

UNITED STATES PATENT AND TRADEMARK OFFICE

PATENT PUBLIC ADVISORY COMMITTEE

QUARTERLY MEETING

Alexandria, Virginia

Thursday, February 1, 2018

1 PARTICIPANTS:

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3 MARYLEE JENKINS, Chair

4 BERNARD KNIGHT

5 JENNIFER CAMACHO

6 MICHAEL WALKER

7 PETER THURLOW

8 DAN LANG

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13 PAMELA SCHWARTZ

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4 BOB BAHR

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

2 (9:00 a.m.)

3 MS. JENKINS: Good morning. Good  
4 morning, everyone. We're going to start our PPAC  
5 quarterly meeting of February 1st. I'm not sure  
6 where last year went to, but we're not in February  
7 and so it is the first meeting of PPAC for the  
8 year. Hi. I'm Marylee Jenkins. I am Chair of  
9 PPAC and welcome, everyone. Thank you for  
10 attending. Thank you for attending via the web.

11 It is live. So we're going to start.  
12 We have a lot of topics. Very interesting  
13 developments at the office and always a good  
14 source of information for folks who are logging in  
15 or sitting here in the audience of what is going  
16 on at the moment at the USPTO. I encourage you to  
17 also recommend these meetings to colleagues and  
18 friends because you learn so much about the  
19 activities of what we do with the PTO, as well as  
20 what is going on here. So I'm also going to warn  
21 you that my voice is kind of coming and going so  
22 Mike may have to interpreter later on. He said

1 not a problem earlier. So with that, I would like  
2 to introduce Joe Matal. He is performing the  
3 functions and duties of the Undersecretary of  
4 Commerce for Intellectual Property and Director of  
5 the USPTO, and I always call him the interim  
6 directors, so.

7 MR. MATAL: Thank you, Marylee, for that  
8 introduction. First of all, I'd like to  
9 acknowledge our three new PPAC appointments. All  
10 three of whom are reappointments and are serving a  
11 second term: Mike Walker, Dan Lang, and Mark  
12 Goodson. Welcome back to PPAC and we look forward  
13 to your second term of the committee. A few  
14 updates. The President's nominee for director  
15 Andrei Iancu is locked in to get a vote before the  
16 U.S. Senate on Monday at 5:00 so you'll be able to  
17 watch that on TV. We don't expect the vote to be,  
18 contrary to some of the press accounts, it's  
19 pretty clear the reason they scheduled this for a  
20 vote is the Senate periodically does bed check  
21 votes on Monday night for some of the senators to  
22 show up, and that appears to be the reason this

1 was scheduled for a vote, but we expect him to be  
2 confirmed overwhelmingly. After the confirmation  
3 it typically takes a couple of days for the  
4 President to sign paperwork, so Andrei should be  
5 sworn in as director within about a week. A  
6 couple more updates. We recently went through a  
7 brief government shutdown, but in the course of  
8 that shutdown OMB authorized PTO to use its  
9 reserve funds. We have funds reserved from --  
10 user fees reserved from past payments that allowed  
11 the agency to remain open for a period of time.  
12 There are threats of shutdowns looming in the  
13 future. The CR that was agreed to is pretty  
14 short, but given this recent precedent we're  
15 confident that it seems likely we'll -- again, we  
16 wouldn't be affected by a brief shutdown. We'd be  
17 allowed to use our reserve funds to continue to  
18 operate. Some brief update on patents' issues.

19 For the first three months of this year  
20 compared to the first three months of the last  
21 fiscal year we've actually had a 5.4 percent  
22 increase in serialized patent filings, new patent

1 applications. That's our first substantial  
2 increase like that in a while. It came as a bit  
3 of a surprise to us, but patents are popular  
4 again. They've come back into style and we're  
5 heartened to see that rise. This has also been  
6 accompanied by a 9.1 percent decrease in RCEs  
7 which is also a good thing. RCEs are effectively  
8 do overs, and various programs we're instituted  
9 seem to have some success and leading to a  
10 decrease in RCEs. Also, an update about matters  
11 before the Patent Trial and Appeal Board. Our ex  
12 parte backlog continues to go down. The board's  
13 made great progress in reducing the pendency of ex  
14 parte appeals which still make up about two thirds  
15 of the board's work, and the board continues to  
16 comply with all of its statutory deadlines. For  
17 the first time ever it did make two exceptions to  
18 that deadline. After the Aqua [phonetic] products  
19 case came down, vacating our rule governing  
20 amendments and IPRs the board did extend the  
21 deadline for two pending IPRs that involved  
22 amendments until the agency was able to issue



1 guidance across the board as to how to handle  
2 amendments on those cases. Both of those cases  
3 have since been disposed of now that the guidance  
4 has been issued. The Supreme Court had oral  
5 argument in the oil states case involving the  
6 constitutionality of AI trials. Several of us  
7 from the agency managed to get tickets to attend  
8 that argument and heard the Justices' comments.  
9 I'm sure you've all -- many of you have probably  
10 read the transcripts or followed the cases well.  
11 The tenor of the argument reinforced our optimism  
12 about the outcome of the case. We also had a  
13 decision in the Wi-Fi one case involving the  
14 appeal -- ability of institution decisions, an  
15 issues that we won in (inaudible), but, you know,  
16 agency has taken the view that the statutory  
17 provision that institution decisions are final and  
18 non-appealable means that they're final and can't  
19 be appealed, but we got an adverse result on that  
20 in the federal circuit. We're not sure this will  
21 be the final word. There are still two cases  
22 pending in the Supreme Court that also raised this

1 issue Anser Sharari secure access and unwired  
2 planet cases, and it's possible this issue will  
3 come up again. And then just a brief note about  
4 the shared services, an issue which has been  
5 discussed in the past. We're still in  
6 negotiations with CFO staff at the Commerce  
7 Department over the scope of a contract to  
8 evaluate the shared services project, have an  
9 outside auditor look at it. Outside auditor look  
10 at it and see if it would make sense. And then,  
11 finally, I'll just note that we have an exciting  
12 and jam packed agenda for all of you today. We'll  
13 get updates from the patents organization,  
14 including the patent quality team for our  
15 international office. Later the Patent Trial and  
16 Appeal Board will present on its issues. We'll  
17 have an update from the office of gov affairs as  
18 to what's going on on Capitol Hill. Not a lot of  
19 activity on big patent legislation like we saw in  
20 the past two Congresses, but some small but still  
21 significant things going on. And then, finally,  
22 our Office of enrollment and Discipline will cap

1       it off with a discussion of their near diversion  
2       program. So I look forward to attending this as  
3       much of it as I can. Unfortunately, in the  
4       afternoon I'll have to leave for a trademarks  
5       matter. So I'm sure it's one of those exciting  
6       moments when trademarks gets to trump patents.  
7       Unfortunately, I won't be able to attend the  
8       afternoon because of that, but I do look forward  
9       to the rest of the presentations.

10               And with that I'll had it back to you,  
11       Marylee.

12               MS. JENKINS: Thank you, Joe. On a  
13       personal note I just want to say how appreciate we  
14       are. Obviously, we're going to be transitioning  
15       to a new director, but we just want to thank you  
16       for all your support, your guidance, your  
17       encouragement, your communication. Myself, and I  
18       think I speak for the rest of the committee, we've  
19       really appreciated the interaction for the, I  
20       guess, seven months now.

21               MR. MATAL: I think almost eight.

22               MS. JENKINS: Almost eight. Yes, he's

1 saying eight.

2 MR. MATAL: Really kind of stretches the  
3 definition of interim director, huh.

4 MS. JENKINS: But really I thought it's  
5 worked very well, and we're certainly trying to,  
6 as an advisory committee to the U.S. Patent and  
7 Trademark Office, to be more interactive with the  
8 office and try to get messages out from the user  
9 community, and you have only been supportive and  
10 helpful, and committed, and we all appreciate  
11 that. So with that, we usually do a roll call.

12 So, Pam, you want to start us off?

13 MS. SCHWARTZ: Pam Schwartz. I'm with  
14 the Patent Office Professional Association and  
15 PPAC.

16 MR. GOODSON: Mark Goodson, PPAC.

17 MR. KNIGHT: Bernie Knight, PPAC.

18 MR. SEARS: Jeff Sears, PPAC.

19 MS. COMACHO: Jennifer Camacho, PPAC.

20 MR. LANG: Dan Lang, PPAC.

21 MR. THURLOW: Peter Thurlow, PPAC, and  
22 this is Julie Mar--Spinola. She stepped out.

1 MR. WALKER: Mike Walker, PPAC.

2 MS. JENKINS: Hi. Marylee Jenkins,  
3 PPAC.

4 MR. MATAL: Joe Matal, USPTO.

5 MR. HIRSHFELD: Drew Hirshfeld, USPTO.

6 MR. FAILE: Andy Faile, USPTO.

7 MS. MARTIN-WALLACE: Valencia  
8 Martin-Wallace, PTO.

9 MR. SEIDEL: Rick Seidel, PTO.

10 MR. BAHR: Bob Bahr, PTO.

11 MR. POWELL: And Mark Powell, PTO.

12 MS. JENKINS: Great. We're now going to  
13 go to the next topic. We're actually a little bit  
14 ahead, but I did see, Tony, yeah. So we're going  
15 to Tony Scardino is, I won't say acting, but he's  
16 chief financial officer. You've worn many hats  
17 over the past year.

18 MR. SCARDINO: I'm not a very good  
19 actor, actually.

20 MS. JENKINS: So you're going to give us  
21 the finance budget update, please.

22 MR. SCARDINO: Good morning, everyone.

1 As usual, going to go through a couple fiscal  
2 years and the status thereof, and then talk fee,  
3 fee rule making and fee setting authority. So if  
4 we can turn to the next slide. As you probably  
5 are aware the federal government experienced a  
6 lapse of appropriations last week, officially at  
7 midnight or 12:01 on January 20th. There was a  
8 failure to either pass appropriations bills or  
9 enact another continuing resolution which is  
10 basically a stopgap appropriations bill. So as  
11 Joe mentioned, we stayed open while most of the  
12 rest of the government closed for roughly,  
13 literally like a half a day on that Monday. But  
14 not so coincidentally we actually on boarded 120  
15 employees that Monday. So that gives you some  
16 idea of the benefits of having an operating  
17 reserve, as well as having support from this  
18 administration during the lapse of appropriations.  
19 Those are the two things we need as a federal  
20 agency. We need funding which is prior year  
21 monies which we call the operating reserve, and  
22 then we need approval or support from the

1 administration to stay open during a lapse. And  
2 we got both, so we stayed open. Now, all they did  
3 in restoring the appropriations was pass another  
4 continuing resolution until February 8th. So this  
5 is the fourth continuing resolution that the  
6 government's been operating under since October  
7 1st. So it's anybody's guess what's going to  
8 happen after next Thursday. However, as Joe did  
9 mention, we have the ability with the operating  
10 reserve to stay open, and we think we would be  
11 able to stay open for roughly another four weeks  
12 or so. Hopefully it wouldn't come to that, but  
13 hopefully that means we could continue to hire  
14 people and do everything else that we need to do  
15 during normal course of business. So that's the  
16 benefits there. So far through the first quarter  
17 of the year plan fee collections and year to date  
18 collections are almost spot on. We're a couple  
19 million dollars above on the patent side because,  
20 as Joe mentioned, filings are at a little above  
21 what we planned for the year for the first  
22 quarter. Spending is higher than fee collections,

1 and this is normal for the first quarter. We have  
2 a lot of payments that we make during the first  
3 quarter so we always spend more, and then  
4 throughout the rest of the year we collect more  
5 than we spend so it all balances out, so that's  
6 why you see the difference there. And, finally,  
7 for end of year projections if spending goes as we  
8 project, and if fee collections come in at the  
9 rate that we project we would end the year  
10 projected spending pretty close to projected fee  
11 collections for the agency, and then the operating  
12 reserve would be roughly almost \$270 million.  
13 Again, our recommended level is \$300 million, and  
14 we could possible get there, depending on what  
15 Andrei wants us to do in terms of spending and how  
16 fee collections come in, and whether filings  
17 continue to be above what they've been planned.

18 MS. MS. CAMACHO: Could you talk a  
19 little bit about what happens to the operating  
20 reserve after a lapse in appropriation? Is it  
21 restored then? Are you able to bring in the money  
22 and restore that reserve?



1                   MR. SCARDINO: So what happens during a  
2 lapse of appropriations, we continue to collect  
3 money. We still continue to get filings, money  
4 comes with filings, people continue to pay  
5 maintenance fees. A lapse means we no longer have  
6 the authority to spend new money. Anything that  
7 came in after January 20th we could not spend, but  
8 we still have the authority to spend money that  
9 came in through January 20th, as well as prior  
10 years. So if the shutdown had been, let's say,  
11 two weeks all that money would have collected, and  
12 then once we have an available appropriation we  
13 could spend it. So it's just a cash flow in terms  
14 of access to the money.

15                   MS. MS. CAMACHO: So the lapse has no  
16 long term impact on the projected timeline in  
17 which we would actually reach the desired minimum  
18 --

19                   MR. SCARDINO: Not at all, no.

20                   MS. MS. CAMACHO: Thank you.

21                   MR. SCARDINO: Any other questions on  
22 our projected end of year operating reserve?

1 Moving on 2019, I don't have too much to say here  
2 other than I believe due to the shutdown and  
3 everything that was going on the President's going  
4 to release his budget to Congress a week late.  
5 Usually it's the first Monday in February. This  
6 year it's going to be February 12th which is the  
7 second Monday in February. PPAC's received a  
8 draft to review of our budget for 2019. I believe  
9 we requested comments by yesterday, so thank you.  
10 Once the budget is released on February 12th  
11 Secretary of Commerce, Secretary Ross will be  
12 testifying on our behalf at some point in time.  
13 We don't know the dates yet, but typically the  
14 Senate and the House have appropriations committee  
15 hearings, and we brief the Secretary, and then he  
16 handles any questions on PTO related budgetary  
17 matters. And, finally, as you all are aware the  
18 new patent fee rule went into effect on January  
19 16th. A full year. We think that the new patent  
20 fees, the schedule, will bring in about \$130  
21 million in additional revenue. Of course, not  
22 going into effect until January 16th that will

1 probably bring in closer to \$90 or so million.  
2 And then absent Congressional action our fee  
3 setting authority expires on September 16th of  
4 this year, as you know. AIA had a seven year  
5 window for fee setting authority for USPTO. And  
6 that's all I've got in terms of prepared remarks  
7 today, but I'm happy to take questions.

8 MR. WALKER: So, Tony, just a general  
9 question because I think with this shutdown a lot  
10 of people had questions, and Jennifer asked one,  
11 but about the operating reserve and the fee  
12 reserve fund from AIIA can you just sketch that  
13 out --

14 MR. SCARDINO: Sure.

15 MR. WALKER: -- for the general public  
16 so people -- it's hard to keep track of that if  
17 you're not playing inside baseball. Just a quick  
18 summary of what those are, and then I have one  
19 follow up question to that.

20 MR. SCARDINO: Sure. So the operating  
21 reserve is a planned mechanism. That is an  
22 internal thing that USPTO created. We used to

1 call it carryover funding. It's any monies that  
2 have been collected, appropriated which means that  
3 we have the ability to collect and spend these  
4 monies, and we purposefully haven't spent them.  
5 So our goal is to have a \$300 million floor for  
6 the operating reserve so that we can manage  
7 through things like a lapse in appropriations,  
8 things like fee collections coming in less than we  
9 thought they would come in so that we don't have  
10 this herky jerky stop and start throughout the  
11 year. For instance, we hired 120 people on  
12 January 22nd. We would have not hired them if we  
13 didn't have the operating reserve. So that is us,  
14 USPTO created it. The user community has  
15 supported it. The patent and trademark fee  
16 reserve fund is different. That was created  
17 through the AIIA six and a half years ago, and  
18 what that is, is almost like an overflow fund. So  
19 if Congress appropriates \$3.5 billion to USPTO and  
20 we collection \$3.7 the extra \$200 million would go  
21 into that account, and that at the end of the year  
22 we can request it back through what's called a

1 reprogramming notification to Congress. So it's  
2 just a temporary holding spot.

3 It's not an operating account. We've  
4 only used it once since AIIA was enacted. We had  
5 one year that we collected more money than  
6 Congress had appropriated. So, for all intents  
7 and purposes, it's not a fund we ever use or need  
8 unless absolutely necessary.

9 MR. WALKER: Okay. The follow up  
10 question I have, you addressed it a little  
11 indirectly there when you talk about the herky  
12 jerky thing around filing. But a lot of people  
13 concerned about IT and IT spending. So during  
14 this period when you're doing the operating  
15 reserve can you just talk about the impact or no  
16 impact on the ongoing investment in IT projects?

17 MR. SCARDINO: So the whole idea behind  
18 an operating reserve is to ride the wave of fee  
19 collections going up and down. This is true in  
20 trademarks and in patents. So the idea is we  
21 should set out our operating requirements for the  
22 year, and then we should be able to spend to plan.

1       So some years we'll dip into the operating reserve  
2       and we'll still spend the same amount of money,  
3       even though fee collections came in a little less.  
4       Other years fee collection will come in higher  
5       than we thought and we'll still spend to plan, and  
6       we'll put money into the operating reserve. Or  
7       sometimes we know going into the year we're going  
8       to dip into the operating reserve because our  
9       operating requirements required it. We've got a  
10      plan to get back to the \$300 million operating  
11      reserve limit to threshold bottom flow.

12                 MR. WALKER: I guess where I was going  
13      with that is that even during that period when  
14      you're using the operating reserve you're not  
15      making decisions around ongoing IT projects to  
16      pull funding from them --

17                 MR. SCARDINO: No.

18                 MR. WALKER: -- during a period of time  
19      to extend the operating reserve. That you're  
20      continuing that investment so that the long term  
21      viability of these projects is not put at risk at  
22      all. That was my question.

1                   MR. SCARDINO: Correct. In other words,  
2                   the operating reserve is just one tool in our  
3                   arsenal for planning, budget planning. So we plan  
4                   far in advance. IT planning starts about two  
5                   years before our fiscal year starts, so we have an  
6                   idea of what we want to spend during the year.  
7                   Now, I won't say that sometimes during a year we  
8                   experience either unanticipated costs or we  
9                   experience fee collections coming in less than we  
10                  thought, and then we will make some adjustments to  
11                  IT spending like we would with anything: Hiring,  
12                  travel, anything that's controllable. Things like  
13                  rent, we can't cut that.

14                 MR. THURLOW: The general message from  
15                 our project coming in next week is generally  
16                 positive. I mean, from a financial standpoint,  
17                 right, I mean, any CEO coming into a new position  
18                 is positive, but as I'm thinking what Joe just  
19                 said, if he gets confirmed next Monday and then it  
20                 takes a week or so he may be taking a job and the  
21                 government may be shutdown, so welcome to the  
22                 government, I guess is --

1                   MR. SCARDINO: Exactly. That would be  
2 very unfortunate for all of us. You're absolutely  
3 right. I mean, when you compare ourselves to  
4 other federal agencies the ability to have an  
5 operating reserve and weather storms like that it  
6 really makes a lot of the unpredictability out of  
7 the equation for us. If we ever had a shutdown  
8 for longer than a month I think, you know, the  
9 whole country would probably be in worse shape  
10 than just the patent system. We really need a  
11 government to continue to operate as efficiently  
12 as possible.

13                   MR. THURLOW: But down a few years ago  
14 though, right?

15                   MR. SCARDINO: It did --

16                   MR. THURLOW: I mean it --

17                   MR. SCARDINO: -- for 17 days back in  
18 2014.

19                   MR. THURLOW: And then how -- I don't  
20 know how much we had to --

21                   MR. SCARDINO: We stayed open during  
22 that entire time, absolutely.



1 MR. THURLOW: Okay.

2 MR. SCARDINO: But, you know, we  
3 couldn't stay open forever. The operating reserve  
4 eventually would go down to zero.

5 MR. THURLOW: Right.

6 MR. SCARDINO: And then we'd have to  
7 shut down like everyone.

8 MS. JENKINS: I don't know, maybe this  
9 is a Tony question or an Andy Faile question. So  
10 when you were talking about the numbers and the  
11 increase in application filings for this quarter I  
12 was wondering, well, a lot of times you want to  
13 file and get things out of the way before fee  
14 increases occur. So is that a factor or not at  
15 all? Is that just something based on (inaudible)?

16 MR. SCARDINO: I don't think we noticed  
17 any of that.

18 MS. JENKINS: Yeah.

19 MS. SCARDINO: It's a little early.  
20 But, I mean, January 16th I don't think we saw  
21 this huge bubble of activity before the new --

22 MS. JENKINS: Right.

1                   MR. SCARDINO:  -- rates like we did back  
2                   in March of 2013.  There we saw absolutely --

3                   MS. JENKINS:  Yeah.

4                   MR. SCARDINO:  -- a lot of activity.

5                   MS. JENKINS:  Yeah, yeah.  We were quite  
6                   busy at that time.

7                   MR. SCARDINO:  Yeah.

8                   MS. JENKINS:  Other questions for Tony?

9

10                  MR. HIRSHFELD:  Marylee, I'll only add  
11                  to that.  I think that the increase in the filings  
12                  even started before the fee increase, so I don't  
13                  -- and it was a while earlier.  I don't see that  
14                  there's a correlation between the two.

15                  MS. JENKINS:  Yeah.

16                  MR. SCARDINO:  And there was  
17                  continuation rules, maybe, you know, years ago in  
18                  the regulations.  There was a big bump there and  
19                  there was a lot of buzz in the industry about  
20                  getting things on file before certain dates.  I  
21                  didn't hear a blip before this January 16th, so.

22

1                   MR. LANG: It's been a long road to get  
2 the fee adjustment put into place, and it just  
3 highlights the need to, you know, extend the fee  
4 setting authority that's set to expire in  
5 September.

6                   MR. SCARDINO: Well, thank you. We are  
7 hoping it will be extended before September 16th.

8                   MR. GOODSON: If I could get a  
9 clarification of a remark you made yesterday.  
10 Track one you said there's roughly 10,000  
11 applications and that basically covers your  
12 expense.

13                   MR. SCARDINO: Correct.

14                   MR. GOODSON: What expense? That's  
15 where I'm having a difficult time. Is it not just  
16 moving a application to the front of the line?

17                   MR. SCARDINO: No, what happens is,  
18 okay, our whole business model is based upon low  
19 barrier to entry, so a patent filing application  
20 we lose money on it. It costs \$1,600 and the  
21 costs are, I don't know them off the top of my  
22 head, but closer to \$4,000, so we don't get full

1 cost recovery, with track one we do, at least  
2 that's the goal to get full cost recovery.

3 MR. GOODSON: Thank you. That explains  
4 it.

5 MR. SCARDINO: You're welcome.

6 MR. WALKER: Tony, I'm sorry. I have  
7 one more question. This came from the public, and  
8 that is long road to fee increase being actually  
9 put into place, but could you talk about the  
10 impact, I mean, you mentioned yesterday like the  
11 monthly cost to the office, cost in quotes, for  
12 the ongoing delay in that fee increase. Could you  
13 just mention what that number is?

14 MR. SCARDINO: Sure. We started this  
15 fee setting -- our requirements are to have a fee  
16 review every two years, so we started our fee  
17 review in early 2015. And then PPAC held a  
18 hearing in November of 2015. Initially, we were  
19 hoping that it would have been earlier. Anyway,  
20 we would have hoped that the new fees would have  
21 went into place before the last administration  
22 ended. That was the goal. And for a variety of

1 reasons that didn't happen. Things dragged down a  
2 little bit longer, and then once a new  
3 administration comes in they don't usually put new  
4 rules through for a while, so we lost at year a  
5 year's worth of revenue from that increase. So if  
6 every month it's roughly \$11 million we calculate  
7 it, say, you know, we do the math it was over \$100  
8 million that, you know, is lost in the sense of  
9 the same activity would have just brought in more  
10 revenue.

