IT system. And I just feel that much of what  
11 is being discussed for shared services over the  
12 past three years is not of value to the user  
13 community.

14 MR. THURLOW: The thing that I, if maybe  
15 you could help us, we've heard, you know, Joe has  
16 done a very good job of bringing this shared  
17 services issue. You have been discussing it, so I  
18 think that your office has done a very good job in  
19 that and, you know, with the work, with the IP Bar  
20 Association in New York and throughout the  
21 country, everyone supports the position I think.  
22 Maybe one area you can help us is to the extent

1 PPAC and other groups go on a letter writing  
2 campaign or something like that. There is numbers  
3 out there, million, 8 million, 15 million and 3  
4 million. I don't know just maybe if you can  
5 direct this to where is the accurate information  
6 so that in these five or ten letters that get sent  
7 out, assuming that happens, there is a consistent  
8 certain amount of data so it gives all of us more  
9 credibility rather than having to go to the PPAC  
10 transcript to get the numbers and so on because we  
11 all want to get the data right.

12 MR. SCARDINO: Okay. I'm trying to  
13 think quickly how that can be done. I can  
14 certainly -- any question you ask I can always  
15 give you an answer. It's just this is all part of  
16 what we pay into the working capital fund or The  
17 Department of Commerce. It's more of an internal  
18 fund that this is just a piece of it. So it's not  
19 something we publish anywhere or anything like  
20 that. Not that we're trying to hide it by any  
21 means, it's just that it's a fund that's got  
22 constant puts and takes throughout the course of

1 the year. But we can certainly try to figure out  
2 a way to make this information available. I mean,  
3 '18 of course is something that's still in the can  
4 in the sense of it hasn't been appropriated yet.  
5 So depending on what's appropriated, what level  
6 then we'll get a bill from commerce, specifically.  
7 We know what they are planning for us to  
8 contribute. Now for 2018 it's almost \$8 million  
9 on the dot, almost and that one's easier because  
10 we're already ten months into the fiscal year. We  
11 know how much they have asked us to contribute,  
12 and we have not contributed so far.

13 MR. THURLOW: Thank you.

14 MR. SCARDINO: Sure.

15 MR. KNIGHT: I don't know if you know  
16 the answer to this question, but could the  
17 department stand up this enterprise services  
18 function without the PTO putting in its  
19 proportionate share?

20 MR. SCARDINO: As currently envisioned I  
21 would say no, but it doesn't mean that I can't  
22 have an Enterprise Services Organization. It's

1 got a lot of components to it, and it's being  
2 built to service closer to 47,000 employees,  
3 that's what The Department of Commerce says. So I  
4 guess if you took our 13,000 out, they could size  
5 it differently. But, you know, again, I haven't  
6 looked at it from that perspective.

7 MR. KNIGHT: Right, fair. So what I was  
8 concerned about is, if they can't do it without  
9 the PTOs funds, if that would be the case, then to  
10 me it's a clear argument that there is diversion  
11 of user fees because they have to be using the  
12 user fees in that situation to benefit the other  
13 bureaus because they couldn't do it without the  
14 PTO fees.

15 MR. SCARDINO: Well again, as I  
16 mentioned, they can't do it as currently  
17 envisioned because they envision us participating.

18 MR. KNIGHT: Right.

19 MR. SCARDINO: So if they envision us  
20 not participating, they could resize it, rescope  
21 it, and then they could probably do it without us.

22 MR. KNIGHT: Okay. Great.

1                   MR. SCARDINO: But that's speculative on  
2 my part. So I didn't mean to just run through  
3 this slide quickly, apparently it didn't go so  
4 well.

5                   MR. MATAL: Well, just to delve into,  
6 you know, one of the other issues, for example,  
7 about whether this would work, John Owens was  
8 talking later about our plans to implement this  
9 role based access control for access to our data.  
10 One of the things that came up in one of our  
11 recent discussions, you know, with the other  
12 bureaus about this program is, you know, PTO needs  
13 to be able to provide people on the outside, you  
14 know, you all, a secure access to your data within  
15 our system. And that obviously raises a lot of  
16 tough security issues. We need to make sure you,  
17 the patent applicants and owners, can access this  
18 data, and then no one else can break in there. We  
19 have many attacks on our system every day. And it  
20 came up that no one else in Commerce needs that,  
21 and no one else has, you know, it's a fairly  
22 unique thing for a Federal Agency to need to be

1       able to provide people on the outside secure  
2       access to data within the agency system. And so  
3       it raises questions about what's the value of this  
4       collectivized model of provision of these  
5       services. If PTO is, you know, unique in this way  
6       and unique in that way, then you start to lose a  
7       -- there are many economies of scale. We would  
8       remain this unique thing within this, you know,  
9       collective model. So these are the types of  
10      issues we're grappling with now, and I'm beginning  
11      to discuss with the Commerce Department.