11 MS. JENKINS: Any other questions from  
12 the committee? Again, Dan, appreciate the comment  
13 about the fee setting authority. PPAC will look  
14 for ways to help PTO as best we can --

15 MR. SCARDINO: Thank you.

16 MS. JENKINS: -- get things done. Being  
17 on PPAC for, I guess now six years, it's always  
18 very helpful and instrumental in understanding how  
19 the backend works versus what we see on the front  
20 end, and finance, you've done a great job and you  
21 continue to do a great job, so we will do our best  
22 to try to support you to make sure you continue to

1 do a good job, so.

2 MR. SCARDINO: Thank you very much.

3 MS. JENKINS: Okay. We're early, I  
4 think too. Yeah, we're moving right along. We're  
5 going to end early. Oh, wow. So we're not going  
6 to segue way into operations and quality. We  
7 changed the agenda, if people noticed, in November  
8 to try to focus, have longer sessions for topics.  
9 One thing that we got very positive feedback on  
10 was the operation quality team presentation.  
11 People really liked the way that flowed so we're  
12 doing it again. Who's going to start the team  
13 presentation, Valencia or Andy? Andy? Jeff. Oh,  
14 that's right. Okay. All right. I forgot. You  
15 told me that last night. All right. Jeff's  
16 starting.

17 MR. SEARS: Okay.

18 MS. JENKINS: So we're doing something  
19 new today, so.

20 MR. SEARS: Something new. Thanks very  
21 much, Marylee. We've been working in subcommittee  
22 with Andy and his team on the review of after

1 final programs. As a really quick refresher, the  
2 programs are traditional 116 practice, the after  
3 final consideration pilot (AFCP) 2.0, the  
4 pre-appeal brief conference request, and there was  
5 at one point a P3 pilot. The goal of our review  
6 has been to determine whether to collapse the  
7 alternatives to traditional 116 practice into a  
8 single alternative, and if so, to determine what  
9 that alternative should look like. Andy is giving  
10 a presentation today on that very topic. To  
11 motivate the topic, I'd like to begin by sketching  
12 for the committee's consideration the goals of  
13 after-final practice and the factors to consider  
14 when designing an after-final program that could  
15 be the sole alternative to traditional 116  
16 practice.

17 MS. JENKINS: Jeff, get a little closer  
18 to your microphone there.

19 MR. SEARS: Sure.

20 MS. JENKINS: Or vice versa.

21 MR. SEARS: So, for the committee's  
22 consideration, I suggest the following goals for

1 after final practice: Reduce the need for RCEs,  
2 because RCEs just extend prosecution and increase  
3 cost for applications; provide an alternative to  
4 ex parte appeal, because ex parte appeal requires  
5 sometimes expensive briefing and the pendency can  
6 be long; Reduce the time and cost burden on the  
7 patent office: As we involve more examiners, the  
8 cost on the office goes up (oral hearings, for  
9 example, can be very expensive); and, provide a  
10 procedure that's very familiar to examiners, and  
11 give examiners proper compensation for the  
12 activity (examiners already have RCE credit).

13 Some of the facts we could consider when designing  
14 this single alternative could be the RCE rate  
15 that's engendered by the alternative, the reopen  
16 rate, the rejection maintained rate, the allowance  
17 rate, the cost on the office, and also how  
18 frequently are applicants taking advantage of the  
19 already available programs. So as I turn the  
20 floor over now to Andy and his team, I would  
21 encourage the committee to consider what the most  
22 valuable aspect of after- final programs is to



1 applicants and practitioners. What would you  
2 really like to see? I'll turn it over to Andy.

3 MR. FAILE: Okay. Thanks, Jeff. So  
4 what we thought we would do would be to walk  
5 through each of the programs that Jeff mentioned.  
6 At one time when we had P3 we had a number of  
7 different alternatives available after final.  
8 Just for everyone's kind of baseline knowledge,  
9 we're going to have our team walk through each one  
10 of those, talk a little bit about how we evaluated  
11 those programs. Particularly, we have a slide  
12 where we are comparing the outcomes of those  
13 programs, so you can kind of see one program  
14 compared to the next, and then talk about a little  
15 bit of the cost of each of those programs. I  
16 believe this is scale more on the office cost, but  
17 there's obviously applicant cost as well. After  
18 that, after everyone gets a good baseline of the  
19 programs we would open it up for discussion, and  
20 along with Jeff's goals and guiding principles  
21 maybe try to get some discussion about what would  
22 an alternative be. What are some of those facets

1 we'd want to build in? So with that, I'd like to  
2 introduce Dan Sullivan and Jerry Lorengo. Dan  
3 Sullivan's a TC director in TC 1600. Jerry  
4 Lorengo's a TC director in TC 3700. They're going  
5 to walk through the presentation and then we'll  
6 discuss after that. Okay.

7 MR. LORENCO: Thanks, Andy. I am going  
8 to go over kind of a review of the after final  
9 options. It should be review for everybody so  
10 I'll go relatively quickly. Then Dan will talk  
11 about the meaty stuff. All right. So here's a  
12 recap of the after final programs. So first up is  
13 traditional 116 practice. This is the one  
14 practice that everybody pretty much knows. This  
15 response is filed after final. It can include  
16 remarks, amendments, or both, and you can also  
17 request an interview with the examiner.  
18 Generally, examiners make determination of whether  
19 or not to enter amendments and whether or not to  
20 grant after final interviews. We've seen some  
21 stuff that examiners are granting after final  
22 interviews, and Dan will talk about some

1 statistics on the outcomes on those two. So the  
2 after final consideration pilot AFCB 2.0. This  
3 was initially a program built based on feedback  
4 that we got that there were many programs, many  
5 applications but for a little more time and  
6 consideration on the examiner's part could put  
7 them over the goal post to get them to  
8 (inaudible). Some things this happens and  
9 sometimes not and we'll go into that a little bit  
10 probably later, but really it generally includes a  
11 request for consideration under the pilot. You  
12 can file an amendment to at least one independent  
13 claim, cannot broaden the scope, and it authorizes  
14 additional time for the examiners to search and  
15 consider those arguments and claim amendments if  
16 present, and conduct an interview. The examiners  
17 have the discretion to utilize their professional  
18 judgement on what they will allow to actually  
19 spend that extra time and consideration on. I  
20 skipped this slide I think. Sure did, all right.  
21 And then pre-appeal is another after final  
22 program, and actually this is technically an after

1 notice of appeal program. This is where you have  
2 a case. It's got a final rejection. You've  
3 decided to put in a notice of appeal, and you can  
4 request a panel of examiners to formally review  
5 the case as it stands in place of five pages of  
6 arguments or less. The request has to come in  
7 with the filing of a notice of appeal. They can't  
8 exceed five pages, and you cannot include any  
9 amendments. The consideration is by the panel on  
10 the merits, generally the examiner, the examiner's  
11 supervisor, and not her person with signatory  
12 authority. Often it's a TQOS or another  
13 supervisor. And based upon that conference they  
14 send out a form to you which says either this  
15 application should proceed to the board, will be  
16 reopened, or will be allowed. A problem on that  
17 is it's just three boxes, not a whole lot of  
18 context, and that's kind of the outcome you get.  
19 Lastly, the post prosecution pilot.

20 This was an effort to look at the three  
21 after final programs we have, to take from each of  
22 them the things that the applicants thought worked

1 most well, specifically in interview style,  
2 specifically another third party in there, an  
3 increased information on the form of the outcome.  
4 So under the post prosecution pilot the form came  
5 in with a statement, the applicant was willing and  
6 available to participate in a conference with the  
7 panel of examiners. Again, no more than five  
8 pages of arguments. And you can optionally, I  
9 like, under AFCP, file non-broadening claim  
10 amendments. These submissions were reviewed by --  
11 we had points of contact within each TC who are  
12 supervisors who are tasked with making sure at the  
13 P3 request came in they met all the requirements,  
14 and if so, they were moved on the examiners  
15 docket, and then the panel would go with the  
16 examiner, the examiner supervisor, and that third  
17 person with signatory authority. And then the  
18 applicant could come in, have the conference,  
19 after the conference they would get informed of  
20 the panel's decision in writing with one of three  
21 outcomes: Final rejection upheld, allowable  
22 application, or reopening of the application.

1 This also included context as to why.

2 This case is being reopened because of  
3 X, whether the rejection or the arguments or they  
4 are, or it's going to the board and here's the  
5 outcome, or it's being allowed because this has  
6 overcome the rejection of record. This ran from  
7 July 11th, 2016 to January 12th, 2017. It was  
8 limited to 200 per our eight technology centers.  
9 So it was only the utility areas. There was only  
10 200. We kept a very close count of where those  
11 limits were so you guys could see, okay, it's  
12 getting close in 3700. I better get my request in  
13 if I want to do it there. We reached the max in  
14 ever TC except for 1600 which is a little below  
15 200 on that. That is the overview of the four. I  
16 talk relatively fast, so if you have any  
17 questions let me know, but otherwise we'll hand it  
18 off to Dan.

19 MS. JENKINS: Just a quick question.  
20 This was something that I thought was a good, out  
21 of the box idea to try to do something different,  
22 and we actually participated in it. The idea not

1 to continue -- I mean, obviously it had a limit,  
2 but were there comments? Could you address at all  
3 what people thought about it? I think both on the  
4 examining side and on the stakeholder side it  
5 might be a little bit of interest.

6 MR. LORENZO: Sure.

7 MS. JENKINS: Because that was your,  
8 sort of, newest program that you did for after  
9 final practice, right?

10 MR. LORENZO: Yeah. I can give a few  
11 things and Andy can jump in too. So part of the  
12 pilot, we wanted to make sure that we were getting  
13 feedback from both the examiners and the  
14 applicants. It was required for the examiners to  
15 fill out a survey on, you know, what did you think  
16 about the training? What did you think about the  
17 process? You know, how did this go forward? Does  
18 this advance prosecution? Does it shorten  
19 prosecution time? We also gave a link and a  
20 survey to every applicant, and we actually went as  
21 far as having our office managers call every  
22 applicant who had actually done a P3 and say,

1 here's a form, please fill out the feedback. And  
2 we had around, a little over 1,500 actual P3  
3 panels occur. We only had about 107 external  
4 feedbacks. You know, I don't know if it's a time  
5 issue or, perhaps, that wasn't actually, you know,  
6 something they wanted to give feedback on, but we  
7 really tried and we didn't get as much feedback as  
8 we wanted. The feedback we did get is people did  
9 feel it was a good program and useful. Overall,  
10 we saw the -- you know, I think what people really  
11 like is interviews and I think that's kind of  
12 something that came out of it. We don't have  
13 specifically the survey data breakout, and Andy  
14 can speak to some of that too, or Dan.

15 MR. FAILE: Sure. So P3 was very  
16 interesting and very confusing in some sense as  
17 far as evaluation. As Jerry said, we did do  
18 surveys. We got a lot of internal input from  
19 examiners, and we really, really tried to get a  
20 lot of external input from applicants. We only  
21 got 107 responses and surveys, and we did a lot of  
22 outreach to try to get the 107. So one note I



1 would put out there before diving into it a little  
2 bit is if we could maybe brainstorm some ways to  
3 get better input. We really want to make  
4 data-driven decisions on programs like this.  
5 They're pretty big expenditures of time and effort  
6 on everyone's part, and we really want to see if  
7 people really like these programs, how they use  
8 them, how we can tweak them. And with only 107  
9 responses we did not see a good data  
10 representation on things like the neutral third  
11 party, and the ability to make a presentation in  
12 front of a panel. We did not see those coming  
13 forth as very strong. Although, the confusing  
14 part, again, when Drew and I go out we get a lot  
15 of antidotal evidence that the ability to come in  
16 and make the presentation and have a neutral  
17 third-- party involved in the conference was a big  
18 part of the program. We didn't see that in the  
19 data, but we get a lot of antidotal feedback to  
20 the contrary. So in evaluating this, you know,  
21 you have a dataset and then you have what we hear  
22 almost every time we go out and talk. So in P3

1 was a pilot. We negotiated with POPA. That pilot  
2 had an end date. We've evaluating it, and right  
3 now we're kind of in the middle of, okay, what  
4 would the next thing we want to do be. Thus, the  
5 presentation here. So it is a pile that had an  
6 ending. We're evaluating that. It's a little bit  
7 murky on the evaluation of it. When Dan does his  
8 part of the presentation you can kind of see  
9 outcome based how each of the programs stack up  
10 against each other. But it was kind of different  
11 to evaluate, and one thing I would ask is if we  
12 could figure ways to get more public input into  
13 the things that we try, particular pilots.  
14 They're very important to us to try a concept, put  
15 together a number of factors, try a program. If  
16 we can get a lot of input data wise into that that  
17 helps all of us make good decisions about, you  
18 know, should we continue this program, tweak it,  
19 or try something else, so.

20 MR. THURLOW: I have questions. But, I  
21 guess, Dan, you're going to get into the meat of  
22 things --

1 MR. SULLIVAN: Yeah.

2 MR. THURLOW: -- so I can save my  
3 questions to afterwards. The main overall comment  
4 I'll make is having done this 20 years ago,  
5 remembering what it was like when we just had the  
6 traditional after final practice. I think this is  
7 a worthy review, and I think the discussion is  
8 very good. These programs may not be a perfect  
9 (inaudible) to P3, the pre-PO brief, the AFCP 2.0,  
10 but going back to the day where RCEs were going  
11 through the roof and we had no option but just to  
12 file an RCE was not the best system. So we change  
13 this, but this is a much better system now than it  
14 was many years ago.

15 MR. SULLIVAN: Right. Yes, so the goal  
16 of all these programs is to get more out of after  
17 final practice by providing an opportunity for  
18 more consideration, more communication after  
19 final. And so our hope for the programs is that  
20 applicants are going to benefit from having more  
21 information so they're able to make a more  
22 informed decision on whether to file an appeal,

1 file an RCE, or abandon an application. In some  
2 cases the hope is that the additional  
3 communication will lead to an allowance after file  
4 that maybe we wouldn't have got to without an  
5 additional round of prosecutions. And so we're  
6 hoping that these programs would also provide a  
7 cost savings to the office by reducing RCE  
8 filings. So to assess the programs we looked at  
9 allowances, reopenings, and RCE filings and  
10 applications that had a submission either in  
11 traditional after file or in one of these special  
12 programs during a six month period that ran from  
13 July 11, 2016 to January 12th, 2017. So  
14 considering allowances first we found that 36  
15 percent of applications were allowed in response  
16 to a traditional after file submission. The  
17 highest allowance rate for a special program was  
18 in AFCP, and for a subset of those applications  
19 where the examiner considered the submission. So,  
20 keep in mind that the examiner has an option in  
21 AFCP as to whether or not to give additional  
22 consideration and take the additional time. Where

1 they did take the time the allowance rate was 38  
2 percent, so only a couple of percentage points  
3 higher than what we had in traditional after file.  
4 If you include all AFCP submissions, so that's  
5 this bar over here, this includes both submissions  
6 where the examiner gave the additional  
7 consideration, and those where the examiner chose  
8 not to give additional consideration. The  
9 allowance rate was actually significantly lower  
10 than for traditional after final only, 26 percent.  
11 And this is one of a couple of pieces of evidence  
12 that we have that rather than using AFCP to get an  
13 application that's already close to allowance over  
14 the finish line what applicants seem to be doing  
15 is using these programs to get additional  
16 consideration, and maybe some of the more  
17 difficult applications in their portfolio.  
18 Allowances of P3 was also lower than traditional  
19 after final, 25 percent. However, note also that  
20 reopenings was lower in P3 or I'm sorry,  
21 reopenings was higher in P3 than in traditional  
22 after file or AFCP. Reopenings was also higher in

1 pre-appeal then in AFCP or traditional after file.  
2 And the feature in common to pre-appeal and P3  
3 that is not in traditional after file or AFCP is  
4 the presence of a neutral third party. So the  
5 presence of the third party does appear to  
6 increase reopenings. Allowance after pre-appeal  
7 was very low, 7 percent. Keep in mind that those  
8 pre-appeal is being filed with a notice of appeal,  
9 so that's sort of a selected group of applications  
10 that are already further down the road to appeal.  
11 I also want to note the asterisk here. All of  
12 these traditional after file AFCP P3 the numbers  
13 were based on the actual next action by the  
14 examiner following the submission, the after file  
15 submission. We couldn't do that for pre-appeal  
16 because there's a relatively long lag between the  
17 filing of the pre-appeal and where the examiner  
18 could do a next action. So we're using the panel  
19 decision and historically what we've seen is that  
20 about 30 percent of the instances where the panel  
21 indicates reopening there's actually the next  
22 action's allowance, so I want to make a little

1 correction here that if this follows the  
2 historical trend we'd actually have around 14  
3 percent allowance and 17 percent reopening here.

4 MS. JENKINS: Dan?

5 MR. SULLIVAN: Yes.

6 MS. JENKINS: I have a question about  
7 the discretionary programs, discretionary for the  
8 examiner. The entry after the traditionally and  
9 also the AFCP. How frequently are the requests  
10 granted in the AFCP or the amendment entered in  
11 traditional AF?

12 MR. SULLIVAN: I would say 60 to 70  
13 percent of the time they do take the additional  
14 time.

15 MS. JENKINS: And then my follow on  
16 question is do you have similar data with respect  
17 to RCEs? So if you compare this to someone --

18 MR. SULLIVAN: Yeah.

19 MS. JENKINS: -- went into an RCE.

20 MR. SULLIVAN: Yeah, that is in the next  
21 slide.

22 MS. JENKINS: Okay.

1 MR. SULLIVAN: So we're actually --

2 MS. JENKINS: Thank you.

3 MR. SULLIVAN: -- excellent segue way.

4 We're on to RCEs. So looking at RCEs we saw about  
5 40 percent of applications that got a traditional  
6 after file submission went to RCE. Lower RCE  
7 filings was for pre-appeal. Again, we're probably  
8 looking at an effect of a selected group of  
9 applications there. For AFCP 2.0 we found we got  
10 57 percent of those going. This is, again, the  
11 total both considered and not considered. Fifty  
12 seven percent, again, sort of evidencing that this  
13 is a group of applications. The applicants have  
14 selected applications that are maybe more  
15 difficult, maybe higher priority, and so more  
16 likely to go to an RCE. Again, over here on the  
17 far right we have the considered AFCP. Those went  
18 to RCE less frequently, but still more often than  
19 what we got with the traditional after final. And  
20 then P3 also was a little bit higher than  
21 traditional after file going to RCE in 43 percent  
22 of the cases. So taken together we don't have



1 evidence that we can measure that indicates that  
2 these special programs lead to a reduction in  
3 RCEs.

4 MS. JENKINS: Dan?

5 MR. SULLIVAN: Yes.

6 MS. JENKINS: I'm sorry. To follow up  
7 on my previous question, so these are RCEs that  
8 were filed after each of the programs, but do you  
9 have -- is there any data to say whether, for  
10 example, if someone's filed an RCE if it was then  
11 allowed in the next office action?

12 MR. SULLIVAN: Yeah. We haven't looked  
13 at that yet, but I do agree that we should look at  
14 some of the downstream outcomes. We're still kind  
15 of waiting for cases to make their way through the  
16 system, but that's a good point. We'll look at  
17 that. Also, I think it's, in some of these  
18 reopenings, it would be good to see where they  
19 went. So, yeah, excellent point.

20 MS. JENKINS: I agree. I think that it  
21 would be helpful for the public to be able to see  
22 if they take the traditional route which is often

1 filed. The after final amendment, whether it gets  
2 accepted or not, but if it's not entered then to  
3 file the RCE so they can see if they go the  
4 traditional RCE route, and at least the statistics  
5 are comparable or not.

6 MR. SULLIVAN: Mm-hmm.

7 MS. JENKINS: It would be useful. Thank  
8 you.

9 MR. SULLIVAN: Okay. So the fact that  
10 we really can't put a number on a benefit makes it  
11 difficult for us to, you know, say whether the  
12 benefits of these programs justify their cost.  
13 The office does put a significant amount of  
14 examiner and manager resources into these  
15 programs, and that's shown here. We're looking at  
16 the amount of time, additional house, or hours in  
17 addition to standard prosecution that goes into  
18 one of these programs. So starting with  
19 traditional after final, the traditional after  
20 final is part of standard prosecution. It's  
21 included in standard prosecution. There are some  
22 instances where an examiner may get additional

1 time to consider particularly difficult  
2 submission, but typically there's no additional  
3 time, so we're going to say that on balance we  
4 don't have any additional man hours invested in  
5 that. AFCP 2.0 has -- we put an average about 2.4  
6 additional hours per case for that program. It's  
7 the least expensive because there is no conferee  
8 in that program. It's just examiner time.  
9 Pre-appeal costs us three hours of combined  
10 examiner and conferee time, and P3 costs us 4.7  
11 hours of combined examiner and conferee time.  
12 That is a significant amount of time when you  
13 consider the amount of time the examiners have to  
14 process an entire application on average. That is  
15 a significant percentage increase.

16 MR. KNIGHT: Dan?

17 MR. SULLIVAN: Yes?

18 MR. KNIGHT: Just curious, with respect  
19 to the AFCP 2.0 I think you said before that the  
20 examiners use their discretion to review the  
21 additional --

22 MR. SULLIVAN: Yes.

1                   MR. KNIGHT: -- submission, about 60 or  
2                   70 percent of the time.

3                   MR. SULLIVAN: Yeah.

4                   MR. KNIGHT: And I'm just curious why  
5                   it's not -- are you surprised it's not higher  
6                   since they already know the case and they're given  
7                   additional time or is the amount of additional  
8                   time not enough to make it, you know, appealing to  
9                   them or why do you think it's only 60 or 70  
10                  percent?

11                  MR. SULLIVAN: According to the  
12                  parameters of the program that decision is based  
13                  on whether they can -- whether time is sufficient  
14                  to do the work it's going to take to consider the  
15                  submission. So, I mean, I think that that is the  
16                  reason that they just don't feel that the time is  
17                  sufficient. They make look at the submission and  
18                  just decide that, you know, by looking at it this  
19                  is not going to move things forward and decide  
20                  well, there's no point in advancing, you know,  
21                  doing an additional search. If it doesn't  
22                  overcome the rejections in their estimation why

1 put additional time into searching, and they've  
2 made a decision to just go with a standard  
3 response.

4 MR. HIRSHFELD: Dan, if I can jump in a  
5 little bit. Maybe I'm just going to say the same  
6 thing, slightly different way, but these guys are  
7 the experts, so -- and they're doing a great job,  
8 so please tell me if you think this is correct.  
9 But I think that for AFCP the whole premise behind  
10 the program is that it's for those cases that are  
11 supposed to be, you know, close with just a little  
12 extra consideration can end up, you know, being  
13 allowed, and, hence, not going the RCE route. I'm  
14 not so sure that people are necessarily using it  
15 that way, but the way we trained examiners was for  
16 that purpose. So when they're looking at a case  
17 they're looking to decide do I think this is that  
18 close call that I can, in this extra time make  
19 that, you know, I don't mean close call, what I  
20 meant is close to being allowable and I can do  
21 that extra work in this given amount of time.  
22 That's their process, their thought process.

1 And, to me, not only is that, you know, an issue  
2 at this level, but it also highlights one of the  
3 challenges that we have with comparing all of  
4 these programs because they're all for slightly  
5 different purposes and they're used differently,  
6 so the subset of cases have different factors that  
7 have led up to that. So when we look at the  
8 comparisons one thing to keep in mind is it's not  
9 an apples to apples comparison, you know, of two  
10 programs for the same subset of cases. They're  
11 all, you know, very different. I know Jerry hit  
12 on some of that in his discussion. You know, for  
13 example, when you're in the pre-appeal you're way  
14 down the road in appeal. So, anyway, just some  
15 thoughts I wanted to add.

16 MR. SULLIVAN: From a practitioner's  
17 standpoint, following up on those points because I  
18 agree these programs, I know it's all after final,  
19 but they are different. So just two quick  
20 examples. I agree with Drew where on the AFCP 2.0  
21 we really use that -- I think there's restrictions  
22 on doing examiner interviews after final, but most

1 examiners are very reasonable, 99 percent where  
2 they'll give the interview. If we agree on  
3 allowable subject matter we use the AFCP 2.0 and  
4 we'll get the case allowed and everything's  
5 beautiful. The reason why -- but on the other  
6 hand, after one or two phone discussions if we  
7 have an indication we're not going to get the case  
8 allowed that's when we go to the appeal route and  
9 we get another set of eyes, as we say, on it. The  
10 pre-appeal route is really important because,  
11 remember, the numbers are coming down now and the  
12 ex parte appeal is still high, you know, but  
13 they're coming down. They're much better than  
14 they were years ago, but there was cases years ago  
15 that the appeal would go on for, you know, three  
16 to five years or something so it was really  
17 unfortunate. So that's where the pre-appeal  
18 really came in handy, and that's why even today  
19 it's still valuable because you get the three  
20 panel, you get a different set of eyes to look at  
21 it. So we need, whether we go to one program,  
22 maybe we go to two programs, but I see both those

1 different programs, but important for different  
2 reasons based on the status of your case.

3 MR. WALKER: Dan, there's a question  
4 from the audience that I'll raise, and I just  
5 mention that if people have questions we have our  
6 email address, PPAC@uspto.gov. We get questions  
7 that way or on the web stream which I just lost.  
8 So the question came in from the public. What  
9 follow up, if any, is there on pre-appeal  
10 conferences that proceed to the board but get  
11 reopened when the brief is filed. Any comment on  
12 that?

13 MR. SULLIVAN: I don't have numbers of  
14 that. I think that we've looked at it, but I  
15 couldn't say, but that's something we could follow  
16 up with.

17 MR. WALKER: Okay.

18 MR. SULLIVAN: As I said, since we don't  
19 have a clear number to put on the benefit it's  
20 tricky for us to do cost/benefit analysis. We do  
21 feel that these programs have value, you know,  
22 looking at their popularity. So we get about 43,



1 you know, almost 44,000 in a six month period. We  
2 get about 44,000 traditional after finals. We had  
3 24,000 or so AFCP 2 submissions where the examiner  
4 took the time and it's over 30,000. So we're  
5 approaching 80 percent, as many as we get in  
6 traditional after file. So this is a very popular  
7 program. Pre-appeal, less popular. That may be  
8 due to the timing. That may also be due to less  
9 information coming out of the pre-appeal program.  
10 And then P3 the numbers there aren't really an  
11 indicator. I think that, you know, one, that the  
12 number of submissions that we did except was  
13 capped. And, two, I feel that if AFCP didn't  
14 exist that would be the option and we might see  
15 filing similar to what we got for AFCP. But AFCP  
16 the popularity of AFCP certainly speaks to  
17 something that the applicants are seeing value in,  
18 and the AFCP has been around for a while. I know  
19 a lot of people has experience with it. So,  
20 clearly, applicants see value. There must be a  
21 reason for that, and there's also an intuitive  
22 case to be made that any additional consideration

1 and communication after final has value. So going  
2 forward our plan is to continue to explore these  
3 programs, take the lessons learned from these  
4 pilots and see if we can come up with options that  
5 are most cost effective, possibly, but certainly  
6 we see that there's value there and we're going to  
7 continue to explore them. And we'll, of course,  
8 be working closely with PPAC on that as well. So,  
9 are there any other questions about the  
10 presentation or do you want to open it for a  
11 general discussion?

12 MS. JENKINS: I just want to segue way  
13 that we do want to work with you, and what I'm  
14 thinking about is maybe we can do a roundtable or  
15 some other type of mechanism where PPAC is  
16 involved where we get more stakeholder input in  
17 this area. It's interesting because personally  
18 when you're making comments I'm thinking about,  
19 well, how much is it going to cost, and can I get  
20 the case allowed to I don't have to pay another  
21 RCE filing fee. You know, are we having trouble  
22 with the examiner, and, you know, we've tried to

1 explain it about ten different ways and gotten the  
2 SPE involved, and it still doesn't seem to be  
3 getting over the hurdle, and so do we appeal? Do  
4 we pre-appeal? How much is that going to cost?  
5 So, you know, there's a lot of elements that go  
6 into each separate case and each different client,  
7 in my experience. But I really think we haven't  
8 had a PPAC roundtable of some kind in a long time,  
9 so maybe we can try to get that going. That's an  
10 initiative for PPAC this year too. Julie's going  
11 to talk about what we're going to try to do with  
12 PTAB, and so there's a lot of enthusiasm from the  
13 committee in that area, so let's try to make that  
14 happen.

15 MR. FAILE: I think that's a great idea,  
16 Marylee. We've had a lot of success in doing  
17 roundtables and getting input. If you think back  
18 to the slides that we've been doing for the last  
19 number of PPACs we've shown a trend in RCE  
20 filings. And at one point we were up about  
21 111,000 RCEs in the backlog, and through  
22 roundtable discussions we had a whole

1 RCE--centered roundtable set of discussions with  
2 the public. We put strategies together, some of  
3 which you see in front of you in terms of AFCP,  
4 and we brought that backlog down to its present  
5 day, 25,000 or so. So we've had great success in  
6 partnering with PPAC and also getting a lot of  
7 input from the public and finding out what are the  
8 pressure points and what are ways to address them.  
9 So I think using that same strategy here and  
10 looking at the after finals would, basically, be a  
11 wise thing to do.

12 MS. JENKINS: That was Ester's baby,  
13 RCEs, so I know she's very proud of the number  
14 going down, and we appreciate the PTO taking our  
15 input. So, Jeff, I'm going to task you with  
16 trying to move the ball forward on this.

17 MR. SEARS: Okay. Great.

18 MS. JENKINS: And let's try to think out  
19 of the box and maybe do something a little  
20 different than traditional, you know, someone gets  
21 up and speaks and then they sit down. You know,  
22 more interactive. Like, you know, what we did

1 with you last week which I thought was great, so.

2 MR. SEARS: Sure. Can I ask a question?

3 So I was just asked by a couple of my fellow  
4 members, and I regret I don't have the answer, but  
5 I know Andy will have the answer. Andy, does the  
6 patent office charge a fee to enter the pre-appeal  
7 or AFCP 2.0 or the P3 program?

8 MR. FAILE: There are no fees for any of  
9 those currently, is that correct? Or a notice of  
10 appeal as part of getting a pre-appeal, yeah, just  
11 that.

12 MR. SEARS: Okay.

13 MR. FAILE: When we tested P3 we had  
14 discussed initially a fee because there is quite  
15 an expense there, but to get the pilot going and  
16 get the data we didn't do a fee. If we were to  
17 run a full time program we'd want to discuss that  
18 end of it as well. But currently no fee except  
19 for the standard notice of appeal fee to get into  
20 pre-appeal.

21 MR. SEARS: Great. Marylee, are we good  
22 on time? So, I would like to make a suggestion

1 for the committee's consideration. Let's say that  
2 the alternatives to traditional 116 practice are  
3 condensed into a single program and that program  
4 is an interview by right after final. Does that  
5 appeal to the committee? Is that not sufficient?

6 What does the committee think?  
7 Jennifer? Pete?

8 MR. THURLLOW: Respectfully, I never get  
9 denied for an interview after final, so I think  
10 the bigger issue, quite frankly, is the amendment  
11 or the submission of additional information. But  
12 you'd have to take a step back, as we work on the  
13 application it's -- you have the non-final where  
14 you try to get the declaration and all the  
15 additional information you need and the amendments  
16 you've had for more important cases, the  
17 interview. So as you prep for the after final  
18 it's almost like you're prepping for the appeal.  
19 So, to me, the need for the interview we get. Has  
20 anybody been rejected for an after final  
21 interview? Around the table? Dan? I don't know.

22 MR. SULLIVAN: I haven't.

1                   MR. THURLOW: I'm not aware of anybody  
2                   being rejected for an after final interview. So I  
3                   don't want to shoot down that idea, Jeff, but I'm  
4                   just saying I get it now, so.

5                   MR. SULLIVAN: So, Peter, from your  
6                   earlier comments it sounds like the additional  
7                   time for consideration is the more valuable piece  
8                   of these programs.

9                   MR. THURLOW: See, all these programs  
10                  start out with excitement, so the pre-appeal was  
11                  great initially. A lot of, you know, feedback and  
12                  so on. AFCP 2.0 was great, but then as you get  
13                  more and more into the program a lot of examiners  
14                  start saying three hours is not enough, and they  
15                  just started, you know, going to refile. So it  
16                  kind of lost its luster a little bit. So that's  
17                  why, you know, if you look at the continuum that's  
18                  what led to more things like in the P3 program and  
19                  interaction and so on. So each one of these  
20                  programs leads to the next program and so on, and  
21                  the former program it loses a little luster, at  
22                  least that's my opinion.

1                   MR. WALKER: Just had a comment for  
2                   Andy, so a suggestion. So following on to the  
3                   lack of cost there. So maybe what you do is you  
4                   institute a cost for each of these programs that's  
5                   \$100 refundable if you provide feedback on the  
6                   program to the office. Because, you know, it's  
7                   really frustrating --

8                   MR. FAILE: Oh, I like that.

9                   MR. WALKER: Yeah. It's really  
10                  frustrating that you don't get more feedback. And  
11                  I was just, really, not just joking, but wondering  
12                  about whether or not you check with other parts of  
13                  the government. I mean, sometimes these things  
14                  come in on providing feedback and people just  
15                  throw them away, but is there some better modality  
16                  for getting input from people? It just seems like  
17                  there's such a big investment in time, and to not  
18                  get the feedback from user community on these  
19                  programs it's really hard to change the direction  
20                  of the ship if you don't know if it's going in the  
21                  right direction or not.

22                  MR. FAILE: That's a great comment and I



1 appreciate your support and innovative thinking.  
2 I'm not sure, I'll defer to Bob if we can actually  
3 do something like that, but one of the things I  
4 think along the line of suggestion that Marylee  
5 had is we don't get a lot of information through  
6 survey. We don't get a lot of participation  
7 through surveys, and I think maybe that's just  
8 kind of just surveys in general, you don't get a  
9 lot of participation. We do get pretty good  
10 information when we bring the issue to people for  
11 discussion, as Marylee suggested. In the RC  
12 roundtables we brought -- we had a number of  
13 roundtables throughout the country on that issue.  
14 In bringing the issue to those locals and getting  
15 people to talk to us there we got really good  
16 information in that way. So that seems to be, at  
17 least at the moment, one of the best ways to get  
18 information in from the public on the programs  
19 that we're doing. So I think that would probably  
20 be a good way to do here as well.

21 MR. THURLOW: And then you could  
22 probably tie that into the patent quality

1 roundtables and road shows. I mean, Valencia's  
2 been up to New York a few times, and so on, and I  
3 agree. Because I get the written request of  
4 surveys and you're just so busy with work stuff.  
5 It's hard to fill it out. But if Valencia calls  
6 me to talk about it I always take the time and say  
7 here's what's going on. And just very quickly, I  
8 question the numbers with the additional hours per  
9 case. Only thing, like, if we have a client we  
10 say we can push an application where you can get a  
11 patent within six months or a year. It'll take  
12 you more cost and more upfront, but we can just  
13 push papers back and forth for five years and  
14 won't get anything. So even though it may be more  
15 cost initially my concern is if you don't have  
16 that collaboration between the groups then, in  
17 essence, you know, you have concerns with the  
18 backlog and so on. Most cases get (inaudible)  
19 when you have those interviews and the  
20 interaction.

21 MR. LORENZO: I wanted to make one point  
22 too. You know, I'm glad when you ask for after

1 final review you're getting them granted. That's  
2 what we want. But we also know that not everybody  
3 files after final amendments, only about 60  
4 percent of the time. Some people go right to an  
5 RCE, so --

6 MR. THURLOW: And that's what we don't  
7 want.

8 MR. LORENZO: Yeah, but I'm saying two  
9 out of five times people will not even file an  
10 after file amendment. They'll just refill an RCE,  
11 so there is no opportunity for the interaction is  
12 what I'm saying.

13 MR. THURLOW: Right. But, again, you  
14 agree that's not what we don't want. That's the  
15 worst case. That's what happened years ago.

16 Yeah, that's a no no.

17 MR. SULLIVAN: That's one reason we  
18 really sort of push the traditional after file  
19 that first part and 36 percent allowance rate with  
20 traditional after final submissions. It is a  
21 pretty effective way to get to an allowance.

22 MS. JENKINS: Just a couple things. I

1 think as a practitioner, you may not know, but we  
2 get a lot of requests for PTO surveys. You know,  
3 and if it's something that's more of a personal  
4 element I think people will give more attention to  
5 it that you're specifically asking for that input,  
6 and that input will have an impact. You know,  
7 even, to be fair, you know, we're really trying to  
8 push involvement through the user community  
9 through the PPAC page. And so I hope everyone  
10 sees we read this. We try to get you included.

11 We try to get your input. And I think  
12 that's a perception people have is that it just  
13 goes into a black box and no one really reads it.  
14 We all know that's not the case. So I think it's  
15 a perception and a time element. I think the  
16 other thing for after final to consider is making  
17 is simpler. People, if you're used to doing it  
18 and you're a big company you understand after  
19 final, but if you're not a lot of folks don't  
20 understand the process. There's a lot of jargon.  
21 It could just be, like, a menu. Something, you  
22 know, here's what you get to do and you have an

1 option to interview. You have an option to pay a  
2 fee and get something else. And I think,  
3 unfortunately, the perception is after final  
4 practice the examiner is not going to allow the  
5 case, is not going to amend the claims, and you  
6 might as well just file an RCE because it's a  
7 waste of time to do some of the other mechanisms,  
8 so. But I think very, very importantly is it's a  
9 discussion between the user community and the  
10 examiners. And so we, you know, with the idea  
11 that we're all working together. And so, again,  
12 if PPAC can help with that we will step up. I  
13 know Jeff is all over it, so.

14 MR. FAILE: I will work with Jeff.

15 MS. JENKINS: Yes. Our after final  
16 subcommittee leader. So, okay. Where are we onto  
17 next?

18 MS. MARTIN-WALLACE: So our next  
19 presentation is on our training programs for  
20 FY--18, and Don Hajec, Assistant Deputy  
21 Commissioner of the Patent Operations is going to  
22 present that to you, as well as we have the

1 Director of the Office of Patent Training, Garry  
2 Jones, who will be here to answer any of your  
3 questions as well. So we put a lot of  
4 effort into developing the appropriate legal  
5 training for our examiners, quality assurance  
6 specialists, managers every year, and they're  
7 going to go through our FY--18 training plan, and  
8 how we develop it as well as what we will be  
9 focusing on this year. So I'll send it over to  
10 Don.

11 MR. HAJEC: Good morning, everybody.  
12 So, as Valencia said we're going to go over the  
13 training plan for Fiscal Year 18. So one thing to  
14 keep in mind we develop -- there's lot of sources  
15 that drive us when we develop our training. Some  
16 of this includes data from our master review form,  
17 our Office of Patent Quality Assurance Reviews,  
18 reviews that are done in the technology center.  
19 We are also responsive to feedback we receive  
20 internally and both externally. For example, if  
21 within the technology center there are  
22 observations that examiners are struggling

1 interpreting case law or applying 103s  
2 appropriately that feedback would be brought up  
3 the chain and we would evaluate for potential  
4 training. Same, for example, if Drew or Andy are  
5 out speaking and they hear feedback that there's  
6 an issue with 101 or some other procedural  
7 practice we would then go back, look at our own  
8 internal data to see if there is validation for  
9 that, and we would develop training and also  
10 through surveys as well. So our training is  
11 provided for both newly hired and experienced  
12 trainers. For example, the class of examiners we  
13 brought in last money they are currently in our  
14 patent training academy where they'll be there for  
15 four months receiving classroom training and hands  
16 on training working with applications. We also  
17 have quite a bit of training for our experienced  
18 examiners. I'm going to touch on some of that,  
19 but the training I'm covering today is really just  
20 the tip of the iceberg and I'll elaborate a little  
21 bit later. And our training can be delivered core  
22 wide, you know, every examiner mandatory, or it

1 can be targeted by technology centers or examiners  
2 who see a certain type of, you know, for example,  
3 101 Alice type rejections. We wouldn't  
4 necessarily deliver to the entire patent core.  
5 And we approach our training with a variety of  
6 different styles. We include lecture style  
7 training. We use computer--based training  
8 modules, workshops, and combinations of those.  
9 And the workshops are something we've developed  
10 over the last couple of years and they've been  
11 very well-- received from our examiners.  
12 Basically, the workshop style training is a much  
13 smaller group of individuals attending each  
14 session. They're led by an experienced point of  
15 contact that we trained, and normally we'll have  
16 technology specific examples within those  
17 workshops, so a lot more interactive. Examiners  
18 have an opportunity to ask questions and work on  
19 specific examples. One of the approaches we've  
20 taken over the past couple years is to have a  
21 smaller cadre of trainers for each of the  
22 individual topic. Our trainers are developed



1 through our managers, our SPEs, and quality  
2 assurance specialists in the technology centers.  
3 Trainers from the Office of Patent Training, and  
4 also we rely on trainers from the Office of  
5 Patent, Legal Administration. So some of the  
6 training we've completed this year include 101  
7 computer--based training CBTs on subject matter  
8 eligibility. We've also completed a 112--F CBT  
9 that introduced new form paragraphs that we think  
10 will facilitate examiners' analysis of 112F. So  
11 we coupled, as an example of our training  
12 approach, currently in progress our 112F workshop.  
13 So we started out with the CBT, and then we  
14 followed up with the smaller workshops where the  
15 examiners can have hands on examples on how to  
16 apply the new form paragraphs to their related  
17 technologies. So under development for delivery  
18 the rest of the fiscal year you can see there's  
19 quite a listing of trainings: 102, 103. 103  
20 we're going to focus on modification of references  
21 and the reasons or motivations for obviousness.  
22 112A, written description, with the emphasis being

1 on new matter. Legal analysis and writing, unity  
2 of invention, examiners answer, and double  
3 patenting. So some of these will be, as I  
4 mentioned, will be delivered core--wide, others  
5 targeted. Some will be just in time training.  
6 For example, the examiner answers training, since  
7 examiners don't see or have to write examiners  
8 answers all the time that is a just in time  
9 training, so that'll be available for when an  
10 examiner gets an appeal brief. They can take the  
11 training to get a refresher on the nuances of  
12 developing a good position in their examiner's  
13 answer. One of the other things that is extremely  
14 popular with our examiners are the examiner patent  
15 quality chats. So these are topic specific  
16 meetings, webinar chats that the examiners can  
17 attend. And as evidence of a popularity, when  
18 they're announced we only have a 250 participant  
19 maximum and they're normally filled up within the  
20 hour. Also, they conclude with a brief question  
21 and answer period, and they've been very, very  
22 well--received with the examiners. And you can

1 see some of the topics that we've covered in the  
2 past on these double patenting tools and statutory  
3 double patenting. Now, before I touch on some of  
4 the external stakeholder's opportunities I just  
5 want to emphasize that this is not all the  
6 training we do. Each examiner has a 25 hour bank  
7 of training that they can take. So Gary's shop  
8 has refresher training and master level training  
9 that are available to the examiners, so if they  
10 feel they need a little bit, brush up on a certain  
11 topic they can take advantage of the refresher  
12 training. Within that 25 hour bank they can also  
13 take some personal development type training.  
14 Each technology center has a quality action plan  
15 that is driven by what the supervisors and the  
16 quality assurance specialists see in the review of  
17 their examiners' work. Each technology center  
18 also develops training that is vetted through what  
19 we call the Patent Training Council, and that can  
20 be at a tech center level, it can be at a work  
21 group level, or it can be at an art unit level.  
22 We also have several stakeholder opportunities, as

1       you can see here. One --

2                   MR. THURLOW: Hey, Don?

3                   MR. HAJEC: Yes?

4                   MR. THURLOW: Just a quick question,  
5       please.

6                   MR. HAJEC: Sure.

7                   MR. THURLOW: So, say an examiner misses  
8       the training is it always in person, physical  
9       training or if they miss a training course is it  
10      video tapped where they can log on later or a  
11      separate time or?

12                  MR. HAJEC: Okay. Good question. Thank  
13      you. So, obviously, since we've got a  
14      nation--wide workforce and over 5,000 of our  
15      examiners are hoteling.

16                  MR. THURLOW: Sure, sure.

17                  MR. HAJEC: A lot of it is done WebX or  
18      virtually. We always have makeups recognizing  
19      that things, you know, life gets in the way. So  
20      while we generally will offer examiners multiple  
21      opportunities multiple times so we can, hopefully,  
22      match their schedule, at the end of the day we

1 always have, out of the 8,000 examiners, 100, 200  
2 that had missed the training and then we offer  
3 makeup. In some situations we do record and  
4 that's what's provided during the makeup sessions,  
5 but since -- like, the workshops really need to be  
6 interactive. It's not beneficial for the examiner  
7 to be watching a video of somebody else asking  
8 questions, so those we would probably run -- the  
9 makeups would be an additional workshop or two.

10 MR. THURLOW: That program been really  
11 well-- received. It's not a huge amount of  
12 people, but the feedback I received is that the  
13 folks that have gone through it, especially some  
14 junior attorneys have really appreciated seeing  
15 how the examiners work and getting the other  
16 perspective, so that's a really good program. I'm  
17 sorry, Julie.

18 MS. MAR-SPINOLA: No apologies. Hi.  
19 Good morning, everyone, Julie Mar--Spinola. So I  
20 just want to ask a quick question on the  
21 workshops. Of those workshops because by its very  
22 format that you need to have in person training to

1 be effective how many of those are mandatory  
2 workshops?

3 MR. HAJEC: Well, for example, the 112F  
4 those are mandatory for all the examiners. Most  
5 of the workshops we've conducted to date have been  
6 mandatory. What we have found, the most  
7 successful workshops are either in person or all  
8 virtual, so we generally do not blend having some  
9 participants here in a room and others on line.  
10 When we've done the office--wide training and the  
11 trainings I'm mentioning here we generally will  
12 have all WebX type training or here on campus or  
13 in one of the regional offices. Okay. So moving  
14 on to some of the -- and I'll give everybody an  
15 opportunity to ask questions at the end as well.  
16 Some of the external stakeholder opportunities, as  
17 was mentioned, the step program's been extremely  
18 well--received. Gary, how many sessions do we  
19 have planned for this year? I know there's quite  
20 a number.

21 MR. JONES: Okay. Thank you. Good  
22 morning, everyone. So we have four sessions

1       planned for here in Alexandria. No, two sessions  
2       for here in Alexandria and four, one in each of  
3       the regional offices, and an additional inventor  
4       step which is the step program for independent  
5       vendors not for attorneys or agents.