12                 MR. SCARDINO: Moving right along, 2017,  
13      as I mentioned, as of the date of when we put this  
14      together, we were nine months through the fiscal  
15      year. Planned fee collections are running a  
16      little below what we'd anticipated, but not much.  
17      And we think that that's kind of according to plan  
18      because we tend to get higher fee collections in  
19      August and September, at least this year in terms  
20      of maintenance fees. So we think we'll be in  
21      pretty good shape there. See the spending versus  
22      collections are pretty much as we anticipated. So

1       that at the end of this year, we anticipate we'd  
2       have \$279 million in our operating reserve on  
3       patent side. Now, you may recall, the \$300  
4       million is our ideal floor. We have minimal and  
5       maximum operating level limits. \$300 million has  
6       been our threshold minimum effort. We did this  
7       cognizantly, where we said we would spend a bit  
8       below that this year and make up for it next year  
9       because with the new fee rates we will be able to  
10      collect more next year than we'll actually spend,  
11      so we'll put money back into the operating  
12      reserve. And I'll go through that in a little  
13      bit.

14                   2018 budget -- of course with any new  
15      administration it's submitted later than normal.  
16      Statutorily, it's supposed to be the first Monday  
17      in February with the new administration that comes  
18      in. Of course takes a few months longer so we  
19      submitted on May 23rd. Secretary Ross then  
20      testified very, very soon thereafter in The House  
21      and The Senate. And our estimate at the time when  
22      the President's budget was submitted was \$3.586



1 billion in terms of fee collections for the entire  
2 agency. And that budget mostly was a no major new  
3 initiatives, but it was continuing to what we call  
4 kind of a little bit of a soft landing in terms of  
5 patent examination hires. We have mostly higher  
6 attrition and then have a few hires in PTAB,  
7 Patent Trial and Appeal Board and then of course,  
8 you know, we spend money on people and IT around  
9 here. And we would have a lot of significant  
10 investment in the patent IT portfolio to deal with  
11 a lot of the legacy systems that Joe mentioned  
12 this morning and John just did. Obviously, aging  
13 and they need to be upgraded so next generation  
14 investment continues.

15           And The House has issued its committee  
16 report a few weeks ago on our 2018 budget  
17 requests, and they have provided a markup of \$3.5  
18 billion. So that's \$86 million less than we  
19 submitted. Mostly we believe that's because the  
20 fee rule package has been delayed. So they know  
21 that we won't bring in more fees as we had  
22 anticipated when we submitted the President's

1 budget. I don't know what happened there. 2019  
2 budget -- of course '18 arrived a bit late, but  
3 '19 we're trying to get back on a regular  
4 schedule. So the way this works is we submit a  
5 budget to The Office of Management and Budget by  
6 middle of September, they review it all fall and  
7 then eventually the President will submit a budget  
8 to Congress the first Monday in February. So we  
9 will provide a draft budget for review. I believe  
10 it's August 11th, next week to PPAC for '19.

11 As part of the '19 budget we are  
12 incorporating guidance and direction from the  
13 administration -- what's been called the reform  
14 plan back in April. All agencies were issued a  
15 14-page memo asking agencies to streamline  
16 workforce restructuring, eliminate redundancies,  
17 do away with maybe programs that no longer have a  
18 purpose. So we are in the process of reviewing  
19 things internally and also working with The  
20 Department Of Commerce and OMB to incorporate that  
21 as part of our '19 budget.

22 And last but not least, the favorable

1 fee review -- we are still in the process of  
2 working through our 2015 fee review. The package  
3 is being reviewed in the administration, and then  
4 at the same time we're still in the process of  
5 every two years we have to review our fees, so we  
6 started another process earlier in 2017. So we're  
7 almost to the point of lapping ourselves but not  
8 quite. These things just take a while, especially  
9 with the change of administration where new rules  
10 aren't usually approved the last four to six  
11 months of administration or the first four to six  
12 months of a new administration. That's common, so  
13 we knew we'd be delayed a bit. And finally,  
14 absent congressional action, our fee- setting  
15 authority will expire in a little more than a  
16 year, 2018 September. So that's my quarterly plug  
17 to remind people. Any thoughts, questions,  
18 comments, praise?

19 MR. WALKER: I have a question that came  
20 in from a member of the audience, from a member of  
21 the public, and it was around fees for  
22 micro-entities. So I'll just read the question as

1       it came in. The question is, would the USPTO  
2       consider changing the requirement for micro-entity  
3       status from four patent applications to eight?

4               MR. SCARDINO: I believe by statute it's  
5       four, but Dana might be able to elaborate.

6               MR. COLARULLI: Yeah, by statute it  
7       certainly is four, and that was the intent in the  
8       AIA. This isn't something that we've seen  
9       necessarily a need to change. I'm sure a case  
10      could be made, and I'm sure Congress would be open  
11      to it and we'd consider it as well. There has  
12      been some focus on other proposals to expand  
13      micro-entities, but not certainly on that number.  
14      The focus there has been on expanding it to  
15      address some issues that universities have had,  
16      but the intent was to have it small and have an  
17      income level as well and that's what we've  
18      implemented. Mark?

19              MR. GOODSON: Consistent with that, you  
20      know, you have a guy that's a prolific inventor.  
21      He works for a big corporation, ABC. He retires;  
22      he still can't be a small entity, can he? Because

1 he is the named inventor on a bunch of patents.

2 Is that right?

3 MR. COLARULLI: You can be a small  
4 entity. You can't be a micro entity.

5 MR. GOODSON: I'm sorry, well I was  
6 going -- I was going after micro. He would not be  
7 qualified for that under the statute; is that  
8 right?

9 MR. COLARULLI: Likely he could not  
10 qualify for micro entity. And remember this is a  
11 two prong. One is an income prong, so they'd have  
12 to meet that and the other yes, is --

13 MR. GOODSON: The number of patents.

14 MR. COLARULLI: The number -- named  
15 inventor on the number of patents. So in all  
16 likelihood probably not, if he isn't named the  
17 patent.

18 MR. GOODSON: Okay. Thank you.

19 MR. LANG: So I'm thinking back to  
20 November 2015 when we had our PPAC hearing on fee  
21 setting. I think back then many of us would have  
22 been surprised to contemplate that the fee setting

1 that was initiated is still not in effect over a  
2 year and a half later. And I think that the, you  
3 know, there are understandable reasons for at  
4 least part of that delay. But can you comment on  
5 the short and long-term impact of that delay on  
6 the PTOs finances both from a perspective of the  
7 missing dollars from, you know, the time from  
8 which the fee setting might have been expected to  
9 go into effect and when it actually will go into  
10 effect. But also from the standpoint that we're  
11 now in a second fee setting period, and it may be  
12 that much more difficult to contemplate, you know,  
13 for the fee increases when the first set has not  
14 yet gone into effect.

15 MR. SCARDINO: Yes, I can comment. So  
16 when we were together in November 2015, our hope  
17 was that we would be through the process and get a  
18 final fee package enacted that summer, the  
19 following summer 2016. But we knew we were  
20 skating a very fine edge in the sense of, if we  
21 got, we bumped up to when basically they put a  
22 moratorium on new rules at the end of an

1 administration. We were going to cut it close.  
2 And we did cut it close, and we got to that point  
3 where we tipped over. So they did this for all  
4 agencies; they just did not put any more rules  
5 through. So, if we would have gone into effect  
6 let's say July of 2016 versus pick a date just for  
7 argument sake December 1st of this year, which  
8 we're, you know, that's one of the dates we're  
9 hoping that we'll get the new fee package enacted.  
10 That's, you know, almost a year and half. That's  
11 probably close to \$200 million in patent fees that  
12 will not come in at the additional rates.

13           Again, you never know how that would  
14 have changed behavior and such, but let's just use  
15 that as a dollar figure. The main impacts of  
16 that, the main, are the operating reserve because  
17 as I mentioned, we've dipped into it the last  
18 couple of years, and if we have more fee income  
19 coming in, we wouldn't have dipped in. We would  
20 have just used the money that came in. I remember  
21 our goal was to get an optimal level of three  
22 months in the patent side, and that's about \$800

1 million. We've got 279 in there. So if we had  
2 \$200 million more, do the math, right. We'd be  
3 closer to half a billion dollars, which would  
4 still be less than two months reserve. So, and  
5 I'm not saying we haven't adjusted our spending to  
6 incorporate that because we have had to adjust it  
7 because we don't want to go much below that 300.  
8 So there are some things we've held back on, some  
9 hiring and certainly some IT projects, nothing  
10 major, major, but we certainly held back on some  
11 things. I know furniture -- we were supposed to  
12 buy furniture for everybody that we had to hold  
13 back on. There was certainly some activities that  
14 we've had to curtail.

15 CHAIRPERSON JENKINS: We actually had a  
16 quite detailed exchange regarding furniture. I  
17 think the last PPAC meeting offline. So yeah, we  
18 are familiar with the furniture discussion. I  
19 think to tie into that, and I know Dana is sitting  
20 right next to you to discuss this important point,  
21 is your last point on your last slide, which I  
22 would have made bigger and bolder and probably



1       underlined, is that fee setting is going to  
2       expire. And it's going to expire next year, and  
3       it will be here before we know it.

4                   MR. SCARDINO: Yeah.

5                   CHAIRPERSON JENKINS: And I think when  
6       you, in my viewpoint listening to everything  
7       today, and what we've talked about previously, if  
8       you add all of these things up, I mean,  
9       application filings are flat to some degree,  
10      right? The money that you thought you were  
11      getting from RCEs -- RCEs are going down. Your  
12      appeals are going down, maybe PTAB is going up,  
13      you know, based on the increase that David showed  
14      us. You add in the whole question of enterprise  
15      services and how that will impact the office and  
16      if DOC will come back and ask for more money,  
17      sorry. So, you know, I think probably we need to  
18      start talking about this on a regular basis and  
19      more often is how this will impact us -- both the  
20      office and the stakeholders, us team, and how we  
21      will be impacted by this not continuing for us,  
22      that last sentence.