6               MR. HAJEC: And for those of your who  
7       are not familiar with the step training, it's a  
8       three day program that exposes the participants  
9       that we give our examiners, so they get a nice  
10      perspective on what the examiners are taught, how  
11      they're taught to apply the statutes, and how to  
12      examine applications. So it's been very  
13      well--received. Another opportunity for our  
14      stakeholders is the external patent quality chat  
15      series, so similar to the examiner quality chats.  
16      We offer them to our stakeholders as well, and  
17      those will be a topic specific discussion that  
18      folks can participate in. Another opportunity  
19      that stakeholders can get involved in training is  
20      the patent examiner technical training program,  
21      and this is where industry experts can come and  
22      train our examiners so they can, you know, provide

1 their expertise and their experiences to examiners  
2 in related technologies. Those can be done  
3 virtually or we have individuals who come here to  
4 our campus or to our regional office and provide  
5 the training in that manner. And then another  
6 opportunity that we provide is the SEE program.  
7 And this is Sight Experience Education for  
8 examiners, and it's an opportunity for our  
9 examiners to go into the field to visits industry,  
10 commercial companies, academic institutions within  
11 the continental U.S. So each technology center  
12 has a budget each year for the SEE program, and  
13 examiners and SPEs will identify areas and  
14 companies that they'd like to visit. After those  
15 are identified the trips are planned, and these  
16 have been wonderfully received by the examiners.  
17 There's multiple benefits to it. One that can't  
18 be understated is the fact that quite often our  
19 examiners, as I mentioned, are throughout the  
20 country and this is an opportunity for them to see  
21 their colleagues and interact. Another great  
22 benefit, obviously, they're learning about some of



1 the cutting edge and emerging technologies in  
2 their field, but I think they get to drive home  
3 just how important intellectual property is. You  
4 know, as an examiner day--to--day when you're  
5 working on applications you don't always have that  
6 opportunity to step back and think how the job  
7 they do really make an impact on industry, and  
8 this gives them the opportunity to do so. It's  
9 not unusual for companies to prominently display  
10 the patents they've earned, and I think that  
11 really drives home that point to examiners when  
12 they visit these sites and see just how their  
13 work, their efforts makes a difference. Okay. So  
14 now I'll welcome any questions.

15 MR. THURLOW: That last program I don't  
16 think enough companies appreciate and know about,  
17 so I want to know what we can do to help, but say  
18 you work with a client that makes lighters for  
19 cigarettes and other things, and they had an  
20 examiner come up years ago and they found it very  
21 helpful and others. So I think that could be, if  
22 there's a way of getting the word out more that

1 would be good. And not to end on a sour note, my  
2 last question, when we work with examiners the  
3 biggest complaint we get is the training. You  
4 know, there's just so much going on with the court  
5 decisions and so on, and you have, as you saw it  
6 8,500 examiners, half of which are on a hotel  
7 program. And we when talk to them about training  
8 and so on this is the biggest issue is the speed  
9 of getting them the information, the accuracy of  
10 the information, who they can refer to, and  
11 whether fairly or unfairly that they use that as a  
12 crutch, but that's the feedback we get most. That  
13 --

14 MR. HAJEC: So you're getting it from  
15 the examiners?

16 MR. THURLOW: We're getting it from the  
17 examiners.

18 MR. HAJEC: Okay.

19 MR. THURLOW: Like, I've actually raised  
20 some of the after final programs to them in the  
21 pilot stage and we've discussed, you know, not  
22 every examiner, but just trying to give you some

1 fair feedback. Training is a huge issue and it's  
2 a big challenge. I don't need to tell you that,  
3 Don.

4 MR. HAJEC: Yeah.

5 MR. THURLOW: But that's the feedback we  
6 get a lot is the training just needs to, you know,  
7 so much information going on and just need more of  
8 it.

9 MR. HAJEC: Mm--hmm. Well, a couple  
10 things. You know, I think there is an  
11 appreciation that communication can always be  
12 improved. One thing Drew's been spearheading is  
13 we reconstituted and revamped our patent training  
14 council so we hope to be much more streamlined,  
15 more strategic in how we develop and deliver the  
16 training. And one thing we want to do is  
17 communicate to the examiners in advance what the  
18 curriculum for the year is so they know what's  
19 going down, you know, the pipe to them, and give  
20 them a reason why the training's important, why,  
21 you know, this is being developed and delivered  
22 this year.

1                   MR. WALKER: I had a question on the SEE  
2 program because the European Patent Office is  
3 always very aggressive, actually, in reaching out  
4 to ask us to host them.

5                   MR. HAJEC: Mm--hmm.

6                   MR. WALKER: Are you reaching out to --

7                   MR. HAJEC: Yes. That's --

8                   MR. WALKER: -- or are people asking  
9 you? How's it work?

10                  MR. HAJEC: No, we reach out. We ask  
11 that the SPEs and their examiners reach out to  
12 companies from the applications they're examining.  
13 But I do know EPO is very aggressive. Generally,  
14 when they come here the United States on those  
15 similar trips they will normally come and their  
16 examiners will visit here and we have exchanges on  
17 classifications, the cooperative patent  
18 cooperation. So we'll get examiners together. In  
19 my discussions with some of their executives,  
20 generally they use it more as a marketing ploy  
21 than an education visit for the examiners.

22                  MR. JONES: I would like to add that

1       also in the past year we have been working  
2       collaboratively with the regional offices where  
3       they are reaching out to their contacts and their  
4       own -- and around their own regional office to  
5       help us contact companies so that we can target to  
6       their local areas. So we also have the outreach  
7       coordinators from the regional office is helping  
8       us coordinate SEE trips.

9                MS. MS. CAMACHO: Don, Gary, could you  
10       expand a little bit on the 25 hour bank of  
11       elective? What sort of course do people take, and  
12       is it something that people take full advantage of  
13       or is this something that they --

14               MR. JONES: They have the ability to  
15       take up to 25 hours as electives. So when we  
16       assign training, like many of the courses Don  
17       talked about that does not come out of their 25.  
18       Or if their supervisors decides you need to have  
19       more training on double patenting that would not  
20       come out. But they have a bank of 25 hours they  
21       can use for legal training, leadership, technical  
22       training, TC specific training. So there's

1 different areas they can take, and I would say  
2 some examiners don't use all the hours and some  
3 examiners, with permission, go over, especially in  
4 the technical training area because when we have  
5 -- the tech centers have their PETTP events there  
6 is multiple events. Those are very widely  
7 attended. They could have a tech fair. Many  
8 examiners can get up to eight hours in one tech  
9 fair of technical training on different topics.  
10 So a lot of examiners do exceed the 25 hours with  
11 permission.

12 MS. MS. CAMACHO: Do electives include,  
13 for example, refresher courses on something that  
14 may have been mandatory the previous year or the  
15 year before? So, for example, if someone doesn't  
16 feel that they're up to speed on an AFCP could  
17 they then use an elective hour to retake one of  
18 those course?

19 MR. JONES: Yes. Don mentioned the  
20 refresher classes. We have about 25 to 30 classes  
21 on different practice and procedure topics that we  
22 offer every quarter, and he also mentioned the

1 master classes which are refresher classes, but  
2 are a little bit deeper dive into a little bit  
3 more complex subject matter for more experienced  
4 examiners. And that's exactly the kind of thing  
5 that they can take using their hours.

6 MS. MS. CAMACHO: Thank you.

7 MR. THURLOW: One last point I'll make  
8 is applicants find the customer partnership  
9 meetings specific to each group or unit very  
10 helpful. So to the extent you guys speak of those  
11 events I've been to a few. They're helpful as far  
12 as trainings. That's a big issue. And then I'm  
13 not sure if this question should be directed to  
14 you, or Drew, or Andy, or Joe, but the MPEP we  
15 just got a notice it was revised, and so on, and,  
16 you know, I remember going back where that book is  
17 that thick. So now it's just a link, but what's  
18 going on with that? Is that whole thing -- we  
19 have a new revision to it? Training associated  
20 with that? Anybody?

21 MR. FAILE: MPEP update.

22 MR. BAHR: We issued a new -- the

1 January 2018 revision of the MPEP. I believe it  
2 was Monday afternoon.

3 MR. FAILE: So for that, Pete, this is  
4 the first revision we've had in a while.

5 MR. BAHR: Yeah. This is the first  
6 revision in, I think, in over a year. The fact  
7 that we had it. It's kind of unfortunate that  
8 it's current as of August of 2017. The approval  
9 process for it was longer than usual.

10 MR. THURLOW: Right, right. Okay.

11 MR. HIRSCHFELD: Most of what's in  
12 there, Peter, is not, you know, new information  
13 changes. It's pulling together information that  
14 had been out, for example, on subject matter  
15 eligibility. It's taking the various memos as the  
16 law has evolved, pulling that all together in one  
17 place. So we don't necessarily feel the need to  
18 do separate training on that because examiners  
19 have been trained on everything that's in there.  
20 But it was just our way to say, you know, we've  
21 been considering it. At what point do we say it's  
22 time to update the MPEP when we feel like we've



1 got a full amount, you know, enough training at a  
2 good point, and with the case law you're not in  
3 the middle of changes. We felt it was, you know,  
4 some time ago.

5 MR. THURLOW: So what you just said  
6 right there is very helpful because all we get is  
7 the link, so we don't know what's going on.

8 MR. BAHR: Actually, if you want when we  
9 do a revision of the MPEP we have a change summary  
10 sheet.

11 MR. THURLOW: Okay.

12 MR. BAHR: That's in the front of it and  
13 that really itemizes in great detail --

14 MR. THURLOW: Okay.

15 MR. BAHR: -- all of the changes that  
16 are in the MPEP.

17 MR. THURLOW: Yeah, I'll point that out.  
18 Thank you.

19 MR. BAHR: Okay.

20 MR. HAJEC: And if there are changes  
21 that would impact examiners' procedures then we  
22 would send out advance memos or instructions on

1       how to apply that. One example was the search  
2       recordation. We asked them to record their  
3       searches in a little bit different format, so we  
4       gave them memos to give them a heads up that this  
5       change was coming.

6                   MR. FAILE: So just to follow up, Pete.  
7       Drew's right. Generally, when an MPEP revision  
8       comes out, and this has been the first one we've  
9       had in some time. We're just catching on up  
10      revising it based on things that have happened  
11      before. For this particular one there's a lot in  
12      there, and we're actually sitting down next week  
13      with the MPEP editor and with Pam for POPA, and  
14      we're going to kind of walk through all different  
15      changes. And to the extent there are things in  
16      there we think are new and want to train on we  
17      probably will be doing that, and that's a little  
18      bit different in the past where we would basically  
19      just notice people. Here's a new MPEP changes,  
20      and they're basically just cataloging a series of  
21      changes from the last revision to date. So for  
22      this particular one we'll be sitting down, I

1 believe it's next week, walking through the  
2 changes, and to the extent there are things there  
3 that we'd want to talk to POPA about it, as far as  
4 training, et cetera, you know, we'd making those  
5 decisions then.

6 MS. JENKINS: I think we're looking for  
7 a cheat sheet, so to speak, right?

8 MR. HIRSHFELD: Marylee, could I jump in  
9 for one more thing?

10 MS. JENKINS: Yes.

11 MR. HIRSHFELD: Peter mentioned the  
12 partnership meetings and I just wanted to  
13 highlight for those of you who aren't aware, and I  
14 think we did have a blog on this. We do have a  
15 new web page where people can go see what the  
16 partnership meetings are. We've taken a lot of  
17 efforts to greatly increase the numbers of  
18 partnerships, and so we've almost done one per  
19 month in 2017 in various areas. So, anyway, I  
20 agree with what you're saying. We get wonderful  
21 feedback about them. That's why we wanted to  
22 increase their frequency, and every technology

1 center has done them, but you can get more  
2 information right from our web page on  
3 this.

4 MR. THURLOW: One final thought.

5 MS. JENKINS: You still have time.

6 MR. THURLOW: So what law firms are  
7 doing, many companies, you have to kind of get --  
8 we're not getting away from the blogs and writing  
9 these summaries and so on, but everyone gets so  
10 many emails and so on. There's a lot more of the  
11 audio blogs and the video blogs. So I think there  
12 was a period of time where the patent office was  
13 doing a certain amount of those, maybe a few years  
14 ago. I don't see them. I know you can't do one a  
15 month or something, but people, you know, a  
16 picture's worth a thousand words or video.  
17 There's ways to break down whether it's Bob on 101  
18 things or updates for Valencia for patent quality  
19 we could do in the office. It can be saved on a  
20 website and people can easily catch it. You know,  
21 sometimes it's easier just to read through a whole  
22 MPEP. So, thank you.

1                   MR. WALKER: Yeah, Drew, just on that  
2 partnership meeting. I think that is really -- I  
3 can't overemphasize its importance because outside  
4 of this meeting we all get feedback and I got  
5 feedback from some people. And I was able to  
6 refer to one of these partnership meetings where  
7 the SPEs were really, really open about how to  
8 deal with issues. Because everybody has little  
9 complaints and this and that, but, boy, they were  
10 very, very good at not just explaining what the  
11 issues were but saying -- asking for feedback  
12 because they said part of the way that we are  
13 judged is how we develop our people. So if we  
14 hear from you that there is a particular examiner  
15 or some need there this is not a negative. This  
16 is, you know, an area for growth and development.  
17 So please share that with us because that improves  
18 everything, and then I have an incentive to work  
19 with my team to improve them because that is, in  
20 part, how I get rated. So I thought that was  
21 really great discussion at one of those  
22 partnership meetings. And so someone asked me a

1 question recently about some issue dealing with an  
2 examiner and I said, well, you know, if you go to  
3 the SPEs, because this is what I heard from the  
4 partnership meeting. So I thought that was really  
5 powerful and that's something that we really need  
6 to get the word more out.

7 MS. JENKINS: What comes to mind too is  
8 PPAC, I guess two years ago, had the examiner  
9 quality meeting where we had, I think, almost 800  
10 examiners, 200 in the room. We had about 600  
11 online. And I'll never forget the examiner  
12 talking about vomiting references in an IDS. That  
13 just stuck with me. But that exchange with  
14 examiners from not just the technology that  
15 they're working on, but also the folks who are  
16 trying to make them understand the technology, the  
17 practitioners, the partnership meetings are great.  
18 But if, you know, we can, again, PPAC is here for  
19 you. If we can look for ways to develop that more  
20 and get the user community to come in and no  
21 complain, but do an interactive session where  
22 there's feedback on both sides, so I think that's

1 helpful for training. For us too, training us  
2 too.

3 MR. FAILE: That's great input, and  
4 thanks for the input on the partnerships because  
5 we have, as Drew said, we've dramatically ramped  
6 those up within the last year. We're trying to do  
7 a couple things with the partnership meetings.  
8 One is just a general exchange on topics and  
9 bringing user input in for things such as after  
10 final programs. We'll take different issues that  
11 are going on and tee them up in the partnerships  
12 to get some input. Another thing we're trying to  
13 do is we're trying to facilitate the familiarity  
14 with applicants and practitioners directly with  
15 the TC personnel. So instead of email Drew or I  
16 from a practitioner, can you look into issue X.  
17 We're trying to get that traffic down to the TC  
18 directors and the SPEs who really are in the best  
19 position, in many cases, to handle those type of  
20 inquiries. When they come to us we're generally  
21 going right back to them and saying, okay, can  
22 just check this issue out. So one of the aims of

1 the partnership is to really start to develop that  
2 bridge between the applicant and practitioner  
3 community, and directly with the TC directors and  
4 SPE. So it's good to hear, Mike. It's exactly  
5 what we're trying to do is get the SPEs to be more  
6 familiar with you guys and vice versa so we can  
7 have those conversations and resolve a lot of the  
8 issues right where they occur. So, it's good  
9 feedback.

10 MS. JENKINS: Any more questions? No,  
11 good. Thank you. Thank you. Always informative.  
12 I know, we're so early. I'm just flabbergasted.  
13 Would you want to take a break? Yes, I get a nod.  
14 The committee's going yes. We have time. Can we  
15 take a ten minute break? Yes, perfect. Thank  
16 you.

17 (Recess)

18 MS. JENKINS: 10:59, so we're starting a  
19 minute early. Wow. I don't know how that  
20 translates for my poor subscriber or (laughs)  
21 transcriber. Wow. Okay, so we are now going to  
22 segue to international update and let's see. So,



1       who's going to start it?

2                   MR. POWELL: I will just start by  
3       introducing my colleague, Shira Perlmutter of  
4       OPIA, and my colleague, Karen Young from the  
5       Design TC, TC 2900, who will be giving you a  
6       discussion of issues China and Hague  
7       implementation and that sort of thing, so I'll  
8       turn it --

9                   MS. JENKINS: Yes.

10                  MR. POWELL: -- over to --

11                  MS. JENKINS: Shira, I know --

12                  MR. POWELL: -- Shira, first.

13                  MS. JENKINS: -- you've got that topic,  
14       so, welcome. Thank you.

15                                (Appause)

16                  MS. JENKINS: It's on.

17                  MS. PERLMUTTER: Ah, it is on. Great.  
18       So, we have a number of topics and I just wanted  
19       to say we will start with the China Investigation  
20       under Section 301 and talk a bit about CFIUS,  
21       which is how you pronounce that. It's always  
22       tempting to call it Sisyphus, but it's actually

1 CFIUS. (Laughter) And then we -- we're suggesting  
2 doing some brief updates on the proposed Hague  
3 Convention and Brazil's proposal to address its  
4 backlog, both of which we've reported on before.  
5 What we'll do is leave those two topics to the end  
6 and cover them if there's time. And then ID5,  
7 Mary Critharis will give a brief introduction to  
8 the work that ID5 is doing after Karen's  
9 presentation. But what I really want to do is to  
10 start with the most exciting news, which is that  
11 the President actually talked about international  
12 intellectual property in the State of the Union  
13 Address and so I thought I'd begin by reading the  
14 actual sentence, which is: "We will protect  
15 American workers and American intellectual  
16 property through strong enforcement of our trade  
17 rules." So, you know, it's not very common for  
18 the State of the Union Address to touch on IP, so  
19 it was very gratifying to hear that. So, if we  
20 turn to the China Section 301 Investigation, this  
21 is a section of the Trade Act that authorizes  
22 discretionary action by the U.S. government if

1 the U.S. trade representative determines that an  
2 act, policy, or practice of a foreign country is  
3 unreasonable or discriminatory and burdens or  
4 restricts U.S. commerce and the investigation can  
5 last up to one year. Now, just to clarify one  
6 thing, I've given reports here before on the  
7 annual Special 301 process that USTR also runs and  
8 that's something completely separate from this, so  
9 Special 301 and Section 301 are two different  
10 things. Special 301 is a annual list of countries  
11 that USTR prepares where countries are not  
12 providing adequate IP protection or enforcement.  
13 This is a section of the act that isn't specific  
14 to IP, but requires this investigation of another  
15 country's practices. Now, the President issued a  
16 memorandum in August that required the U.S. trade  
17 representative to determine whether to investigate  
18 any of China's laws, policies, practices, or  
19 actions that may be unreasonable or discriminatory  
20 and that may be harming American IP rights,  
21 innovation, or technology development. So, the  
22 memorandum specifically talked about intellectual

1 property. On August 24th, USTR issues a Federal  
2 Register notice and specified four areas to  
3 investigate. And three of them specifically talk  
4 about IP. So, the first one is whether the  
5 Chinese government is using a variety of tools to  
6 require or pressure the transfer of technologies  
7 and IP to Chinese companies. The second is  
8 whether the Chinese government is doing things  
9 that deprive U.S. companies of the ability to set  
10 market--based terms in their transactions and  
11 specifically calls out China's regulations on  
12 technology import and export administration known  
13 as TIER, and we'll talk about that a little bit  
14 more. The third area is whether China is  
15 directing and/or unfairly facilitating this  
16 systematic investment in and/or acquisition of  
17 U.S. companies and assets by Chinese companies to  
18 obtain cutting edge technologies and IP. And  
19 fourth, whether China is conducting or supporting  
20 intrusions into U.S. Commercial computer networks  
21 or cyber--enabled theft of IP trade secrets or  
22 confidential business information. So, a fairly

1 broad scope of the investigation. So, what  
2 happened over the fall is that there were hearings  
3 on this and there were a number of different  
4 submissions made and a lot of this focused on --  
5 if we can go back to the tier regulation -- on  
6 these tier regulations of China's. And if you  
7 take a look at it, you might think at first  
8 glancing at it, it looks neutral, but the problem  
9 is these are regulations that impose restrictions  
10 on what terms can be negotiated in a technology  
11 import contract. So, it's not any technology  
12 contract, it's a technology import contracts, so  
13 it's only where technology's coming from another  
14 country into China. And Article 24 says that the  
15 licensor in such a contract has to warrant that  
16 it's the lawful owner of the technology and bear  
17 the burden of any infringement claims. Article 27  
18 says that during the term of such a contract, the  
19 fruits of improvements to the technology must  
20 belong to the party making the improvements. And  
21 the fruits of the improvements would include  
22 patent rights. So, the concern is, you know,

1       you're talking again just about a technology  
2       import contract and essentially you have mandatory  
3       terms that dictate a specific allocation of risks  
4       and a specific allocation of ownership of the  
5       improvements. So, even if the licensor and  
6       licensee would like to have a contract with  
7       different terms, they are not permitted to do so.  
8       And in particular, Article 27, you know, mandates  
9       the licensing terms with respect to improvements  
10      to the technology, and that means that you would  
11      not be able to have a grant back, as you might  
12      want to have in a normal business transaction. In  
13      other words, the article makes all grant backs,  
14      per se, illegal.

15                 MR. THURLOW: So, Shira, can I stop you  
16      for a second? Just --

17                 MS. PERLMUTTER: Sure.

18                 MR. THURLOW: -- kind of scope this out.  
19      I mean, we all for the most part read the paper  
20      and follow in the news and politics and depth of  
21      China IP from China and those would -- I guess, I  
22      want to say we don't want to pick on China, but

1 that's such a hot topic and it's in the press and  
2 we all see it. That's why we wanted to talk about  
3 it today. As we work with clients, most of the  
4 work obviously is global. A lot of companies,  
5 fortunately, are bringing their work back, if I  
6 can say, into the U.S.; we're seeing more of that.  
7 But there is still lots and lots of manufacturing  
8 being done in China.

9 MS. PERLMUTTER: Yeah.

10 MR. THURLOW: So, that's why these  
11 issues are so critical, as for who owns the  
12 technology. The other thing I think I'll say is,  
13 point three, as far as that four--point analysis  
14 you mentioned, something about China investing in  
15 different company -- companies in the U.S. and/or  
16 acquiring them and bringing the technology, that  
17 is something that's happening on a day in and day  
18 out basis. So, I'm very just fascinated by the  
19 whole -- this whole review and so on. And being  
20 in New York, there's plenty of Chinese hedge  
21 funds, venture capital folks, Chinese investment  
22 corporation that are doing exactly this.

1 MS. PERLMUTTER: Right.

2 MR. THURLOW: So, I don't know if enough  
3 people appreciate all the concerns, especially  
4 with what we talked about yesterday. Let's grant  
5 back rights and the improvements and what China --  
6 the big question may be who owns this. May and I  
7 were talking about technology overall, so I'm  
8 making a big speech. But, like, this is really,  
9 for me, business standpoint, something we work on.  
10 Anybody that does cross-- border work, these are  
11 really critical issues, you know, and CFIUS is  
12 next. We'll get to that, but this is, like, a  
13 really big deal that I don't think enough people  
14 focus on.

15 MS. PERLMUTTER: Yeah. No, I absolutely  
16 agree. And I think, you know, no one is  
17 suggesting that all investment by China and the  
18 United States is bad, but the question is, you  
19 know, whether it goes too far and it has to do  
20 with the government directing or facilitating  
21 systematic investment interacquisition to obtain  
22 an advantage over American companies. I think



1       that's the focus, but I completely understand your  
2       point. And I should say so, Larry Lian, who's  
3       here, is a member of our China team and he's been  
4       very deeply involved in this process and at all  
5       the hearings and helping to lead some of the work.

6                 So, he may want to add something.

7                 MR. LIAN: I totally agree with you,  
8       Peter, that -- oh, thank you -- that the issue  
9       really is not how license and transactions are  
10      done. The issue really is the government stepping  
11      in. Now, you have to set the terms this way, the  
12      grant back, the risks it's not exactly that -- the  
13      license and transactions that you -- it's not  
14      exactly that you don't have to do grant back.  
15      It's just matter of you take the rights out of the  
16      parties whether to do grant back or not.