1                   MR. SCARDINO: Yeah, I mean, simply put  
2                   if we don't retain fee setting authority it limits  
3                   our ability of course to raise fees if our  
4                   operational requirements necessitate that. Now,  
5                   what that would mean of course, is we'd have  
6                   pendency and backlog, right? We wouldn't be able  
7                   to hire as many folks. We wouldn't be able to do  
8                   as many IT upgrades. I mean, again, it wouldn't  
9                   be drastic like overnight. But that would be  
10                  degradation over time in our system, absolutely.

11                  CHAIRPERSON JENKINS: Dan's point of and  
12                  even with the ability to do so, it has now taken  
13                  us almost two years to even get that accomplished.  
14                  So, add in the fact you are not going to be able  
15                  to do that, assuming they don't continue this, I  
16                  mean, how long will you then take to get the money  
17                  that's needed to keep the system running?

18                  MR. SCARDINO: The rule making process  
19                  in the Federal Government is never going to  
20                  necessarily be the most efficient process, but  
21                  there are many ways why there are checks and  
22                  balances in the process and, you know,

1 participation from the public. I mean, it's a  
2 very thoughtful process, but it definitely is  
3 dampened a little bit by a change in any  
4 administration. You're always going to have that  
5 point in time where you can't get a rule enacted  
6 as quickly as you would like to.

7 MR. THURLOW: Dana, what's the process?  
8 I assume you let the Congress know that we would  
9 like that extended.

10 MR. COLARULLI: We've talked to the  
11 judiciary committees. Frankly, it's still a bit  
12 far off for them. So we have, and there hasn't  
13 been a vehicle to either address that or a number  
14 of other, I think, helpful technical corrections  
15 to our statute that we've discussed in recent  
16 years. So we're continuing to talk to them,  
17 continuing to highlight both that expiring  
18 authority. We have a more near term expiring  
19 authority, which is the TEAPP authority, our  
20 telework flexibility. It affects about 40 percent  
21 of our full-time teleworkers. And then further  
22 out the CBM proceedings will also expire in 2020.

1       So all three of those expiring authorities --  
2       we're certainly looking at a slightly different  
3       message on each, of course, but they can be  
4       addressed by different vehicles, whether it's by  
5       the Judiciary Committee, whether it's in  
6       appropriations, so we're looking at all options.

7                   MR. THURLOW: I know a certain  
8       stakeholder community wants the CBM extended.  
9       What is your role in that? Do you say yes or no?  
10      Does the patent office say yes or no, or you make  
11      certain recommendations or --

12                   MR. COLARULLI: There is no official  
13      administration position in the new administration.  
14      At the time that we issued a report required by  
15      the AIA in 2015, the Agency recommended to allow  
16      the proceeding to sunset as Congress had intended.  
17      This was intended to address a point in time  
18      problem for the financial services industry. And  
19      the thought at the time, and I think certainly the  
20      legislative history plays this out, having had  
21      lots of discussions around the time, I remember  
22      the conversation well, was that at the time that

1       it would expire, the PGR and the IPR proceedings  
2       would be able to fully address the needs of that  
3       community that was previously in CBM. I know that  
4       the General Accounting Office, GAO, was asked by  
5       the Judiciary chairman to do a study on this. How  
6       the proceeding worked and should it expire? And  
7       they are in the process of doing that right now,  
8       and they have met with our team as well. We've  
9       highlighted that report. I've said the same thing  
10      I just said to you to them as well.

11               MR. THURLOW: Yeah, and this is more  
12      leading into your discussion but, you know, you  
13      brought up a good point about the technical  
14      amendments. As you are well aware with the AIA  
15      there was technical amendments, handled some  
16      doughnut issues or some particular issues there.

17               MR. COLARULLI: Yeah.

18               MR. THURLOW: To the extent that you can  
19      maybe at the next meeting share those issues with  
20      us because obviously big issues like venue or  
21      other things we can't put in there. But there are  
22      some what is a technical amendment is subject to

1 much debate as you are well aware.

2 MR. COLARULLI: Sure.

3 MR. THURLOW: But there are a couple of  
4 things, for example, PGR numbers have been  
5 historically low and stopped being used. So  
6 people believed that if you change the estoppel  
7 requirements to make them more like CBM, they'd be  
8 used, and they would be more of a quality focus  
9 rather than the IPR -- 80 percent of the IPR is  
10 involving parallel litigation. That would be two  
11 different focuses. So it's an interesting  
12 discussion and maybe a kick starter for the PGR.

13 MR. COLARULLI: Okay. There is a number  
14 of -- the technicals that I'm referring to are  
15 much more technical. The PGR change certainly was  
16 a carryover from the AIA. I think the intent of  
17 the AIA was to have a different estoppel effect  
18 for PGRs appealed outside of the agency, not  
19 internal proceedings, but the District Court. So  
20 that's always been on the list. I'm happy to  
21 refresh that list and bring it to the committee.

22 MR. THURLOW: Sure.

1                   CHAIRPERSON JENKINS: Any other  
2 questions for Tony? So I think we're actually --  
3 Dana we're kind of in your presentation.

4                   MR. COLARULLI: Sure. Well, I should  
5 start off saying, you know, Tony said he was going  
6 to try to be very efficient, so I showed up early  
7 because I assumed that he would finish sooner, and  
8 he failed to do that.

9                   CHAIRPERSON JENKINS: Well, I was only  
10 going to give you five minutes. He was looking  
11 very bleak this morning.

12                  MR. COLARULLI: Good afternoon, I'm  
13 happy to be with you. I realize I'm closing out  
14 the session, so I'd like to have more exciting  
15 things to report. But what I will tell you is  
16 what we're looking at in Congress and where they  
17 are right now. It's August, traditionally this is  
18 Congressional Recess. Half of The Congress is  
19 out; the House left town last week. The Senate is  
20 still here. The leader had announced that they'd  
21 be staying through mid-August. I understand as  
22 about half hour ago talking to The Senate

1 Cloakroom. Their hope is actually to leave, if  
2 they finish up work even today or tomorrow and  
3 leave town. So they may be leaving sooner than  
4 they expected. I know a lot of staffers that had  
5 bought non- refundable tickets for their vacation  
6 and then had to change them, now will be happy  
7 that they are leaving a little earlier.

8           But I'll start with that, the schedule  
9 for both August and September. They are back  
10 right after Labor Day and generally September  
11 becomes the month that they continue talking about  
12 budget bills, appropriations bills with the hope  
13 of trying to wrap things up by the end of the  
14 month. If they are unable to do that, generally a  
15 continued resolution is passed and at this point  
16 although the House has done some good work in  
17 trying to move forward bills, the Senate has been  
18 trying to wrap up some as well, the progress  
19 doesn't suggest that they'll be able to do that  
20 again this year. So you can expect a continuing  
21 resolution at the end of the month. What that  
22 will look like, we're not sure how long it will be



1 and whether after that the plan would be to create  
2 an Omnibus Bill of some kind or multiple small, so  
3 called "mini-busses," still up in the air. But  
4 September, that's the month when they'll come back  
5 and they will finally figure that out. 17 ends on  
6 the 30th. They have to figure that out. The debt  
7 ceiling also expires mid-October per the  
8 Congressional Budget Office. It's unclear how the  
9 Congress might address that and how OMB might  
10 weigh in with their proposal. Expected  
11 legislative agenda, outside of the appropriations  
12 in the budget bill certainly NAFTA is being  
13 discussed actually from possibly a resurgence of  
14 discussion trying to move healthcare reform again  
15 certainly could happen. So again, consistent with  
16 other reports I've given, IP isn't a front burner  
17 issue, domestically for Congress. It certainly  
18 has been brought up in some of the international  
19 discussions, but again, kind of a backseat for --  
20 but for the most part for the main Congressional  
21 discussions.

22 One exception is the reintroduction of

1       Senator Coons' Bill. Senator Coons last Congress  
2       had introduced his Strong Patents Act. He has  
3       expanded it and called it the Stronger Patents  
4       Bill. This is the ER for economic resilience. It  
5       has a lot of the same provisions that we saw in  
6       the Strong Act, a number of additional provisions  
7       reforming PTAB, some additional provisions  
8       addressing infringement and enforcement of rights  
9       and the next couple of slides address that. But  
10      generally, the Stronger Act is broader than the  
11      previous version and a bit more comprehensive on  
12      PTAB and infringement, and significantly adds in a  
13      proposal to overturn eBay, which we had seen in  
14      draft legislation in previous congresses as well  
15      since the eBay case came down.

16                 So, same provisions -- PTAB changes the  
17      claim construction standard from BRI to District  
18      Court claim construction in PTAB cases, changes  
19      the burden of proof to clear and convincing,  
20      limits standing. You may remember the discussion  
21      around whether they should be standing in PTAB  
22      cases, came up somewhat in the wake of some of the

1 Kyle Bass litigation that we've seen and others in  
2 the financial services industry.

3 And then language again, we had seen  
4 before on changing the composition of panels.  
5 There was concern about the panel that decides on  
6 initiating and the panel decides a case on the  
7 merits of the PTAB, whether we should change that  
8 structure. And PTO in fact even went out to his  
9 stakeholder community to seek opinions on that  
10 issue. I mentioned the revolving fund, mentioned  
11 earlier legislative proposals to expand micro  
12 entity. And the bill in the previous Congress  
13 also pulled in separate legislation that we had  
14 seen in the House to address issues of demand  
15 letters.