17                MR. THURLOW: The other reason we wanted  
18      to discuss this is that, you know, we're  
19      representing the public. And we go out and we  
20      speak to constituents, clients, and bar  
21      associations, different events. I don't think  
22      many people appreciate the work that you do,

1 Larry. And, like, the focus that you, Mary, and  
2 Shira and Mark, of course, do with the U.S. -- on  
3 the USTR side with respect to the -- it's  
4 intellectual property, it's patents, but it's much  
5 bigger with technology and innovation and the  
6 roles that the patent office plays in those  
7 discussions and that stuff. And that's the thing  
8 I've learned probably most of my six years on  
9 PPAC, so maybe just explain more. What do you do?  
10 You go to the USTR meetings, you're the voice for  
11 the IP side?

12 SPEAKER: Yes, the IP side.

13 MR. LIAN: We closely work together with  
14 our USTR colleagues, of course, on any IP issues.  
15 And there are, of course, IP expert for USTR, as  
16 well. But, I guess, the bigger point is that we  
17 closely work together.

18 MS. PERLMUTTER: Yeah. I would just add  
19 that's true not on China, of course, so --

20 MR. LIAN: Right. Of course, ma'am.

21 MS. PERLMUTTER: -- we are very involved  
22 in all the trade matters serving as essentially

1       their technical experts on intellectual property,  
2       whether it's a negotiation of a trade agreement,  
3       the implementation of a trade agreement, or issues  
4       like Special 301 and Section 301 investigations.

5               MS. CAMACHO:  Shira, may I ask a  
6       question?  Are these -- I'm just looking at the  
7       Article 24 and 27 under the Chinese regulations.  
8       Are these unique to China or are similar  
9       regulations found in other similar jurisdictions?

10              MR. LIAN:  There are about 300 countries  
11       in the world, of course.  I cannot say that we  
12       looked at each of those 300 countries, but we did  
13       try hard to look across the board.  We have not  
14       seen any -- anything similar.

15              MS. PERLMUTTER:  Good question.  All  
16       right.  So, just to say --

17              MR. LANG:  Just one more, Shira?

18              MS. PERLMUTTER:  Yeah.

19              MR. LANG:  So, back on the grant back  
20       restriction, I'm just reading the language  
21       facially; it looks like a restriction on the  
22       ownership of improvements.  How does that operate

1 with respect to, you know, the grant back of a  
2 Non- exclusive license, for example?

3 MS. PERLMUTTER: I don't believe it  
4 would affect that, but, Larry, do you want to?

5 MR. LIAN: Yeah, of course. You can  
6 say, oh, one party owns the improvement; the party  
7 can still license that improvement to the other  
8 party. However, a license is always less than  
9 ownership. As the ownership of the whole package  
10 of that technology, do you want to own the core  
11 technology while have the improvement own to the  
12 -- by the other party, you only have license  
13 rights, or do you want to own the home -- own a  
14 whole portfolio? That's the difference.

15 MR. WALKER: And I would just add to  
16 that, that we had this discussion that, you know,  
17 if you have that grant back so the licensee now  
18 owns it and they grant a license, you say, a  
19 limited -- much limited right back to the  
20 licensor, but a lot of these licensors are in the  
21 businesses of granting licenses around the world,  
22 and so now if they give -- if they want to grant

1 access to those improvements to someone else,  
2 they've got to get from the Chinese entity the  
3 right to further grant sublicenses or else it's  
4 the Chinese company who controls the ability to  
5 grant access to those improvements to other  
6 licensees of a licensor. So, it's really -- it's  
7 a complex thing, but it really gives a lot of  
8 control to the licensee in that case to have a  
9 statute that gives them that right up front. At  
10 least, that's my read on it. You can tell me if  
11 that was wrong.

12 MR. LIAN: Yes, thank you. That--  
13 that's perhaps one way of putting this, is that  
14 you gradually lose control of your technology  
15 particularly in the complex, let's say,  
16 telecommunication area that a lot of patents are  
17 involved for one product that gradually lose  
18 control.

19 MR. WALKER: I do have one other  
20 question. I know you're going to talk about the  
21 hearing testimony, but one of the other things  
22 that point -- the first point I thought of those

1 four points was very important about the  
2 organizational structure and the requirement that  
3 China has for a lot of minority--owned joint  
4 ventures in order to take technology into the  
5 country. Was that part of -- was there a lot of  
6 focus on that at the hearings or was that -- or  
7 was it more on the technology licensing aspect?

8 MR. LIAN: There are actually a lot of  
9 U.S. rights holders through industry associations,  
10 through individual companies that have been  
11 telling the U.S. government whenever they do deals  
12 in China's always this -- how should I say it?  
13 Could be -- oftentimes it's not in public, of  
14 course. Here, you must transfer this technology,  
15 but during the negotiations there's always this  
16 pressure and the transcript and the -- all the  
17 submission, by the way, are all on the website. I  
18 can point you to some specific ones.

19 MR. THURLOW: A very practical example,  
20 just to provide an example. What happens  
21 sometimes, companies come to us and say, "We're  
22 going to get the manufacturer," and this is going

1 back, you know, some examples, five to 10 years  
2 ago. "We're going to get the product made in  
3 China. You know, less expensive, no environmental  
4 issues, safety, and so on." And then they get the  
5 products made, but then they find out pretty soon  
6 after that companies are formed in China that are  
7 their competitors, are based on the same  
8 technology. So, then they come to us and say,  
9 "How can we stop them in China," and we say,  
10 "Well, what's going on in China?" They  
11 transfer all the technology already and they just  
12 -- because for them to manufacture the product in  
13 China, they need all the technology and the  
14 drawings and the know-- how. So, we always say,  
15 "Buyer be aware, be caution," and so on. But  
16 unfortunately, it happens what we see all too  
17 often.

18 MS. PERLMUTTER: Well, we will continue  
19 to report on developments once the decision is  
20 made, the investigation's completed, the decision  
21 is made. Just to say I won't go over this in much  
22 detail, but, you know, the general concern by U.S.

1 businesses is, as we describe, that there is some  
2 discrimination and unreasonableness in the tier  
3 licensing regime and on the other side there was  
4 testimony from a number of Chambers of Commerce in  
5 China that are affiliated with the government that  
6 are saying, "It's neutral in nature and it's  
7 justified on the basis of the weaker positions of  
8 licenses and transfers," that kind of argument.  
9 So, I think, let's move on and talk about CFIUS.  
10 So, this is the Committee on Foreign Investment in  
11 the United States. And it's a -- I was saying  
12 yesterday, it's a committee I didn't even know  
13 existed until I took this job and maybe others  
14 here are in the same position. It is an  
15 interagency committee that is authorized to review  
16 transactions that could result in the control of a  
17 U.S. Business by a foreign entity and  
18 specifically to look at the affect the transaction  
19 could have on our national security. It's part of  
20 the Defense Production Act, the Foreign Investment  
21 and National Security Act, so you can see it's  
22 pretty focused on defense and national security.



1 And it's made up of a number of different  
2 department and offices in the government,  
3 including, as you can see, the Department of  
4 Commerce, as well as Treasury, State, Defense,  
5 Homeland Security, Justice, Energy, USTR, and  
6 OSTP. And then you've got a number of offices in  
7 the White House that observe and participate in  
8 the activities. And we get involved as part of  
9 the Department of Commerce when there's something  
10 that has an IP aspect to it, which could include a  
11 transfer of technology where there's patents  
12 involved. And Mary Critharis has been our  
13 representative in these CFIUS discussions, which  
14 basically means being locked in a room for days,  
15 dealing with the issues involved. If you look at  
16 what kinds of transactions we're talking about,  
17 it's any merger, acquisition, or takeover which  
18 results in foreign control of any entity engaged  
19 in interstate commerce in the United States. So,  
20 it doesn't have to be a U.S. owned business that  
21 is being taken control of. And control is also  
22 fairly broadly defined, a power to determine

1 direct or decide matters effecting the entity,  
2 which could involve the sale, lease, pledge, or  
3 other transfer of assets, the dissolution or the  
4 closing or relocation of research and development  
5 facilities. And then national security is quite  
6 broad, it includes a lot of concerns that fall  
7 under Homeland Security, including everything  
8 having to do with critical infrastructure, which  
9 again, is defined. And the kinds of things that  
10 could be considered, for example, is proximity to  
11 sensitive military facilities. So, just very  
12 briefly on the process, someone will file a  
13 challenge under CFIUS. Then the entity, the  
14 committee has 30 days to review it, to decide  
15 whether to commence an investigation. Once it's  
16 initiated, it can last up to 45 days, so you can  
17 see it's a very quick process, actually. That's  
18 an intense time period to make these decisions.  
19 And if the national security's issues are not  
20 resolved, then CFIUS makes a recommendation to the  
21 President whether to block or clear the  
22 transaction. And that has to be done within 15

1 days, so it's a tight timeframe, which you can  
2 understand why, given these are commercial  
3 transactions where you can't really ask people to  
4 wait for months before a decision is made whether  
5 they can go ahead. And if you look at the kinds  
6 of transactions that have been reviewed, you can  
7 see they come from a number of different countries  
8 and it's probably not a surprising list because  
9 these are going to be countries that are -- that  
10 have businesses that are interested in investing  
11 in the United States. So, China is at the top of  
12 the list, but you also have the U.K., Canada,  
13 Japan, Germany, France and South Korea.

14 MR. THURLOW: Russia not on there or  
15 just --

16 MS. PERLMUTTER: No.

17 MR. THURLOW: No?

18 MR. GOODSON: What happened to Germany  
19 in 2015?

20 MS. PERLMUTTER: (Laughs) Good question.  
21 Mary, do you have any insights?

22 MS. MAR-SPINOLA: Actually, I was going

1 to ask if there's more updated information.

2

3 MS. PERLMUTTER: Not yet. We haven't  
4 seen the 2016 data yet.

5 MS. MAR-SPINOLA: Okay. It -- I think  
6 maybe that -- that'll have Russia in there.

7 MS. PERLMUTTER: Yes. I think --

8 MS. MAR-SPINOLA: In that time period.

9 MS. PERLMUTTER: -- you're probably  
10 right.

11 MS. MAR-SPINOLA: Yeah.

12 MS. PERLMUTTER: And I did also just  
13 want to say that you can see these numbers of  
14 cases that were brought, but there have only been  
15 four transactions that have been blocked by the  
16 President since CFIUS began, which was in '75.  
17 So, in 40--some years, four transactions have been  
18 blocked. However, others, often they're permitted  
19 to proceed if certain conditions are met, so it's  
20 a little bit like an antitrust review. And so,  
21 conditions may have been met in other cases that  
22 dealt with the national security concerns and then

1       there also have been transactions that have not  
2       proceeded even without being blocked because they  
3       didn't want to meet the conditions.  So --

4                 MR. THURLOW:  Yeah.

5                 MS. PERLMUTTER:  -- the number four is  
6       perhaps a little bit misleading.

7                 MR. THURLOW:  Did President Trump use it  
8       once with the one --

9                 SPEAKER:  Yes.

10                MS. PERLMUTTER:  Yeah.

11                MR. THURLOW:  -- with the semiconductor  
12       case, I think?

13                MS. CRITHARIS:  Correct.

14       YeahYeahYeahYes, he blocked a recent transaction  
15       involving the Chinese trying to purchase  
16       semiconductor technologies in the United States.

17                MR. THURLOW:  Oh.

18                MS. PERLMUTTER:  And I just wanted to  
19       note that there have been several amendments to  
20       CFIUS proposed recently that are still pending,  
21       all of which would broaden its coverage in some  
22       way by either broadening the types of transactions

1 that are covered or broadening the concept of what  
2 constitutes national security. For example,  
3 looking at food security issues and looking at the  
4 impact on commerce as being part of a national  
5 security concern. So, moving a little bit away  
6 from the more military type issues. Yes.

7 MR. GOODSON: Yeah. There are  
8 practically no people in the Cayman Islands way --  
9 I mean, obviously, it's an international business  
10 center. You know, like in banking, know your  
11 customer. Do we really know who these entities  
12 are or it's just a front -- I mean, that's what  
13 the Cayman Islands did. It's a front.

14 SPEAKER: (off mic) (laughter)

15 MR. GOODSON: Oh, absolutely.

16 MS. CRITHARIS: I've never been.

17 (Laughs) --

18 MR. GOODSON: Well, I think you should  
19 open up an office here. (Laughter)

20 MS. CRITHARIS: If I could.

21 MS. PERLMUTTER: A regional office in  
22 the Cayman, yeah.

1                   MS. CRITHARIS: I think that's part of  
2                   the review process, so there they are looking what  
3                   the covered transaction is and looking for  
4                   national security implications. Part of their  
5                   review is to determine the type of ownership. So,  
6                   that is taken into account. That's one of the  
7                   factors that goes into the national security  
8                   review. That is something the committee will  
9                   review.

10                  MR. WALKER: As a comment, it seems like  
11                  all of this may not have been used a lot of late.  
12                  It certainly is a trend. Today's Wall Street  
13                  Journal reported that Australia is placing  
14                  restrictions on the ability of Chinese to invest  
15                  in a couple of industries, their energy  
16                  infrastructure, and the food. So, the -- just  
17                  seems to be that this is picking up momentum  
18                  globally, so we'll see how it plays out.

19                  SPEAKER: Yeah.

20                  MR. THURLOW: And just with -- just  
21                  along with what Mike said, I agree. That's  
22                  something I haven't heard about -- I've heard as

1 long of as six -- say, six months ago. Now, it  
2 seems like every article in the paper is about it.  
3 Wall Street Journal had another article earlier  
4 this week. IP Law360 had an article about it, Top  
5 of the Page about it. So, see more and more of it  
6 and then as we go through your presentation, but  
7 just -- we talked about it yesterday, just for  
8 everyone's benefit. Who was actually on this  
9 committee that gets to make the decision?  
10 Obviously, the President is the ultimate  
11 decision--maker, but this committee is not this  
12 official -- well, let me tell -- just tell who  
13 makes up the committee.

14 MS. PERLMUTTER: Do you want to slide  
15 back up? Yeah. So, then who comes to the actual  
16 meetings from those departments?

17 SPEAKER: Yeah.

18 MS. CRITHARIS: Well, these are the  
19 members of the committee. about theaboutaboutThe  
20 Secretary of Treasury is the chairperson for  
21 CFIUS.

22 SPEAKER: Okay.



1 MS. CRITHARIS: ----The leads for these  
2 issues are at the Secretary or Deputy Secretary  
3 level. All of these discussions, even though  
4 there's a lot of staff participating in the  
5 committee discussions, the decisions are made at  
6 least at the Deputy Secretary level from all the  
7 agencies.

8 MR. THURLOW: Yeah. So, I think Michael  
9 mentioned yesterday was that to the extent they  
10 brought in a CFIUS review because of all the  
11 technology so--called IP concerns, more broadly, I  
12 think, technology. You know, these folks are a  
13 higher level of folk, so there's going to be --  
14 after review, the whole process is going be,  
15 "Who's going to be doing a review to make  
16 recommendations to them?"

17 MS. PERLMUTTER: Yeah, and one other  
18 point I forgot to make is that this is the not --  
19 the decisions are not made by majority vote. Any  
20 agency can veto the transaction going forward.

21 MR. THURLOW: Oh, wow. That's  
22 interesting.

1           MS. CRITHARIS: Yeah. Just to add, it is  
2           a consensus body, so if one member of the  
3           committee feels strongly that there is a national  
4           security implication, that then it has to be  
5           addressed. So, it can't be a situation where  
6           everyone else just says, "No, we don't think  
7           there's national security information." We have  
8           to address that situation and perhaps --  
9           oftentimes, mitigation measures are imposed on the  
10          parties and they can decide whether to accept  
11          those mitigation measures. And that's usually  
12          where when we get involved because sometimes  
13          there's an IP component to the mitigation  
14          measures. And we have to make sure that everybody  
15          -- agrees to those measures and then present them  
16          to the parties.

17          MR. KNIGHT: I'm just curious. Since  
18          under Section 122, you know, if any application is  
19          found to impact national security, it's not  
20          published. So, are you dealing with, like,  
21          published applications that you still believe  
22          could affect national security or a member of

1 CFIUS does and then they ask the USPTO for advice?

2 Or how, you know, how are we involved?

3 MS. CRITHARIS: Yeah. So, typically,  
4 what happens is if there's a transaction and --  
5 mitigation measures are imposed, usually then  
6 there's some kind of license that's imposed upon  
7 the parties. And so, the question is, whether  
8 there are grant back rights, whether there is  
9 future investment in certain IP rights. But these  
10 aren't really published applications; these are  
11 actually patent portfolios of the parties  
12 involved.

13 MS. PERLMUTTER: All right. If there  
14 aren't other questions on this, we could give very  
15 brief updates on Brazil and on Hague. So, Mary,  
16 did you want on Brazil on what's happening with  
17 the proposal to eliminate the backlog.

18 MS. CRITHARIS: I'm not sure if many are  
19 familiar, but Brazil has incredible delays in  
20 processing their application. It can take over a  
21 decade to get a patent granted in Brazil and they  
22 really struggle with some challenges on how to

1 address this backlog. So, they -- in theThis  
2 past summer, they introduced a proposal where they  
3 would automatically grant patent rights to 230,000  
4 applications. So, that's the way that they  
5 decided to handle the backlog. They did have a  
6 public sector component and they had equivalent of  
7 Federal Register notice where they solicited input  
8 on their proposal.

9 Now, they're in the process of going  
10 through -- the comments. There waswaswaswere  
11 numerous submissions, and concerns about whether  
12 these patents would be held valid, whether someone  
13 can go to court, do they have different status  
14 than patents that were examined? They are  
15 grappling with all of the different comments and  
16 we're waiting to hear back from them with respect  
17 to whether they're going to go forward with their  
18 proposal. We just wanted to share that with you  
19 and obviously, we'd like to have your feedback on  
20 that proposal.

21 MR. THURLOW: Just one example and it  
22 wasn't funny, at the time. I asked foreign

1       counsel in Brazil years ago just to get me a copy  
2       of a patent and they told me it would take a long  
3       time, like, a long time. It was like, you know, I  
4       can just go on PAIR and just get a patent right  
5       now. And it was, like, months to get a patent.  
6       Not even to get examined, to -- patent from years  
7       ago, so it was tough, tough going in Brazil.

8                 SPEAKER: Yeah.

9                 MR. THURLOW: But, you know, I don't  
10       know why it -- this is actually -- so many  
11       countries have a registration system that, you  
12       know, I guess, there were always an examination  
13       system. One of the approaches that we talked  
14       about, the reason why the international  
15       harmonization of the IP system is so important is  
16       if you look at countries like Mexico and Canada,  
17       they really -- they tell you if you have an  
18       application or a patent that's issued in the U.S.,  
19       you put the claims in the same scope in those  
20       countries as in the U.S., you get it. So, I think  
21       that would have been a much better middle ground  
22       for Brazil to do, assuming, you know, it's still a

1 certain amount of work, but not as much as  
2 examining every application. That's a much better  
3 approach than -- it kind of, you know, it's  
4 unfortunate because the IP system is an  
5 international system. If one country is important  
6 to Brazil -- I think, Michael was telling me,  
7 especially in biotech and Live Science is lots of  
8 companies of interest down there. That's not --  
9 it's not a good thing for them to make such a  
10 silly recommendation.

11 MS. PERLMUTTER: Yeah, and I think  
12 they're really doing this as a way to just clear  
13 the underbrush because they've hired so many new  
14 examiners and they're trying to start from scratch  
15 without having to deal with everything from the  
16 past, but yeah. It raises a lot of issues.

17 MS. CRITHARIS: On that note, I also  
18 just want to add that we do have a PPH agreement  
19 with Brazil. The initial pilot program was  
20 limited to oil and gas technologies. It will now  
21 be expanded to include the IT sector, so we're  
22 hoping to sign that pretty quickly. I have spoken

1 to representatives from the oil and gas industry  
2 in the United States and they said that they  
3 actually have used the program and they were able  
4 to get patent rights in about three to six months,  
5 which was fantastic because they had really  
6 stopped applying there. There's a lot of mining  
7 and exploration patent--related activity that they  
8 these companies wanted to protect. So, this was a  
9 good vehicle for doing that.

10 MS. JENKINS: Two points. We had talked  
11 about Brazil and this idea of, I'll just call it,  
12 expedited review. And so, (laughter) but I did  
13 note from November's, there were some negative  
14 comments about it. I don't think it was  
15 incredibly well received. But I also noted PPH  
16 for Brazil, didn't the EPO -- I thought another  
17 office negotiated a different deal. But did I  
18 that read that wrong on Brazil?

19 SPEAKER: Yeah, right, yeah.

20 MS. JENKINS: So, I know -- I knew about  
21 our natural gas, oil, EPH narrowness, but I  
22 thought that they did something different. So, is

1 Brazil just sort of --

2 MR. POWELL: Yeah, the EPO --

3 MS. JENKINS: -- (inaudible) areas?

4 MR. POWELL: The EPO in Japan we were  
5 able to get similar agreements from Brazil, right?  
6 And while it's limited to oil and gas going their  
7 way, we're accepting any technology coming our  
8 way. And we don't have that many filings anyway,  
9 but it was sort of a breakthrough because as my  
10 colleagues who are able will affirm that things  
11 such as PPH, well their office had been talking to  
12 us for years about doing it, their political types  
13 in Geneva always throw up the harmonization, you  
14 know, stigma flag and say, "No, no, no. This, you  
15 know, this is a sovereignty problem. You're, you  
16 know, you're asking us to rubber stamp your work,"  
17 and which is really untrue. But I think that one  
18 other comment I

19 will make about that is, a lot of the  
20 patent filings that are 12 or 14 years old in  
21 Brazil are pretty moot, right? If you're looking  
22 at telecom going back to 2G, Andy Faile may have



1 issued something on it back in his examinee  
2 career, but it's just worthless stuff and I think  
3 that, you know, if they can't clear the backlog  
4 and actually, you know, get back into the patent  
5 system, over time it'll be a good thing.

6 MS. JENKINS: My concern was, just  
7 noting quickly the press, is that, you know,  
8 hopefully if we're negotiating with Brazil and  
9 other countries and are also negotiating in Brazil  
10 and PPH, that we get the same opportunities as  
11 those other offices have negotiated it, as well.  
12 I mean, that was my concern for stakeholders. So,  
13 did you want to add anything?

14 MR. POWELL: We always try to get, you  
15 know, reciprocity for American files, but, of  
16 course, but I think the, you know, the fact that  
17 we were able to get a PPH started with Brazil at  
18 all, even in an, you know, at first, a limited  
19 area was -- it was, frankly, I think, a pretty  
20 giant leap for them. And so, at one bit at a time  
21 we'll go that way and hopefully, get all the way,  
22 in the end.

1                   MR. THURLOW: (Inaudible) IP attaché in  
2 San Pablo, right?

3                   MS. PERLMUTTER: Yes, sorry. The mic  
4 wasn't on. And she's been very active with the  
5 patent office there on this issue. Did you want  
6 to add anything?

7                   MS. CRITHARIS: I just wanted to address  
8 the comment about having the same scope of  
9 coverage. Obviously, we were the first to  
10 negotiate the PPH agreement with Brazil and  
11 Europe and Japan following in our footsteps,  
12 wanted to have similar agreements. Brazil's  
13 trying to manage their workload when they were  
14 negotiating thisthithisthese agreements and their  
15 proposal for automatic grant of patent rights was  
16 not -- is not in effect--so they're trying to  
17 manage their backlogs and they wanted to make sure  
18 that they didn't have an influx of PPH requests  
19 from different offices.