16 The Stronger Act has additionally more  
17 changes to PTAB and I've listed a number there  
18 significantly and it's worth a deeper dive for  
19 those who are interested, limitations on  
20 initiating a PTAB proceedings based on claims. So  
21 it certainly creates a new process for amendments  
22 working from the bottom, new process for

1 amendments of claims, it changes definition of  
2 real party interests, creates an interlocutory  
3 appeal of the institution decision. This has not  
4 been proposed in context with the PTAB  
5 proceedings, but it had been discussed as a  
6 interlocutory appeal of Markman decision in  
7 District Court in the lead up to the AIA. I think  
8 it's fair to say the impact of that would probably  
9 be the same, of this provision would be the same  
10 as that provision before, likely certainly  
11 delaying resolution of the PTAB trial potentially  
12 increasing cost than any other thing. Certainly  
13 that should be considered, but it is another way  
14 to get to the concern that folks had addressed  
15 about certainly the same panel deciding on  
16 initiation. And afterwards I think that was why  
17 this provision was placed in there.

18           And then going back to what I had  
19 mentioned before -- a limit on reviews based on  
20 one claim. So it's an extension of the idea of a  
21 one bite at the apple. It really limits a  
22 proceeding going forward -- a one claim for

1 forever, for the life of that patent regardless of  
2 the petitioner seems very, very broad in scope.  
3 Again, as I said, worth more review. A few other  
4 provisions I mentioned the eBay provision, also  
5 some changes to 271F that would allow for a claim,  
6 even if a product is never, is covered by a U.S.  
7 patent, never re-imported back into the U.S. So  
8 it significantly broadens the scope in which you  
9 could enforce your right outside of the U.S. based  
10 on a U.S. patent. So again, worth a good look.

11 It's significant to say the legislation  
12 is a collection of provisions that are certainly  
13 interesting to look at, interesting to understand  
14 what their impact would be. I think to note the  
15 -- when the bill was initially introduced as the  
16 Strong Act in the last Congress, it was in part  
17 introduced as an opposition bill to the bill that  
18 the chairman, the committee and the ranking member  
19 were pursuing similar legislation that we saw in  
20 The House.

21 The current bill also has about three  
22 co-sponsors. Also, like the last Congress

1       legislation, there is no indication that the  
2       chairman of the ranking member support this bill.  
3       I don't expect it to move quickly anytime soon.

4                 But again, it's the only piece of patent  
5       reform legislation that's out there, so it's  
6       worthy of looking at and considering the impact.  
7       Additional Congressional activity moving from the  
8       Senate to the House side. We've had two hearings  
9       in front of the House Judiciary Subcommittee on  
10      Courts, Intellectual Property and the Internet.  
11      The first hearing primarily focused on reviewing  
12      what happened in the TC Heartland case. For many  
13      months the leaders of the Judiciary Committee on  
14      both sides had been looking at TC Heartland after  
15      a comprehensive approach to patent litigation  
16      reform had stumbled, and they said we'll wait to  
17      see what happens in TC Heartland, and at that  
18      point consider whether additional legislation is  
19      needed to address the concerns that we see in  
20      venue shopping.

21                 TC Heartland came out I think a little  
22      in their perspective better than they may have



1 discussion of should there be legislation to  
2 address venue? Should there be additional  
3 activity on increasing the quality of the patent,  
4 in addition to what the Agency has done. And it  
5 really did look at the PTAB proceedings. This  
6 really focused on what's the impact the PTAB  
7 proceedings and in light of proposals in the past  
8 to reform, should there be additional proposals to  
9 reform or make some significant changes to PTAB.  
10 At the end of the hearing, certainly there were  
11 views from both sides, Judge Michele raising a lot  
12 of concerns about the impact of the proceeding.  
13 Julie Samuels from Engine talking about the value  
14 of the proceeding for the industries that she  
15 works with both agreed at the end that legislation  
16 right now wasn't necessary, but it's something  
17 that they wanted to continue to look at.

18 So I think that's where they left the  
19 discussion, but Chairman Issa at the end said a  
20 couple of interesting things. Number one, he  
21 reiterated that continue to look to see if there  
22 should be legislation to address venue. He



1 expressed support in general for IPR, and he  
2 expressed a lot of concern about the Supreme Court  
3 taking up the oil states case. He reiterated that  
4 he thought certainly the proceeding was  
5 constitutional, certainly it was a value, and he  
6 suggested that he personally even would be filing  
7 a brief in the case, which we haven't yet seen  
8 drafts of, but I'll be eagerly watching for it.

9 So I think at the end of the day there  
10 may be some room for legislation, but they are  
11 waiting to see what may happen both at the PTAB  
12 and, you know, in the courts.

13 Issa, who is currently the chairman of  
14 the subcommittee may also be a candidate next  
15 Congress for chairman of the Judiciary Committee,  
16 which should have a much, more powerful seat to  
17 address some of these issues that he is interested  
18 in. So again, we'll watch that closely. So the  
19 slides go a little further into the witness  
20 statements. I will mention that last one. Peter,  
21 you had asked about CBM. There was some comments  
22 from witnesses who said we'd love to see CBM

1 continue. Chairman Issa said he'd want to try to  
2 address some of those concerns with fairness, but  
3 recognized it was a transitional proceeding, so  
4 again something to watch. The chairman will also  
5 certainly read the GAO Report as it comes out.  
6 We'll be watching to see what that report says as  
7 well on that issue.

8 MR. WALKER: Dana, just to interrupt for  
9 a second.

10 MR. COLARULLI: Sure.

11 MR. WALKER: Now, it's interesting the  
12 CBM because when we looked at the data this  
13 morning from David for this fiscal there have  
14 been, I think 40.

15 MR. COLARULLI: Yeah.

16 MR. WALKER: So, I mean, to make a  
17 legislative change for something that's 40 CBM  
18 just seems like beyond overkill. So, I mean,  
19 hopefully that's being taken into account by  
20 someone.

21 MR. COLARULLI: Hopefully, and you know,  
22 both David's team and my team both met with GAO

1 when they came in. David gave that kind of  
2 history of filings, and you're right. From when  
3 the proceeding was first available to now, we've  
4 seen a decline in those filings. I will say I  
5 think one of the reasons why Congress felt they  
6 had to create this transitional temporary  
7 proceeding was because the prior art that could be  
8 used to really make the case wasn't necessarily in  
9 traditional places. It wasn't in patents. It  
10 wasn't in printed publications. I would argue  
11 that much of that in the last few years has  
12 changed both as a lot of companies in the  
13 financial services industry have proactively  
14 engaged the patent system. But also there has  
15 been a lot more writing about the technology in  
16 that area. So it very well may be as I had  
17 suggested that we're now either at a point or soon  
18 will be where PGR and IPR could fully serve that  
19 community and address the needs of the Congress to  
20 try and address at the time.

21 MR. THURLOW: I'd only add to what  
22 Michael said. I mean, the Federal Circuit knocked

1 down or are really now at the scope of the CBM  
2 too. But I think there is still desire just  
3 because of the specific circumstances, you know,  
4 it does have unique circumstances. There has to  
5 be a litigation and so on. So I think they want  
6 it for the option, but Michael brings up good  
7 points.

8 MR. COLARULLI: The last thing I'll  
9 highlight -- as I mentioned, IP issues at least  
10 for Congress haven't been on the front burner.  
11 The staff have still been interested in a number  
12 of issues. We were able to bring up Nate Kelly,  
13 our solicitor, David joined us as well with a  
14 couple of others to brief Senate Judiciary staff  
15 cases in front of the Court this term. We also  
16 talked about some of the issues that the Court  
17 would be taking up next, would likely take up next  
18 term related to PTAB, all interesting topics that  
19 the staff are going to need to address at some  
20 point. We got some very good engagement with  
21 staff and tried to educate them. At least give  
22 them the language -- both highlight the issues

1 that are being discussed and what kind of the  
2 language that we use to talk about them.

3 We have also done a little bit softer  
4 events trying to educate folks of particular  
5 Congressional caucuses. In this case the  
6 Congressional Manufacturing Caucus on the value of  
7 IP, how IP is used. We were able to put together  
8 a panel for the Manufacturing Caucus sitting next  
9 to the SBA and the SBIR program representatives to  
10 talk about how IP and SBIR program can help a  
11 small company actually bring a product to market  
12 and then be successful as well. So again, trying  
13 to show the value both of the work that we do  
14 here, the work of SBA, lots of other opportunities  
15 like that. I think we will be up to do more staff  
16 briefings on issues like geographic indications,  
17 other trademark issues next Congress. We're also  
18 looking to do some more caucus events on issues  
19 like stem education and what the Agency has been  
20 doing and investing in those activities. With  
21 that --

22 MR. WALKER: Dana, there is another

1 question on that.

2 MR. COLARULLI: Sure.

3 MR. WALKER: Can you use those  
4 opportunities, these Congressional events  
5 obviously is focused on manufacturing, but great  
6 opportunity to the number of asks that the office  
7 will have in terms of legislative changes, fee  
8 setting, authority extension. Did you mention  
9 those issues?

10 MR. COLARULLI: Yeah.

11 MR. WALKER: During these or worked them  
12 into the conversation somehow?

13 MR. COLARULLI: To the extent they land  
14 the audience that would be minimal to those  
15 absolutely. So, the briefings are a good way for  
16 us to go up and talk to them about an issue that  
17 they have asked us to talk about, but then  
18 highlight. And by the way there is some  
19 operational limitations, so certainly on the fee  
20 setting authority we've highlighted it frequently.  
21 On TEAPP as well, in the wake of a lot of  
22 discussions we had about PTOs, time and attendance

1 policy on some of the OIG reports and the hearings  
2 leading late last year. We were able to  
3 transition the discussion to -- and by the way  
4 telework has been a really good business model and  
5 that authority expired. So some of those issues  
6 we're able to highlight. Other issues, are in the  
7 package that, you know, I think there is actually  
8 language for even for PPAC to clarify some of the  
9 ethics rules around PPAC members. There is --  
10 what's that?