20                   So, we each had some different concerns.  
21 In the PPH with Japan, some of the automotive  
22 industries was were included in the Japan PPH

1 agreement. For us, the IT sector and telecom was  
2 important, so all of that is included in our  
3 agreement. So, ours is actually in some ways a  
4 lot broader. If you look at the actual classes  
5 that were listed, because we went through all of  
6 the classifications. So, we have a much broader  
7 PPH than they actually have. They may have some  
8 other areas in their agreements but there's not as  
9 broad of scope as the will one that we have.

10 MS. PERLMUTTER: Right. I know we're  
11 out of time. Let me just say a sentence about  
12 Hague and then turn it over to Karen just to say  
13 we have made some progress in Hague. We've gotten  
14 the text to reflect very clearly as one of the  
15 options having IP completely excluded, and we've  
16 also managed to get even the options that include  
17 IP to narrow down the scope a lot and take care of  
18 some of our concerns about one country applying  
19 the law of another country in an inappropriate way  
20 or too much extraterritorial scope of injunctive  
21 relief. So, the negotiations are still going on,  
22 there's still a hope to have a diplomatic

1 conference at the end of this year, beginning of  
2 next year, but we at least have gotten a lot of  
3 countries to understand what our concerns are and  
4 to make sure that the text now includes within it  
5 proposals that reflect the U.S. position. So,  
6 Chris Hannon was at the last meeting of the  
7 Special -- what's it called? The Special  
8 Committee?

9 SPEAKER: Special Commission.

10 MS. PERLMUTTER: Special Commission.

11 And so, he can answer any questions. But that's  
12 generally where we are.

13 MR. MATAL: Say, Shira, before you go, I  
14 just wanted to make a little news announcement  
15 about the international team. Two of our  
16 international patent staff are actually going to  
17 start details shortly at the White House, serving  
18 the Intellectual Property Enforcement Coordinator.  
19 We're very excited to have them there just to be  
20 able to be able to provide, you know, real IP  
21 expertise to the White House as they negotiate and  
22 consider a lot of these important policies. We

1 think they'll play a valuable role there. Oh, it  
2 -- and, by the way, the two details are Matt Coner  
3 and Summer Kostonyik wanted to -- so look for  
4 them, if you happen to be in the White House.

5 (Laughter)

6 MS. PERLMUTTER: And I should just add  
7 that Duncan Wilson, who's a member of our China  
8 team, has been on detail there for the last few  
9 months, as well. Next. There we go.

10 MS. YOUNG: Good morning. I'm delighted  
11 to be here today to give you a brief overview of  
12 TC 2900, the Design Technology Center. I'll be  
13 going over some general TC 2900 information and  
14 statistics and then I'll provide an international  
15 update on the implementation of the Hague  
16 Agreement as it relates to designs. Just a quick  
17 reminder, a design patent protects the way an  
18 article of manufacturer looks, its shape and  
19 configuration, as well as any surface  
20 ornamentation applied to the article. There are  
21 design patents on cell phones, watches, and  
22 musical instruments such as guitars, to name just

1 a few. More and more people are becoming aware of  
2 the value of design patents in the field of  
3 intellectual property. Additionally, industrial  
4 design is a growing field which is contributing to  
5 the success of many manufactured products.  
6 Industrial design focuses on the aesthetic and  
7 user interface of manufactured products. It's  
8 blending form and function to make products more  
9 desirable. Two examples of this are shown here.  
10 The Mini Cooper is a classic design that came  
11 about because of restrictions in fuel supply  
12 during the 1950s and the designer was tasked with  
13 designing a car that was more frugal than the  
14 larger cars of the day. The design of the Dyson  
15 vacuum cleaner, including this handheld version,  
16 was a revolutionary new approach to a household  
17 product. All design patent applications are  
18 handled in TC 2900. My staff as of December 31st  
19 consisted of 183 design examiners, managed by 12  
20 supervisory patent examiners and assisted by a  
21 design practice specialist, a secretary, and an  
22 office manager. We also have help from the

1 centralized technical support staff in OPUS.  
2 Design filings continue to increase, as noted in  
3 the chart on the far left. In 2009, design  
4 filings were 25,575. In fiscal year 2017, the  
5 second column from the right, we received 43,272  
6 and that was, again, 6 percent over what we  
7 received in 2016. We are projecting just under  
8 46,000 applications coming in this fiscal year.  
9 And as noted on the chart on the far right, during  
10 the first quarter of fiscal year '18, we received  
11 11,909. To address the increasing workload,  
12 unlike Brazil, we have been hiring design  
13 examiners over the last five years. (Laughter)  
14 With the hiring freeze during fiscal year 2017, we  
15 were unable to hire, so our staff did decrease  
16 last year by six just through normal attrition.  
17 But I do plan on hiring 15 examiners this summer.

18 As you'll note here, there are 77  
19 examiners who are primary examiners while the  
20 majority are junior examiners. And they're  
21 becoming more and more experienced and they will  
22 be moving up in grade and thus, they will be

1 producing an increasing number of work products,  
2 as time goes on. Yes.

3 MS. CAMACHO: Could you tell us a little  
4 bit about what sort of background or technical  
5 experience or expertise you look for in an  
6 examiner?

7 MS. YOUNG: There are currently a wide  
8 variety of backgrounds here, a lot of industrial  
9 designers, architectural engineers. We do have  
10 fine arts and some folks with art degrees that  
11 also specialize and have the abilities required of  
12 drafting and reviewing drawings. So, it's a very,  
13 very diverse area.

14 MS. MAR-SPINOLA: Karen, of -- to follow  
15 up on that, is -- can -- and maybe you're going to  
16 do this, so I apologize if I'm jumping the gun  
17 here. But in terms of your efforts or your  
18 forecast to hire additional examiners, can you  
19 elaborate on what your wish list qualifications  
20 are for those hires, new hires?

21 MS. YOUNG: My wish list would be  
22 basically to hire those folks who have the



1 industrial design background, the -- any  
2 engineering or scientific or art--related  
3 background where they have the ability to really  
4 view drawings, understand the 3Ds, understand the  
5 perspectives. It's a very intense job to have,  
6 you know, 20 drawings in front of you and have to  
7 -- all the different views that are presented and  
8 pick out the differences between them and  
9 understand, you know, the broken lines and what is  
10 being claimed and not being claimed. So, a focus  
11 on the ability to understand and review drawings  
12 in whatever degree that they have earned, that  
13 would be my desired examiner. We ended the first  
14 quarter of FY18 with an inventory of 44,606 patent  
15 applications. We are not quite at the point where  
16 we act on more applications than we receive in any  
17 given year. However, with our examiner promotions  
18 and the hiring and the ability to do overtime, I'm  
19 confident that we will be able to reduce our  
20 inventory in the future. So, the current  
21 timeframe from receipt of a design application to  
22 the first office action is 13.4 months. That's

1 shown on the far right of the graph. You can see  
2 we had been going up. We're sort of heading in a  
3 downward direction. The overall total pendency is  
4 at the top and that--we are currently at 18.8  
5 months.

6 MR. SEARS: I have a --

7 MS. YOUNG: I'll briefly touch on the  
8 Hague Agreement now.

9 MR. SEARS: I have a question for you,  
10 Karen.

11 MS. YOUNG: I'm sorry, yes.

12 MR. SEARS: Yes. Are design patents  
13 eligible for patent term adjustment or --

14 MS. YOUNG: I'll have Bob respond to  
15 that, (laughter) design patents and patent term  
16 adjustment.

17 SPEAKER: There isn't yet.

18 MR. BAHR: There's isn't --

19 MS. YOUNG: It's --

20 MR. BAHR: -- any patent term adjustment  
21 for design applications --

22 MS. YOUNG: It's only utility.

1 MR. BAHR: -- or a design patent.

2 SPEAKER: Okay.

3 MR. BAHR: And the reason for that is  
4 that the term of a design patent is measured from  
5 the date of a grant, so examination delays don't  
6 --

7 SPEAKER: Right.

8 MR. BAHR: -- you know, effectively  
9 shorten this term.

10 MR. SEARS: Thanks very much.

11 MS. YOUNG: We still want to do our best  
12 to have our first actions under 14 months,  
13 (laughs) or less.

14 MR. THURLOW: Before you get into the  
15 Hague Agreement, can you -- you have a lot of  
16 folks to review and supervise and so on. Is there  
17 a general area? I mean, why the increase is a  
18 basic question. We hear from clients that it is  
19 or from -- it is really the graphic user  
20 interface and other areas. Is there a certain area  
21 that you see --

22 MS. YOUNG: The icons and the graphical

1 user interfaces is a huge area that's -- that  
2 we're seeing it. Cell phones, things like that is  
3 a huge area.

4 MR. THURLOW: Okay.

5 MS. YOUNG: And opportunities for  
6 different furnishings is an interesting area, too.

7 MR. THURLOW: So, what do you --

8 MS. YOUNG: We have a lot of --

9 MR. THURLOW: -- (inaudible) a chair --

10 MS. YOUNG: -- a lot of --

11 MR. THURLOW: -- or couch or something?

12

13 MS. YOUNG: Yeah, any type of  
14 furnishings.

15

16 MR. THURLOW: Really?

17 MS. YOUNG: Shoes are very popular.

18 MR. THURLOW: Shoes?

19 MS. YOUNG: You've seen, you know,  
20 fashion designers and the --

21

22 MR. THURLOW: Yeah, yeah.

1 MS. YOUNG: -- things that are out  
2 there.

3 MR. THURLOW: Yeah. Wow.

4 MS. JENKINS: You also talk -- I don't  
5 --I think a lot of people don't know that you can  
6 expedite -- you can't expedite review of design  
7 cases, so.

8 MS. YOUNG: We do have a rocket docket  
9 program. It is with a small fee, you are able to  
10 --it's sort of a -- like a track one on the  
11 utility side. You're able to accelerate it, not  
12 only for first office action, but unlike track  
13 one, it's through the whole process. So, we do  
14 have a process, like I said, the rocket dockets  
15 and we are currently at 4.4 months to first action  
16 in the rocket docket area.

17 MS. MAR-SPINOLA: Well, Karen, how well  
18 used is the rocket docket? I'm not sure it's that  
19 well known.

20 MS. YOUNG: It is very popular with  
21 certain companies. They will file almost  
22 everything by rocket docket, so we also have

1 companies that -- and applicants that request  
2 suspensions because they would like us to not act  
3 on the application, I think, and you know, they  
4 might have some marketing or some issues that  
5 they're waiting to see how it plays out. So, we  
6 have kind of both aspects. I don't have offhand  
7 the actual percentage of cases that are by rocket  
8 docket. For example, though, in December, I know  
9 we got 104 in one month.

10 MS. MAR-SPINOLA: And then also, in  
11 terms of the upward trend that you're expecting on  
12 filings, right, can you elaborate on what you  
13 think is the basis for that trend and why it's  
14 beneficial to have design patents at this point?

15  
16 MS. YOUNG: I can comment on the -- as  
17 we mentioned earlier, I think the areas that are  
18 growing are the GUI and the icon area is becoming  
19 more and more popular. And I think people are  
20 recognizing that a portfolio of intellectual  
21 property is not considered to be complete unless  
22 you also have protection of the design of the

1 article of manufacture. That's been my  
2 understanding, from talking to our stakeholders.

3

4 MS. MAR-SPINOLA: And is there another  
5 benefit? I think there was something about  
6 Amazon?

7 MS. YOUNG: Oh.

8 MS. MAR-SPINOLA: Is that something you  
9 can --

10 MS. YOUNG: There was some discussion.  
11 These days, we see things being sold on Amazon and  
12 Amazon does have a process so that a patent holder  
13 can go to them if they believe that a product is  
14 similar to theirs and have it reviewed. I can't  
15 speak too much to Amazon product, but that is out  
16 there. We're hearing that type of online  
17 marketing use of patents.

18 MS. JENKINS: There's one issue.  
19 There's a lot of stakeholder interest in design  
20 and I've had multiple people come up to me and  
21 say, "You do not do enough Attention PPAC on  
22 design," (laughs) so --

1 MS. YOUNG: Excellent.

2 MS. JENKINS: -- thank you.

3 MS. YOUNG: Maybe we'll be seeing a lot  
4 of each other. (Laughter)

5 MS. JENKINS: Yeah.

6 MS. YOUNG: Okay. I'll turn to the -- a  
7 brief update on the Hague. So, this is a system  
8 of international registration of industrial  
9 designs. It's where a single design application  
10 is capable of being registered in 66 contracting  
11 parties. The offices of the contracting parties  
12 examine the published international registration  
13 if required under their respective laws. The  
14 United States joined this in 2015. The  
15 Hague System is primarily a procedural  
16 arrangement. It does not determine the conditions  
17 for protection, does not determine the refusal  
18 procedure applied when deciding whether a design  
19 may be protected, and it does not determine which  
20 rights result from any protection. So, those  
21 issues are all governed by the law of each  
22 contracting party that was designated upon



1 application. This is data from October of 2016  
2 through December of 2017 and you -- it illustrates  
3 --you may not be able to read the far left, but it  
4 illustrates that we see -- we receive between 150  
5 and 200 Hague applications per month. The total  
6 Hague filings per year has increased from the 159  
7 we received the year that we joined to now 2,127  
8 that we received in fiscal year 2017. Per the  
9 Hague Agreement, our goal is to mail a first  
10 office action within 12 months. In fiscal year  
11 2017, we averaged 11 months.

12 Of the 1,546 Hague applications that we  
13 acted on in fiscal year 2017, 27 percent of them  
14 were first action allowances, 44 percent were  
15 refusals, 26 percent were restrictions, and 3  
16 percent were quails (?). I would like to wrap up  
17 by noting some of the challenges that we're  
18 currently facing that you might have noticed  
19 through the slides. Because my examining staff is  
20 mostly made up of juniors, we have a heavy  
21 training burden. We have to use our primaries to  
22 help train and to review work products, so this

1 means that our senior examiners are spending less  
2 of their own time actually examining cases, so  
3 they're not fully contributing to reducing our  
4 inventory. So, the pending inventory is a concern  
5 to me and I look forward to having the examiners  
6 move up, do more work as naturally as they go up  
7 in grade, and I look forward to having more cases  
8 go out the door than we take in. We also have our  
9 challenges keeping up with the Hagues. We also do  
10 reexams, reissues, and petitions within TC 2900.  
11 From an IT perspective, we're on schedule to get  
12 UL deployments, our new laptops, in the next few  
13 months and we look forward to that, and also some  
14 examination tool updates that will be coming in  
15 the next few months. I thank you for your time.  
16 My information is up there. I'm happy to always  
17 be available for questions. There are two Karen  
18 Youngs at the patent -- at the USPTO. (Laughs)  
19 The other Karen Young is in trademarks and we do a  
20 good job of switching email back and forth if  
21 anyone (laughter) mistakenly sends it to the wrong  
22 person.

1 MS. JENKINS: Thanks, Karen. Another  
2 question on Hague -- so, I might not say this just  
3 what -- correctly, but as us, as a receiving  
4 office, how do we compare to other receiving  
5 offices, as far as filings are concerned? Because  
6 I know one thing that was going on was when Hague  
7 was implemented, it certainly started off slow, as  
8 far as filings. I see Charlie is now standing,  
9 (laughter) so --

10 MS. YOUNG: That's right.

11 MS. JENKINS: -- uh--oh. I got Charlie  
12 --I could get Charlie to answer.

13

14 MS. YOUNG: Charlie can add in.

15 (Laughter)

16 MS. JENKINS: So, but I do remember the  
17 filings were kind of low and we thought there  
18 would be more of a user filing enthusiasm over  
19 Hague. And I do see the number is substantially  
20 better, but -- so how do we compare to other  
21 offices, like, is my question, like --

22 MR. PEARSON: Oh. Okay, well, number

1 one, the office in which it's filed, the vast  
2 majority of applications are filed directly with  
3 WIPO.

4 MS. JENKINS: Ah.

5 MR. PEARSON: We're sort of a -- we're  
6 basically a conduit. If you file it with us, we  
7 collect a little fee and just pass it along to  
8 WIPO. So, for whatever reason, you know, we get  
9 very little business with direct or indirect  
10 filings through our office. And so, as far as the  
11 overall growth, I'm a little surprised that we  
12 don't have more business than we do. I thought  
13 with provisional rights being granted, with the  
14 Hague applications, people would flock to it more  
15 than they have. But I think it's -- number one,  
16 it's rather arcane that triatic practitioners are  
17 a bit reluctant to change their practices and use  
18 the Hague System. So, hopefully with time, we'll  
19 see even a greater uptick, so that's it.

20 MS. JENKINS: Another way to ask it is,  
21 how do we -- I'm watching rankings. I, you know,  
22 I've seen China --

1 MR. PEARSON: Oh.

2 MS. JENKINS: -- get ranked with, as far  
3 as increased trademark filings here in the U.S. I  
4 think I saw that in the TPAC report. So, that's  
5 what I'm wondering, is how do we rank compared to  
6 other countries using Hague?

7 MR. PEARSON: Yeah. Or --

8 MS. JENKINS: Right.

9 MR. PEARSON: Or do you have the stats?

10 SPEAKER: Who wants to answer that  
11 question?

12 SPEAKER: Yeah.

13 MR. PEARSON: Okay, go.

14 MS. CRITHARIS: So, I don't have the  
15 stats handy, but I -- just to put it in  
16 perspective. In the registration systems  
17 , it is easier for them to file, so  
18 with Europe, for example, there's more filings  
19 there. So, from what I hear from our stakeholders  
20 is that they're still getting familiar with the  
21 Hague, one of the concerns is that admittedly  
22 there are different practices with respect to the

1 drawings and requirements that make it a little  
2 difficult to use. So, you have to read the user's  
3 guide and figure out how to adapt to different  
4 countries. And so, I think that dovetails nicely  
5 into what I wanted to talk about -- a little bit  
6 about ID5. But I think one of the questions I  
7 wanted to ask Karen was when she gave those stats,  
8 as far as the filings, I wondered if there's any  
9 information as to what areas. For example, is it  
10 mostly in the computer area, is it, what articles  
11 and manufacturer they're associated with, so that  
12 might give us a little bit more feedback as to  
13 where it's being utilized, where it's not being  
14 utilized. I don't know if you have that  
15 information or not.

16 MS. YOUNG: I don't have that right now,  
17 but --

18 MR. CRITHARIS: Yeah.

19 MS. YOUNG: -- I've actually started a  
20 process to kind of do a deeper dive into some  
21 Hague, like, there's been -- I would like to know  
22 in what areas are we doing refusals more than

1 others and I think data like you're talking about  
2 would be good to collect in the future.

3 SPEAKER: All right.

4 MS. CRITHARIS: Well, thanks, Karen.  
5 That was really a great presentation. And so,  
6 what I wanted to talk about is the new forum for  
7 ID5, which really comes on the heels of us joining  
8 the Hague Agreement in 2015. Shortly after we  
9 joined the Hague Agreement, Japan as well as Korea  
10 became members of the Hague Agreement. So, we  
11 thought that was a really good opportunity for us  
12 to launch this new ID5 forum for discussing  
13 designs. So, the USPTO held the inaugural meeting  
14 in 2005 in November of that year and --

15 SPEAKER: 2015.

16 MS. CRITHARIS: 2015, sorry. And these  
17 offices, the regions represented are Europe,  
18 Japan, Korea, China, and the USPTO.USPTOUS. And  
19 collectively, we represent 90 percent of the  
20 global filings for industrial designs. So, one of  
21 the reasons why we wanted to launch this forum was  
22 to address these concerns of having different

1 practices, particularly as they relate to the  
2 scope of protection, perhaps how to get the  
3 rights, drawing requirements, see if we can  
4 develop some kind of convergences of that, so to  
5 make it easier for the applicants to, you know,  
6 file in the different jurisdictions, but also to  
7 use the Hague Agreement. Just to keep in mind,  
8 though, that China is not a member of the Hague  
9 Agreement yet. We have been talking with them and  
10 my understanding is they're looking towards  
11 adopting the Hague Agreement. But as far as stats  
12 are concerned, for Korea and Japan, they have --  
13 we're actually -- have more applications filed  
14 with us than they do, so it's interesting to see  
15 how that's evolving. So, it's hard to predict. I  
16 think it's a little too early, but we'll be  
17 monitoring that as we go forward. So, this is a  
18 mechanism for benefitting U.S. industries so that  
19 we can discuss better ways for efficiently  
20 protecting industrial designs across the world.  
21 Obviously, we want to, as I mentioned, ensure  
22 effective protection for all technologies, we want



1 to improve consistency in design practices, and we  
2 want to focus our efforts to identify the needs of  
3 our stakeholders. I wanted to talk a little bit  
4 about some of the programs under ID5. There's  
5 three studies that really address some more of the  
6 substantive issues. One is a grace period study  
7 that we are actually leading the study and we're  
8 comparing the legal regimes on the availability  
9 and scope and time periods associated with the  
10 grace period. So, that study is right now --in  
11 progress we have collected all the data, so now  
12 we're going to

13 compile for everyone. We surveyed all  
14 the different offices, so that study will  
15 hopefully be available by the end of the year.  
16 There's also another important study in partial  
17 designs. I know we talked a little bit about this  
18 yesterday at the subcommittee meeting. We want to  
19 make sure that we're able to protect designs that  
20 claim just a portion of the article of  
21 manufacturer and not the entire article so they  
22 can have more effective protection. Because what

1 happens is, if you can't protect a portion of it,  
2 someone else may use it on something else and then  
3 you don't have any protection vis--à-- vis that  
4 design. So, We're also doing a study comparing  
5 the different practices on partial designs and,  
6 again, to report, we're also discussing this  
7 bilaterally with China. They've got some  
8 amendments to their law that are in play to allow  
9 for partial design, so we're looking forward to  
10 China adopting that practice. And I think one of  
11 the most interesting studies is a study related to  
12 the protection of new designs. I know Karen hit  
13 upon them a little bit early. So, this is a study  
14 to discuss how different offices are protecting  
15 things like graphical user interfaces, computer  
16 icons, transitional images, animated images,  
17 things in the virtual environment, even,  
18 interactive virtual components like a virtual  
19 keyboard, how are those going to be protected?  
20 So, this project is a little more in its infancy  
21 because we had to develop the questionnaire on how  
22 to approach the different offices. We finally got

1 together the format, and we'll now be seeking the  
2 input from the other offices, and then we'll put  
3 together a study on that. Now, the goal of all of  
4 these projects, obviously, at some point, is to  
5 see what the divergence is and see if we can come  
6 up with ways to harmonize these practices, to make  
7 it easier for applicants to seek protection in  
8 these offices. There are some other projects that  
9 we're also working on. One is a catalogue of the  
10 view and drawing requirements for designs. This  
11 project was finalized and this will also be on the  
12 ID5 website, if anybody wants to see the  
13 catalogue. Another thing to help industry is our  
14 design priority document exchange program. This  
15 is a digital service that will allow Offices to  
16 access the priority documents so the applicants  
17 don't have to file them directly with the  
18 different offices.

19 We hope to implement it in the summer of  
20 2018, so we're looking forward to that, as well.

21 And then the third component of the ID5  
22 projects really go to outreach and interacting

1 with our stakeholders. We've got an ID5 website,  
2 that is up and running now, that lists our  
3 programs, our projects, and our studies will be  
4 placed on the website. And we also have a  
5 statistics working group, which will put together  
6 all the various important trends and statistics  
7 from the different offices that hopefully will be  
8 helpful and, you know, perhaps, Marylee, we can  
9 identify some of these trends in different areas  
10 as we expand the scope of this. So, I think  
11 that'll be --

12 MS. JENKINS: Sound recorded, that would  
13 be great.

14 MS. CRITHARIS: Yeah. (Laughs) Okay.  
15 So, obviously we love any feedback that you have,  
16 not just on design issues, but it's really  
17 important that in order for us to better promote  
18 your interests that we keep open the lines of  
19 communication so that we can, as we're going  
20 forward, assess some of your needs on these  
21 projects. But really on all our international.  
22 Issues, it's critical that we hear what's going on

1 in the ground and there's no substitute for that  
2 kind of practical experience. Thank you.