11 MALE SPEAKER: We like that.

12 MR. COLARULLI: You like that? There is  
13 also some language to clarify some of the  
14 flexibilities for the PTO on dealing with  
15 situations like the power outage last December.  
16 Those are issues that we can try to work into  
17 discussions, but certainly we couldn't do a whole  
18 briefing. And so yeah, absolutely Mike, to the  
19 extent we have the ability we try to raise those  
20 issues.

21 CHAIRPERSON JENKINS: So also quickly,  
22 we have another question from the public about a

1 little bit more detail on the telework, upcoming  
2 deadline for extension. You mentioned it briefly  
3 during Tony's presentation, but maybe a little bit  
4 more detail?

5 MR. COLARULLI: Sure, so the 2010  
6 Telework Enhancement Act gave the PTO specific  
7 authority to allow its employees to waive their  
8 federal right to reimbursement for their travel  
9 when they're asked to come back to the office for  
10 training or any other engagement. The folks that  
11 are currently on the TEAPP program, the Telework  
12 Enhancement Act Pilot Program, which is created  
13 under the act are full time teleworkers and are  
14 not required to come back every -- about twice a  
15 bi-week which turns out to be 13 times a year. We  
16 can change their duty stations to where they are  
17 and ask them to come back for training, a limited  
18 period of time which we've negotiated with the  
19 unions. When they come back they are paying their  
20 own way.

21 So I mentioned it's about 40 percent of  
22 our full- time teleworkers across the agency. The



1 other component or folks that are either full-time  
2 teleworking in the 50-mile radius or there are  
3 full-time teleworkers that do come back to the  
4 office, you know, every twice a biweek. The  
5 agency has seen a lot of benefit from the TEAPP  
6 program. It allowed us to expand our full-time  
7 teleworking workforce considerably since 2010,  
8 which really was Congress' intent. We're now at a  
9 point that I think both patent operations,  
10 trademark operations or PTAB and our TTAB, all  
11 which will have (inaudible) have now gotten to the  
12 point where they have figured out how often they  
13 might want to bring people back for training and  
14 engagement. We're at a point where we could  
15 really estimate those costs, but another three  
16 years or so would give us additional time to  
17 incorporate that fully into our budgeting.

18 That's what The Hill has reached out to  
19 us and asked -- would a short-term extension be  
20 helpful to us? We've said yes. Over that three  
21 years, it's about a \$3.5 million cost expenditure,  
22 which certainly is a small percentage of our

1 overall budget. It's a larger percentage of the  
2 discretionary funds that PTO has. You heard Tony  
3 say we fund people and we fund IT. Those are our  
4 big expenditures within IT and our discretionary  
5 funds. You know, that would be 3.5 million we  
6 could put to other things. So, we've been very  
7 supportive of extending it. We haven't seen it  
8 introduced in any legislation yet, but there  
9 certainly has been interest and we've been fueling  
10 some of that interest.

11 CHAIRPERSON JENKINS: Great. Any other  
12 question for Dana? Okay, Drew? Nothing, close,  
13 what a great meeting? Nothing, nothing, come on  
14 Drew.

15 MR. HIRSHFELD: What a great meeting.  
16 No, thank you everybody. As always, it was a  
17 great meeting. I know we fell way behind in the  
18 morning and we caught up in the afternoon. Thanks  
19 very much to -- I will thank both all the PPAC  
20 members for all of their hard work and everything  
21 they do to not only put this event together, but  
22 also behind the scenes to help advise PTO and

1 thanks to all the PTO staff, many of whom come in  
2 and out, some of whom like the folks to my right  
3 stay here the entire time who help not only put  
4 this event together, but run the entire agency and  
5 thanks to everybody.

6 CHAIRPERSON JENKINS: Thanks, Drew. I  
7 echo all of that, a great meeting, great  
8 discussion. I know Peter said to me earlier, you  
9 know, you always learn something -- I'll  
10 paraphrase, you always learn something new coming  
11 to the meeting. You know, we learned so much,  
12 we've been on the committee, both Peter and I have  
13 been on for a long time, but there is always new  
14 challenges, new things to address. I want to  
15 thank -- we had a great audience here and also  
16 online. We tried very hard to address the  
17 questions that we were coming at from all angles.  
18 I appreciate the team effort on that. That was  
19 great and please continue to ask us questions. I  
20 also want to thank AIPLA they sent in comments to  
21 us a couple of weeks ago. I appreciate that as  
22 well and look to continue the discussion. So with

1       that I would like to move to close the meeting.

2       Do I have a second?

3                 MR. THURLOW:   Second.

4                 CHAIRPERSON JENKINS:   Second, okay  
5       great.   So we close.   Thank you so much everyone.

6                         (Whereupon, at 3:01 p.m. the  
7       Proceedings were adjourned.)

8                                 \*   \*   \*   \*   \*

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CERTIFICATE OF NOTARY PUBLIC

COMMONWEALTH OF VIRGINIA

I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action. Carleton J. Anderson, III

(Signature and Seal on File)

Notary Public in and for the Commonwealth of Virginia

Commission No. 351998 Expires: November 30, 2016