3 MS. MAR-SPINOLA: So, Mary, I -- I'm  
4 delighted that we're having a discussion on design  
5 patents and the coverage and the I5 program. One  
6 of the things that I think stakeholders will be  
7 curious about is a comparison of the -- because  
8 there are overlaps of trademarks and copyrights  
9 and design patents. And it might be a nice visual  
10 if you have a comparison chart of the three IPs so  
11 folks can see why one would want to have a design  
12 patent if they already have a trademark or  
13 copyright.

14 MS. PERLMUTTER: Yeah, I think that's a  
15 great idea and we can certainly do that.

16 MS. JENKINS: So, I think that would be  
17 task Bernie? Is that a Bernie design task? That  
18 would be great to see that. Yes.

19 MR. KNIGHT: I'm happy to take that up.

20 MS. YOUNG: I just wanted to add that I  
21 attended my first ID5 meeting in December, so I  
22 guess it was the third meeting in general overall

1 and it was just exciting and fascinating and a  
2 very fruitful meeting. I thought it was very  
3 encouraging to see all the interest and the  
4 potential cooperation, so I was excited. It was  
5 very good.

6 MS. JENKINS: Well, thank you so much.  
7 That was a great presentation and it is 11:02, so  
8 we're now running late. And --

9 MR. WALKER: I have one quick comment.

10 MS. JENKINS: One quick comment.

11 MR. WALKER: Well, I just --

12 MS. JENKINS: 12:02, sorry.

13 MR. WALKER: I have more work for  
14 Bernie. You know, this -- designs is a very  
15 interesting area. I did some work in that area,  
16 but it highlights an area we don't talk often  
17 enough about. And there are other areas in the  
18 office that we could talk about too, so it's just  
19 planned patents or planned variety protection.  
20 And so, maybe in terms of a special project, at  
21 least talk what -- say what it's about because a  
22 lot of people don't really understand what it's

1 about, so it's a great way to highlight another  
2 area like we are for designs.

3 MS. JENKINS: So, one thing that I  
4 didn't do this morning is talk about what all the  
5 subcommittees are. So, again, our subcommittee  
6 chairs are listed on the -- I'm looking at  
7 Jennifer, looking at the PPAC page. Bernie is  
8 tasked with special projects, cases, particularly  
9 designs, reissues, reexams; great idea, Mike. So,  
10 you're now -- plans, why not?

11 SPEAKER: Yeah, he's a busy guy.

12 (Laughter)

13 MS. JENKINS: He's a busy guy. Mark is  
14 still --

15 MR. KNIGHT: I'm like Mikey on the  
16 cereal commercial. (Laughter)

17 MS. JENKINS: Bernie will do it. Mark  
18 is, once again, doing IT. Jeff, we've changed his  
19 subcommittee to be no longer RCE, but after final  
20 practice because we thought it was better to  
21 broaden the scope and address that important issue  
22 and pendency. Jennifer is spearheading quality,

1 yet again. Dan has finance, yes? Continuing  
2 finance. Julie is PTAB. Oh, where are you --  
3 Peter is international and Mike and I are happy to  
4 say we don't have subcommittees. (Laughter) We are  
5 going to focus on being chair and vice--chair over  
6 the committee, so we continue this great  
7 interaction.

8 So, with that, can I adjourn for lunch?  
9 Yes? Yes.

10 SPEAKER: Second.

11 MS. JENKINS: Yes. Second.

12 SPEAKER: Second.

13 MS. JENKINS: Great. We'll adjourn for  
14 lunch. We'll start back up at 12:30.

15 (Recess)

16 MS. JENKINS: So, we are going to start  
17 with the afternoon session, which is an IT update.  
18 And hello, IT people. (Laughs) Who is going to  
19 lead the charge? David, are you going to  
20 introduce everybody and introduce yourself too,  
21 right? Welcome.

22 MR. CHILES: Yes.



1                   MS. JENKINS: Welcome to your first PPAC  
2 meeting. (Laughter) Woohoo.

3                   MR. CHILES: Not quite. All right.  
4 Thank you much. We're ready to start?

5                   MS. JENKINS: We're ready to start.

6                   MR. CHILES: All right. So, thank you  
7 all for the opportunity to speak with you all. My  
8 name is David Chiles. I am the acting chief  
9 information officer. And to my right is David  
10 Landrith; he is performing the role of our  
11 portfolio manager. And there is Debbie Stephens,  
12 who is our business partner and you lead, kind of,  
13 the IT activities from the business perspective.  
14 And, I think, today what we're going to do, I'm  
15 going to turn it over to David. He's going to go  
16 through the presentation and then afterwards,  
17 please ask questions. Thank you.

18                   MR. LANDRITH: Thank you. So, as you--  
19 as David alluded to and as you probably know, in  
20 October we rearranged the portfolio assignment so  
21 that I'm actually now over big data, artificial  
22 intelligence, and machine--learning as an effort

1 to try to improve the USPTO's ability to make  
2 timely decisions and executing its tactical and  
3 strategic goals, as well as fulfill the agency's  
4 mission. And so, today I am acting for Tom Beach,  
5 who is now over PE2E. Now, I -- when I presented  
6 to you last, I think the last time I did was  
7 August, I wasn't aware that was going to be the  
8 last time that I presented as the PE2E portfolio  
9 manager. And this may well be the last time that  
10 I present in this capacity, as well. So I want to  
11 take the opportunity to say how tremendous this  
12 has been as an opportunity for me to work with  
13 this body during the seven years that I've been  
14 here, to collaborate with you, to exchange ideas,  
15 and I think effect some real change and  
16 improvement in the IT system that supports patent  
17 prosecution.

18 MS. JENKINS: Thank you for your  
19 efforts.

20 MR. LANDRITH: You're welcome. So, as  
21 an overview, starting with the Docket and  
22 Application viewer, of course, we retired eDan a

1 little over a year ago. We at that point  
2 encountered some problems on count Mondays, which  
3 we've been over several times. We're continuing  
4 to monitor them just to be safe, although they  
5 have not reappeared And we're working toward then  
6 a retirement of MADRAS toward the end of this  
7 year. With Official Correspondence, we released  
8 that in April and began training in April of 2017.  
9 We trained about 5,000 examiners on a tech center  
10 by tech center basis. This fall, we encountered  
11 some problems. Those were related to  
12 infrastructure. The network bridges that  
13 supported the load elicited some defective  
14 behavior, so we've been replacing those this month  
15 and making sure that our configuration of them is  
16 correct. That will continue into next month and  
17 then following the confirmation of those -- the  
18 resolution of those specific issues, we'll resume  
19 training again on a tech center by tech center  
20 basis. With Examiner Search, we continue to  
21 proceed a pace toward a full release and then  
22 getting training at a core in FY19 with a full

1 release being in Q1 of FY19. That has been --  
2 that has delayed, if you recall, from Q2 of FY17.  
3 With Cooperative Patent Classification, we  
4 continue to make progress working toward  
5 agreements and implementing them in the  
6 cooperative classification system that we have  
7 with the EPO. So, the Official Correspondence,  
8 there's not a lot to add here except that -- so in  
9 the fall when we ran into the issues where the --  
10 we had the problems with the load. We had sent  
11 out an email asking for people to cease using it  
12 and in spite of that, it is currently processing  
13 25 percent of all of the office actions that go  
14 out. So, it is evident that the examiners enjoy  
15 using it and we're glad to see that and we're  
16 anxious to have it back into service so that that  
17 can continue to grow. With Search, there's also  
18 not a lot to add. We're shooting for a September  
19 release of a pilot that would go to the whole  
20 corps so that we can begin training and retirement  
21 of legacy systems in FY19. With Patent Center,  
22 we're continuing to build eCommerce functionality

1 so that it can replace EFS Web and increasing the  
2 number of different types of XML documents that it  
3 can receive. So, in February, we will be -- just  
4 to go over the background, in July we released an  
5 alpha version for internal analysis and then in  
6 September we released the refined version of Text  
7 -- the ability to receive Text that was in the  
8 alpha actually into the legacy product EFS Web.  
9 So, that is live and then in November we have  
10 taken the internal alpha functionality and the  
11 additional features that we've added and released  
12 them to an external audience for testing -- a  
13 limited external audience for testing. And next  
14 month, we'll be adding four new document types --  
15 actually, eight; four document types and four --  
16 the four corresponding follow--up document types.  
17 And then in March, we're looking to expand the  
18 external prerelease testing group and so begin  
19 training for that.

20 MR. THURLOW: David, just on a point we  
21 discussed yesterday, but just for everyone's  
22 benefit, we haven't received -- I think Debbie

1 mentioned it. We haven't received too many DOCX,  
2 I believe they're called, or Text or Word files  
3 for submissions. So, a very small amount; I  
4 forget the numbers that you mentioned.

5 MR. LANDRITH: I believe it's 1,000 or  
6 thereabouts.

7 MS. STEPHENS: Yes, I confirm with the  
8 team yesterday, we've received one  
9 thousand--thirty, so total DOCX.

10 MR. THURLOW: So, one of the things we  
11 can try to help you out with as we go back and  
12 work with our staff especially is maybe just try  
13 to promote that some more, because -- and maybe if  
14 you have information, I think we talked about  
15 sharing some information with us to talk about the  
16 benefits of filing a doc rather than converting in  
17 --

18 SPEAKER: Yeah.

19 MR. THURLOW: -- EDS and all that. And I  
20 don't see any reasons not to do it that way,  
21 especially, well, if it's tough, we'll fit a  
22 patent office and reduces areas and all those

1 things.

2 MS. STEPHENS: Yeah, we're currently in  
3 our draft embedding process for those types of  
4 talking points and we'll be certain to share them  
5 with our PPAC members.

6 MS.MAR-SPINOLA: Would it overwhelm the  
7 patent office and maybe that's a strong word, but  
8 if we encourage filers to submit both a PDF and a  
9 DOCX, would that be too much for the patent office  
10 system? And I ask that because often times,  
11 having that PDF is proof of exactly what you send,  
12 whereas a DOCX is, you know, you can modify it,  
13 right? So, that's just a question that  
14 I had.

15 MR.LANDRITH: Based on what we've been  
16 able to calculate from an infrastructure and this  
17 technology point of view, we -- it would not  
18 overwhelm. Can you speak to kind of the  
19 procedural?

20 MS.STEPHENS: Yeah. I think it's an  
21 interesting concept. We probably need to chat  
22 with our legal team. Again, you're submitting two

1 different, perhaps, documents and that might be a  
2 concern; I'm not sure we have fully vetted that  
3 part of the process. So, sounds like technically  
4 it's feasible, but we would probably want to take  
5 that as an action back to our team internally and,  
6 you know, figure that one out.

7 MS.MAR-SPINOLA: The thought might be  
8 that on the PDF, it's more of an archival file and  
9 that they filed the DOCX. But the archival is for  
10 purposes of just being able to prove up if there  
11 was a difference between the two documents. But  
12 they both content--wise should be identical. It's  
13 just one is fixed and one is dynamic.

14 MS.STEPHENS: Right, and --

15 SPEAKER: Yeah.

16 MS. STEPHENS: -- that -- and certainly,  
17 we would prefer the Text and that helps us out  
18 quite a bit. Just would be concerned about  
19 receiving two potentially different and which one  
20 is the one that we should be using during  
21 prosecution and what are those safeguards for not  
22 only the filer, but for the USPTO in terms of



1 patent prosecution. So, I'll definitely take that  
2 as an action item and get back with the team.

3 MS. CAMACHO: And perhaps you could  
4 consider putting the burden on the practitioner  
5 who's filing it to certify that they're the same  
6 and that the PTO is to use the Word version.

7 MS. STEPHENS: Yes, definitely. Thank  
8 you.

9 MR.LANDRITH: So, the CPC collaboration  
10 tools are the tools that we used to collaborate  
11 with the EPO in order to work out the differences  
12 in this schema that result from the hands--on  
13 operations within both of our organizations. So,  
14 we've -- in addition to improving the tools to  
15 increase the automation and reduce the process  
16 time, we've been improving the dashboard and  
17 increasing the quality artifacts that CPC creates.  
18 Our next step is to begin replacing the CPC  
19 e--form with a more structured and automated  
20 workflow system that will also allow more granular  
21 status tracking and adapting the dashboard to  
22 accommodate that and continue to improve artifact

1 quality. The CPC management tools are the tools  
2 that are used in--house by our classifiers. Last  
3 year, at about this time, we released a tool, a  
4 prototype tool, for sinking the EPO's  
5 classification schema and our own schema in The  
6 Cloud and that's a significant step forward  
7 because there is a possibility that other IP5  
8 partners may join CPC and that would clear the way  
9 for it, as opposed to what we had before, which  
10 was a direct link between our own systems and the  
11 EPO systems. So, starting in June, we'll begin  
12 migrating to that Cloud--based system, the  
13 synchronizing infrastructure. And then we'll also  
14 begin to further integrate it with other PDE  
15 tools. So, we're beginning to wrap up the current  
16 phase of Global Dossier. The focus has been on  
17 making sure that we're able to provide a complete  
18 complement of data, capturing the data in--house  
19 where we need to, to augment the services that go  
20 out to our IP5 partners. We've also then been  
21 moving functionality from Global Dossier back into  
22 the document application viewer. So, the Docket

1 and ApplicationApplication viewer released Global  
2 Dossier functionality in a kind of 1.0 setup  
3 before Global Dossier was available to the public.  
4 Global Dossier built on that and enhanced it quite  
5 a bit and so now we're in the process of making  
6 sure that those enhancements are available to the  
7 examiners directly within the document application  
8 viewer.

9 MS.JENKINS: Can I -- for Global  
10 Dossier?

11 MS.JENKINS: I actually use it pretty  
12 regularly and I think it's a great tool. I'm  
13 amazed and I know Andy was up last week in New  
14 York and I'm just amazed at how many people don't  
15 know about it. I think it was a great project for  
16 the office to do and I -- it's nice that you keep  
17 building on it. One thing I would love, though,  
18 is to find it a little easier. (Laughter) I have  
19 such a hard time (laughs) finding Global Dossier.  
20 So, you know, and I use a lot -- the quick links  
21 over on the right side of the page. Can we not  
22 just get a quick link for the Global Dossier

1       there, too, that would -- right? Go write in it.  
2       That'd be great. Oh, good. A second. I heard a  
3       second from Mark Powell. (Laughter) Thank you.  
4       (Laughs) And then I can say, "When I was chair,  
5       they put the Global Dossier link up." (Laughter)

6               MR.LANDRITH: So, in terms of a road map  
7       for legacy retirement, of course, you successfully  
8       retired eDan, that's been a year now. In FY18 or  
9       perhaps early 19, we're looking to retire MADRAS.  
10       We're also on track to retire OACS and then in  
11       FY19 we're looking to retire East and West, as  
12       well as the lingering classification data system  
13       which is currently used to classify the portion of  
14       U.S. patents that are not part of the shared CPC.  
15       And then we'll also be looking to increase the  
16       number of milestones that we can put on this list.  
17       And now it's time for questions.

18               MR.POWELL: Just something I have to add  
19       real quick. I just wanted to add real quick, Dave  
20       Landrith talked about a couple of the CPC tools  
21       and there's -- they sound a little mundane, but,  
22       you know, one of the big things we do in CPC is

1 maintain this game and they'll make revisions and  
2 we do that in cooperation with the EPO. And  
3 having the collaboration tool is utterly important  
4 to speed that along because, you know, some of the  
5 revision projects can take, you know, many extra  
6 months, you know, of email communication and  
7 trying to arrange phone calls and stuff like this.  
8 But this is much more of a Wiki kind of thing  
9 where it goes a whole lot faster. And that may  
10 not have come out, but it's a very important  
11 accomplishment of, in fact, both of the CPC tools  
12 that David discussed.

13 SPEAKER: Thank you.

14 MR.WALKER: So, I had a question on  
15 behalf of the public. I think it's something we  
16 talked about yesterday, but maybe you could  
17 address it for the public too and that's around  
18 PAIR and about the denial of service. So, one  
19 thing we've heard from the public as we reached  
20 out to people is issues with PAIR and not being  
21 able to get in and getting kicked out and response  
22 times. So, I'm sure the public would like to hear

1 kind of what's going on and what you're doing to  
2 address that issue, et cetera. Anything you say  
3 on that would be helpful.

4 MR.CHILES: So, from a technology  
5 perspective, we heard the comments that were made  
6 yesterday. We also shared some information about  
7 potentially some of the things that could be  
8 showing up for users and that is the fact that  
9 there is some datamining taking place within, you  
10 know, Private PAIR. We haven't had the  
11 opportunity since yesterday to actually have some  
12 in--house meetings with our business partners, but  
13 I think, you know, over wall -- all, our first  
14 look is going to be to try to understand the  
15 behavior. In other words, what is actually  
16 causing the performance issues? And then take it  
17 from there. If it turns out that there is  
18 activity taking place from data miners, we talked  
19 about potential suggestions about throttling. We  
20 would be doing those type of things. We would  
21 also discuss with the business whether there needs  
22 to be an approach that challenges that, that

1 usage. That -- some of that may be above my pay  
2 grade, so it would have to actually have  
3 conversations potentially with the front office  
4 and with anyone dealing with the public and the  
5 interaction there. There was another suggestion,  
6 which, again, we haven't talked to our open  
7 partners yet, but Dave and I discuss from a  
8 technical perspective; there was an interest in  
9 Global Dossier and some of the capability that it  
10 has. We needed to understand and discuss a little  
11 bit more about what the differences are between  
12 Global Dossier and Private PAIR relative to  
13 whether there's potential there in terms of  
14 changing Global Dossier to provide some additional  
15 features, since that seems to be a very popular  
16 product. So, all of that is on the table. No  
17 definitive answer yet, but I can say definitively  
18 we've heard what the cry is and it's a priority  
19 for us to make sure that all of our systems, which  
20 include our legacy systems, are operational. But  
21 it's a strategic discussion, I think, that needs  
22 to take place. And for us, really want to

1 understand what's causing the performance  
2 problems. Because there may be some things that  
3 we can mitigate with transparently to you all if  
4 we can identify them.

5 If not, we take it to the next level.

6 MR.WALKER: That is great. That's very  
7 reassuring because, you know, the way the public  
8 can see this is one of a very, you know,  
9 customer--focused interfaces PAIR and recognizes  
10 big investment being made by the office and IT and  
11 the fee increase having just gone into place and  
12 they need that functionality. So, that's great to  
13 hear, you know, your reassuring words on that,  
14 David.

15 MR.CHILES: Okay. All right. Thank  
16 you.

17 MR. WALKER: I do have one other  
18 question, if I can just jump in. Maybe for Pam,  
19 just in terms of (laughs) the tools that David  
20 talked about, like the new search tool and the  
21 rollout and the office action software, where --  
22 in terms of the examining core, which -- is there



1 any higher priority there or is -- like, for  
2 example, the search tool versus the -- opt with  
3 the OACS replacement? Are these all the same  
4 priority? I -- just curious from examining core  
5 perspective on these IT initiatives.

6 MS.SCHWARTZ: Okay. I don't see a  
7 difference in importance to the examiner's -- for  
8 the action creation tool and the search tool. You  
9 might spend more time using the search tool, but  
10 they are both absolutely necessary portions of  
11 coming up with an examination. So, from that  
12 perspective, we need them both. My understanding  
13 is that OC, they had started to implement that and  
14 it was going along all right until it ran into  
15 some difficulties, which they're fixing now. So,  
16 that should be ready to go. We have ongoing  
17 concerns about the search tool and whether it's  
18 going to be usable in the way we use our current  
19 tools and whether it's going to work as  
20 efficiently as our current tools do. But  
21 that's--the -- it's not as far along in the  
22 process.

1                   MR.LANG: On the challenges with the  
2 official correspondence viewer, can you talk  
3 about, you know, perhaps, you know, valuable  
4 lessons learned or, you know, guidance that you  
5 get out of that going forward for the rollout of  
6 other tools?

7                   MR. CHILES: I'll also let them respond  
8 if you all have comments. So, you know, remember,  
9 I'm kind of new to the role. So, one of the  
10 things that I'm emphasizing in this stint, if you  
11 will, is to ensure that we're establishing a solid  
12 relationship with our business partner and in that  
13 light, transparency. So, one of the things that  
14 I've learned that I think can apply to any of the  
15 development efforts that we have moving forward is  
16 to actually engage the customer in strategic  
17 decisions regarding the technology that they  
18 depend upon. So, I'll give you an example. With  
19 respect to OC, there obviously was an impact to  
20 examining examination productivity. Never been an  
21 examiner, but they are on production and the way  
22 that the tool was working, I think you had to

1 start it off as action 1, 2, versus the other and  
2 it was disruptive. The business, as much as we  
3 are aggressive on a technology side -- we love our  
4 technology, we love to push technology, we love to  
5 be proud about it -- there was an underlying  
6 infrastructure issue. It was separate from the  
7 application itself, but if you're a customer using  
8 it, you don't know the difference. All you know  
9 is, "I try to do something and it doesn't work."  
10 So, the business expressed a concern for the sake  
11 of their core that we might make a strategic  
12 decision to kind of allow the use of the legacy  
13 tool for those that were only using the new tool  
14 until we could sort the problem out. The other  
15 part of it is, it's a commitment between us not to  
16 rush it back, right? Because we're technologists,  
17 we love to push new technology, but they run a  
18 business. So, sometimes they're offsetting. So,  
19 the balance is what's best for the agency. So,  
20 the other thing we learned is, that opinion  
21 matters and it counts and when it comes to the  
22 strategy, as Dave alluded to, we're going to get

1       these hardware and infrastructure issues  
2       straightened first, verify, and then the next step  
3       is to open it up and then from there the business  
4       can decide how aggressive they want to open it up.  
5       But the primary concern is not to disrupt the  
6       ability for examiners to do their job. So, I  
7       think there's potential attitude adjustments that  
8       we can make on some of the other products, Search  
9       being one of them. Rick and I had a discussion  
10      and we're looking at -- I believe they're doing  
11      some assessments to determine some value add  
12      features, what do examiners really want, and to  
13      see what direction we take that in. And one of  
14      the lessons learned is, we ask people not to use  
15      the tool, but examiners that liked it still use  
16      it. So, it's worth the risk for them to use it,  
17      so that matters. Whether they like it or not,  
18      whether it meets their needs, whether it has the  
19      right, you know, attributes, whether they look at  
20      it as a valuable tool. So, from a development  
21      perspective, we don't look at what we build  
22      through our eyes; we need to look at it through

1 the eyes of the customer, and that's that  
2 partnership that I'm working to help build so that  
3 there's a two--way communication to actually drive  
4 those type of decisions. So, I would love to say  
5 that I learned something new about technology and  
6 all of this, but what I really learned was about  
7 relationships, respect, and an appropriate way to  
8 work forward in order to get to the goals that we  
9 have in a way where everywhere benefits, and to  
10 have the discussions to determine that benefit as  
11 opposed to making assumptions. So, I would say  
12 it's kind of a soft learn, but it's an important  
13 one, from my perspective. I don't know if you all  
14 have -- no, okay.

15 MS.MAR-SPINOLA: Can I just add that I  
16 thought that was refreshing, so thank you.

17 (Laughs)

18 MR.HIRSHFELD: I'll also --

19 MR. CHILES: You're welcome.

20 MR.HIRSHFELD: -- add to that because,  
21 you know, David and I have been having  
22 conversations just like this and I think you have

1 absolutely done a wonderful job to try to create a  
2 path that says, "How are we going to get tools in  
3 front of examiners that don't fail?" And I'm not  
4 naïve; these IT systems are hard, they're  
5 confusing. There's going to be bumps as we go,  
6 but I -- there's a real commitment on all sides  
7 involved here to make sure we minimize that as  
8 much as possible. And that could, you know, who  
9 knows what that will entail in terms of whether  
10 it's extra testing, slower rollouts? I don't  
11 know, probably all of the above. But that  
12 commitment to making sure that when we get in  
13 front of a examiner, we know we've done everything  
14 we could to really minimize the chance that  
15 something's going to fail. Because when it does  
16 fail, it's, you know, there is a bottom line  
17 number to it. But equally as important, there's  
18 just the lack of confidence in the IT tools that  
19 the examiners have. And that is troubling because  
20 we want examiners to be confident in the tools  
21 that come out to them so they'll use the new tools  
22 and start to help us get on a better platform.

1       And I will say, those lessons I've seen also  
2       learned, as David alluded to, in our Search, which  
3       is -- as Pam said, is a little farther behind the  
4       official correspondence. We are taking a lot of  
5       steps to really make sure that the Search is good,  
6       accurate, ready, you know, stable as it can  
7       possibly be, but also trying to say, "What is  
8       going to get examiners? What features are going  
9       to get examiners to want to transition as soon as  
10      they can to this?" You know, sort of -- what I've  
11      been calling this is, if you build it, they will  
12      come approach. And I -- and I'm not so sure we  
13      had that with the OC. It was really like, "Here's  
14      this similar, very similar tool. Please use it  
15      because it's more stable and then if it fails, you  
16      lost your credibility." I think with the Search,  
17      if we roll that out and say, you know, "Here's a  
18      better tool, more -- much improved tool," they  
19      will be all together. So, I think there's a lot  
20      of lessons learned and I think David is certainly  
21      helping to put us on the right path here.

22                   MR. CHILES: Thank you.

1                   MS.JENKINS: Drew, appreciate those  
2                   comments. I just want to touch on a couple  
3                   things. One, there's a lot of stakeholder  
4                   interest in Search. How it's done and what kind  
5                   of searching do examiners do and have access --  
6                   what's the data that they have access to? So, if  
7                   we could make a note for the main meeting, I don't  
8                   know who would spearhead that presentation. It  
9                   could be a joint presentation between IT and Andy  
10                  and quality and (laughs) whatever works. But on a  
11                  more serious note is, I appreciate the attention  
12                  and directness that you are giving to your  
13                  business relationships within the office. But I  
14                  can tell you the anxiety on the outside when our  
15                  filing system goes down -- I often reiterate, when  
16                  the fire happened in December, I was shocked at  
17                  the number of youngsters who had never mailed a  
18                  response, didn't know how to --

19                  MR.CHILES: And what's going on right  
20                  now, actually, will be that that business unit --  
21                  the heads of that business unit, primarily the  
22                  head of OHR and the deputy director, will be



1 meeting with each of our office directors  
2 independently as a result of other discussions to  
3 find out what their needs are and then to  
4 creatively look at what our alternatives are. And  
5 some of the things that they have talked about are  
6 definitely recruitment bonuses and others. The  
7 thing that we have to understand on our side is  
8 what their constraints are and it's why we've  
9 invoked the conversation. There are some new  
10 rules and regulations concerning classification  
11 and that presents challenges, so what we're trying  
12 to do is just face those challenges and figure out  
13 the alternatives that we have to move forward.  
14 So, it is a priority for us to hire qualified  
15 folks, to retain them, and to figure out and  
16 determine how we compete with the private sector.  
17 But what -- from what we've seen, it's a numbers  
18 game. So, from our perspective, you know,  
19 marketing, the advantages of working here would be  
20 important from an attraction perspective, as well  
21 as doing some recruiting. The idea or concept  
22 there is that there are folks who are talented who

1 have other things on their mind besides making a  
2 lot of money or making more money. There's  
3 quality of life in some of the other things. The  
4 bottom line is here, some of the activity we have  
5 on the technology, I think, rivals what you might  
6 do on a startup without some of the risks. And  
7 those are the things that we have to recognize and  
8 sell in order to attract interested parties. So,  
9 the bright side of that is, OHR understands the  
10 dilemma. They also understand what their  
11 restrictions are, but they're willing to work with  
12 us by having direct conversations with our staff  
13 to figure out what they need and to get answers  
14 for that. In addition to that, we -- we're doing  
15 an assessment. It's a third--party assessment,  
16 but it's designed to help us understand what the  
17 balance is in terms of contractor versus employee.  
18 So, one of the other options is, we increase our  
19 employee pool, bring expertise in--house so that  
20 we can retain that expertise, because as it turns  
21 out, IT, our goal is get our IT modernized,  
22 operational, and maintainable, but we also have to

1 still continue to maintain it. So, here's what we  
2 don't want to do: do all of that work, let it sit  
3 for another 10 years, and be back in the same  
4 bowl. That requires personnel that are on board  
5 and also learning. So, all of those challenges  
6 are things that we're actively working on. So,  
7 it's, you know. I know you used to work here as  
8 the O -- head of OGC, but your question is spot on  
9 to the activities that are taking place right now.  
10 So, I appreciate that question.

11 MR. KNIGHT: Thanks, David. And I'm  
12 really happy to hear the approach you're taking  
13 and working with, you know, Fred Steckler --

14 MR. CHILES: Mm--hmm.

15 MR. KNIGHT: -- and also looking at the  
16 mix of government employees versus contractors,  
17 because I'm sure you've experience this, as --  
18 like I have in the past, that a lot of times it  
19 was difficult to get contractors to take long-  
20 term ownership of a project, like an -- a  
21 government employee would. So, I'm really  
22 delighted that you're taking that approach and,

1       you know, looking at it, so thank you.

2                   MR. CHILES:  Oh, you're welcome.

3                   MS. JENKINS:  Anyone else?  Any other  
4       questions?  Jennifer, yeah.

5                   MS. CAMACHO:  I want to reiterate.  I,  
6       too, appreciate the perspective that you're  
7       bringing to the group.  I wanted to go back just  
8       one quick point that the -- Debbie had brought up.  
9       You mentioned the patent center.  I don't know  
10      that we've spoken about that much, so perhaps you  
11      could describe what the tool is intended to be and  
12      where it is in the status and timeline?

13                  MS. STEPHENS:  Sure.  So, David, do you  
14      want to go back?  Just as kind of a guide, that is  
15      -- that's tentative, our timeline right now.  But  
16      essentially, patent center is the tool to replace  
17      EFS Web filing system.  So, one of our challenges  
18      is, of course, maintain the EFS web filing system  
19      while we're still building or while building the  
20      new tool patent center.  I think, one other thing  
21      that should be noted is, as we move to the Text  
22      submission process, we did encourage and we did

1 change the EFS Web filing system to allow for that  
2 Text submission while we're still building patent  
3 center.

4           But essentially, in the probably mid to  
5 middle of 2019 -- I mean, we've got quite a bit of  
6 development -- would be when we're finally able  
7 to, I'll say, transition over to patent center  
8 fully. Of course, as we do things in patent  
9 center, we always do them in a -- and I think  
10 David mentioned kind of an alpha beta deployment  
11 schedule, so this will be coming to our external  
12 users in bits and parts and testing and retesting  
13 and making sure that the tool is stable and  
14 functional for our external community, all the  
15 while maintaining EFS Web. So, we really need to  
16 maintain that for all the intended purposes, yet  
17 building this newer version that hopefully has,  
18 obviously, the same functionality, plus takes  
19 advantages of the Text that we can ingest and  
20 manipulate and then provide some additional  
21 benefits to the external community in terms of  
22 having those Text submissions available so there's

1 maybe some versioning. You're able to cut, copy,  
2 and paste from our office action responses into  
3 yours as responses are returned back to us, those  
4 types of things. And as always, we encourage  
5 anyone who would like to participate in that  
6 process to reach out to myself or my team. And we  
7 have these outreach moments where we go out and  
8 speak and ask for input, and we sincerely want  
9 that input because we are building the tool for  
10 you and so we definitely want to hear from you.

11 MS. CAMACHO: Perfect, thank you. You  
12 answered my follow--up question about getting  
13 others involved. I -- I'm understanding that  
14 about a thousand external users now or for the  
15 alpha?

16 MS. STEPHENS: There's about a thousand  
17 submissions for just DOCX --

18 MS. CAMACHO: Oh, I see.

19 MS. STEPHENS: -- type, so --

20 MS. CAMACHO: Okay. Very good.

21 MS. STEPHENS: -- we're still in the  
22 beta phase, we don't have the ability to do that.

1           MR. RUSCHKE: So, typically, obviously  
2 we expand, there is an opportunity, let's say we  
3 go from three judges to five judges, which is  
4 typically adding Scott and myself to the panel.

5           MS. JENKINS: Right.

6           MR. RUSCHKE: Again, if it happens at  
7 the end of a proceeding, there's no issue, but  
8 again, if it happens at the interlocutory phase  
9 there is the possibility that, would the expanded  
10 panel then continue on through the entire  
11 proceeding. And I think we've handled that in  
12 different ways, certainly when there's been, so  
13 it's an outcome determine of decision again,  
14 there's no really need to contract it later on.  
15 Typically, I think we have -- I'm not sure if we  
16 actually have -- it would be part of the analysis  
17 that Julie was talking about, seeing how we've  
18 handled that over the years, but again, the  
19 numbers of cases that we are talking about are so  
20 small, it just doesn't occur. Yeah.

21           MS. JENKINS: Yes. I mean, I know what  
22 you're talking about, it's in here, I don't have

1 to say it.

2 MR. RUSCHKE: Yeah.

3 MS. JENKINS: Okay. And then how is --  
4 two more questions -- so then how is the addition  
5 of expanding the panel and then adding you and  
6 Scott to that panel, not somehow impactful on the  
7 resulting decision? So, in other words, you now  
8 have your boss on the panel.

9 MR. RUSCHKE: Sure.

10 MS. JENKINS: So, how can you explain to  
11 the stakeholder, the community that's listening,  
12 is that you are just another judge?

13 MR. RUSCHKE: That's a good question.  
14 And I would go back to the -- you know, when we  
15 were smaller, for instance, which was not too many  
16 years ago, it was very frequent that you had your  
17 boss, either your direct boss or one of the --  
18 essentially at that point we only had one Vice  
19 Chief, at that point, but you would have -- as a  
20 matter of course, it's just a matter of paneling,  
21 they would show up on your panel. And of course,  
22 we also have the opportunity for the statutory



1 members to also appear, the Director, the Deputy  
2 Director -- excuse me -- the Commissioner for  
3 Trademark, so you have those statutory members  
4 that could also, and in past administrations they  
5 have also been there. So that's not a new thing  
6 that have Scott and I are on there, so that there  
7 would be some sort of, I guess, implicit pressure  
8 to vote the way of your boss. But one thing that  
9 we've tried to maintain and stress to the Judge is  
10 that, when we sit on panels, we have a single  
11 vote. We all have a single vote, that's the way  
12 it is. I guess I might analogize to, Chief  
13 Justice Roberts has one vote when he's on the  
14 Supreme Court. That's what we've tried to  
15 maintain, and I guess I think the proof somewhat  
16 is in the pudding in that if you, again, when we  
17 look at the rehearing decision, so we have the  
18 underlying vote, the underlying vote is 3--0.  
19 Now, if Scott and I expand and it becomes 3--2,  
20 and you see a dissenting opinion by one or the two  
21 of us, then you kind of know that we didn't change  
22 the underlying result, but we wanted to emphasize

1 the point, but in the opposite way. We haven't  
2 done that. So, I don't think it's -- there might  
3 be, again, sort of a subconscious mentality to it,  
4 but historically the Boards operated that way, you  
5 know, that is how it has happened.

6 MS. MAR-SPINOLA: Can I ask on that, on  
7 the vote?

8 MR. RUSCHKE: Yes. You go ahead.

9 MS. MAR-SPINOLA: On the voting, is it  
10 or can it be anonymous?

11 MR. RUSCHKE: No. It's not anonymous.

12 MS. MAR-SPINOLA: Okay.

13 MS. JENKINS: And then procedurally,  
14 when do you give notice, or is there a procedural  
15 aspect within the PTAB of when you give notice of  
16 expanded panel?

17 MR. RUSCHKE: At present the standard  
18 operating procedures does not require notice, and  
19 past practice had been to essentially notify the  
20 parties when the decision came out. So, instead  
21 of having the three judges that you thought you  
22 had, all of a sudden you had five judges.

1 MS. JENKINS: Mm--hmm.

2 MR. RUSCHKE: And again on the ex parte  
3 appeal side, I mean, we are focusing in on AIA,  
4 but on the ex parte appeal side, you really don't  
5 know who your judges are until you get that final  
6 -- frankly the decision. In AIA it's slightly  
7 different of course, because along the way, you  
8 have judges, there might be various reasons why  
9 those judges might change over time.  
10 Historically, if the panel was expanded it would  
11 be for that purpose, and there was no prior  
12 notice. As I said, we are taking a strong look at  
13 all of our standard operating procedures,  
14 including this one, and strongly considering that  
15 there might be, for transparency reasons, to let  
16 the parties know when the expansion occurs.

17 MS. JENKINS: All right. The questions  
18 are done. Thank you.

19 MR. RUSCHKE: If you'll bear with me,  
20 Marylee, before I can go expanded -- or go to  
21 sovereign immunity, I don't have slides on this,  
22 but I'm just going to -- I just want to give you a

1 little bit of a flavor of some of the cases that  
2 have happened over the last two years. Again, as  
3 I mentioned, the General Plastic case was one where  
4 we expanded from 3--0 to 7 --0 on rehearing, and  
5 that was ultimately made informative and voted on  
6 to be precedential. Similarly, the Facebook v.  
7 Skky case, which was a recent CBM case on  
8 eligibility that was a 3--0 to 5--0, on rehearing.  
9 So, counting matters, you know, watch the votes.  
10 If you're concerned about what the reasoning is,  
11 and what happened, 30 to 50 does not change the  
12 underlying results; again, and that one was --  
13 Facebook v. Skky was also made precedential. We  
14 have another case in 323(d) which went from 3--0  
15 to 5--0 on rehearing, that one ultimately did not  
16 -- that one is actually not precedential at that  
17 point but, again, that guidance that we wanted to  
18 make sure was out there, and as we'll say later  
19 on, we did make three other 325(d) cases  
20 precedential, to help with the jurisprudence of  
21 that. I think another interesting cases when,  
22 again, it comes to the point of making sure that

1 the patent owners and those similarly situated are  
2 all treated the same, is a case called HTC v.  
3 Virginia Innovation Sciences. This was a series  
4 of 10 IPRs, and as opposed to the party suggesting  
5 a rehearing, or an expansion, this actually came  
6 from the judges themselves. So, 10 IPRs, we had a  
7 number of panels overlapping, and what they  
8 internally realized was that in order for  
9 consistency, on claim construction, they suggested  
10 to Scott and myself, that we should expand those  
11 panels. Now, this is actually the single  
12 situation where Scott and I did not add to it.  
13 They had actually sort of resolved it amongst  
14 themselves, those decisions all came down 3 --2,  
15 but again, because there was a difference of  
16 opinion of the judges on how to interpret 112--6,  
17 means--plus function, they internally decided that  
18 we need to -- they needed to expand, and they  
19 suggested the solution. So, again, there was no  
20 changing of the underlying result, there is a  
21 dissent, so all voices are heard. But that's, I  
22 think, a very interesting case of appropriate use

1 of expansion based on the initiative of the judges  
2 themselves. And last, but not least, I think  
3 we'll get to some of these other cases on these  
4 issues of exceptional importance to maintain  
5 uniformity as well underneath the sovereign  
6 immunity. I'll get those in the next section.

7 MS. MAR-SPINOLA: David, let me ask you.  
8 On the basis of ensuring consistent results in  
9 accordance with the SOP, we talked about  
10 precedential opinions, and I think a lot of folks,  
11 including myself, believe that precedential  
12 opinions is probably one of the most effective  
13 tools to ensuring consistency. So, we talked  
14 yesterday about the process or the procedure for  
15 having an opinion made precedential, and I found  
16 it very interesting, and informative. So, if you  
17 can just quickly go over that.

18 MR. RUSCHKE: Sure.

19 MS. MAR-SPINOLA: And what you might  
20 contemplate doing, such the commission, or  
21 whatever?

22 MR. RUSCHKE: Sure. So, essentially our

1 precedential designation process is outlined in  
2 our standard operating procedure number two, which  
3 has been resolved over the -- been revised over  
4 the years fairly frequently. Again, that's under  
5 review at present as well. So, again, at present  
6 we have four levels within the Board of decisions:  
7 precedential which is binding on the Board,  
8 informative, which is not binding, and  
9 representative, and finally the regular cases that  
10 come in. We are strongly considering getting rid  
11 of the representative level, simply because those  
12 came out sort of like the early days of AIA, we  
13 wanted to representative cases for the public to  
14 see, we have a lot more experience, we have a lot  
15 of cases that we can use for that situation.  
16 Informative decisions, they occur based on my  
17 designation and totally in my discretion and can  
18 happen overnight. And again, as we've done with  
19 expansion, the cadence is expansion from unanimous  
20 to unanimous, I designate as informative, and then  
21 we a precedential vote. The precedential vote is  
22 what I think people are most interested in, that

1 is a process whereby in order for a case to be  
2 made precedential, it has to be voted on by a  
3 majority of the voting judges. So, again, we have  
4 275 judges, all judges have the opportunity to  
5 vote on every single issue, even if they are only  
6 working on ex parte, or they are only working on  
7 AIA, all judges have the opportunity to vote. We  
8 have had a very good turn out with the judges, so  
9 well over 200 judges vote on every single issue  
10 that we have. What we've decided to do, where  
11 we've tweaked the process, not necessarily tweak  
12 the SOP, but tweak the process was the following.  
13 We have a Published Cases Committee, it has always  
14 existed, but we've reconstituted it, and we are  
15 putting together sort of standard operating  
16 procedures for the Publications Committee as well,  
17 to fit their recommendation into this process.  
18 They are constantly on the lookout for  
19 precedential cases or informative cases for issues  
20 that probably -- need some resolution via the  
21 precedential opinion process. And that group,  
22 which is at 14 to 16 judges right now, it's a



1 fairly large group of judges, actively do this on  
2 a regular basis to keep a pipeline of cases coming  
3 through the process. They look at the decision,  
4 they make a recommendation to me, as to whether it  
5 should be informative, or precedential, they take  
6 an internal vote, I strongly look and consider  
7 what their comments are, if there's any -- you  
8 know, if it's a 12 to 1, or a 12 to 2, that sort  
9 of thing. I'm always curious to know what the two  
10 others thought of it. And that's how, by via the  
11 Published Cases Committee, the input of those  
12 judges, we then move that into either informative  
13 or the precedential opinion process. Now, when we  
14 make things precedential, what we do is we let the  
15 judges know that we are interested in making a  
16 case precedential, and we have intensive, I would  
17 say, brown bag sessions with the judges prior to  
18 the vote, to make sure that all of the issues, pro  
19 and con, are vetted. And if possible, again,  
20 ideally for us precedential cases arise through  
21 the rehearing process, when we are not underneath  
22 the statutory deadline to write. It allows us to

1 separate out issues for a particular vote, and if  
2 you've noticed some number of our precedential  
3 cases, only designate a particular section as  
4 precedential, that's important, again, to make  
5 sure that vote goes smoothly. And then there's a  
6 two--week voting process. The judges vote, and  
7 comments are exchanged. Obviously there's  
8 discussion amongst the judges. Ultimately, then  
9 based on that vote, if there's a majority of the  
10 voting members, then it's still up to me, at that  
11 point, to decide whether I go forward whether the  
12 case as precedential or not. Because if some  
13 judge had identified something that everybody else  
14 had missed, which is entirely possible, and that  
15 has happened, we will not move forward, even if  
16 there's a majority vote of the judges. Because  
17 after the judges vote, I have to move that up to  
18 the statutory members of the Board, and if the  
19 statutory members of the Board that I will inform  
20 that we have the plans to make that precedential,  
21 and it's their input that we are looking for as  
22 well; so, it's a fairly long and involved process,

1 but it does involve a majority vote of the voting  
2 judges. Complicated -- (Laughter)

3 MS. MAR-SPINOLA: And can you give, on  
4 average how long that process takes?

5 MR. RUSCHKE: So, again, we have a  
6 two--week voting process built in. I would say,  
7 once we identify -- you know, one of most  
8 difficult things that we have is to identify  
9 cases, because there are definitely times where  
10 there are cases that arise, close to the one--year  
11 final written decision deadline, that are great  
12 candidates for precedential status. But again,  
13 based on the deadline we may or may not be able to  
14 craft it, or the panel may not be able to craft it  
15 in a way that it would pass muster with rest of  
16 the judges. What we've been trying to do is move  
17 that process up, alert the judges to those issues  
18 that we think we would like to have case law on,  
19 and get them to identify those things to us very  
20 early on in the process. But typically, it can  
21 take a month or two for cases to be designated as  
22 precedential easily. Again, the Published Cases

1 Committee has to do their review, and make their  
2 recommendation, then we do the town hall, or the  
3 brown bag with the judges, the two--week voting  
4 period, and then ultimately we raise it to the  
5 statutory members as well. So, it's a process  
6 that takes a while, but I think what we've done  
7 to it, is fine--tune it, so that the chances of  
8 success of moving those cases through precedential  
9 process are much higher than they have been in the  
10 past. And again, I would remind everybody that  
11 the designation for precedential status can be  
12 done by any member of the public. So, if you have  
13 a case, and this happened recently, where parties  
14 recommended that one of their cases be made  
15 precedential, and we actively look at those  
16 suggestions from the public. I'll move on to  
17 sovereign immunity again, which sort of, is a  
18 little bit of an overlay with the expanded panel  
19 piece. I want to just show this chart, which sort  
20 of summarizes where we are on the sovereign  
21 immunity cases. Now we divide them just for -- I  
22 don't mean to divide them jurisprudentially, or

1       there are certain overlapping issues, but we have  
2       the state sovereign immunity cases, and then we  
3       have the tribal sovereign immunity cases. So  
4       these are the state sovereign immunity cases that  
5       we have here. They are summarized based on color,  
6       the two at the bottom, *St. Jude Medical v.*  
7       *California*; and *Gilead v. Minnesota*, those are  
8       still pending, those four IPRs have been decided  
9       on their motions for sovereign immunity. They  
10      work from bottom to top. The green cases in the  
11      middle, those were the ones that we recently  
12      issued less than a month ago, there's a number of  
13      IPRs as you can see, they are all using -- having  
14      the patent owner be the (inaudible) for the  
15      University of Minnesota, but they were different  
16      petitioners. Now, again, this is the situation  
17      that I mentioned before where you want the party,  
18      the University of Minnesota, that are similarly  
19      situated, to be treated the same, that is why this  
20      expansion occurred. Now, this wasn't on  
21      rehearing, this was on motion, and at that point  
22      we have -- the expanded panel was expanded to

1 include myself, the Deputy, and two of the Vice  
2 Chief Judges, and the ultimate result there was a  
3 6 to 1 decision. So, again, counting is  
4 important, but that's a 6 to 1 expanded decision.  
5 Those green cases involve not only to determine  
6 where (inaudible) of where the sovereign immunity  
7 applies, but also for the first time, whether the  
8 patent owner can waive their sovereign immunity,  
9 and we determine that the patent owner would waive  
10 their sovereign immunity, when they had filed an  
11 infringement case in the Federal District Court on  
12 those patents. That's the holdings of those  
13 cases, and it has been uniformly applied to make  
14 sure that the University of Minnesota is treated  
15 the same, and that different petitioners would not  
16 have different results against the same patent  
17 owner. Now the three on the top I think are  
18 interesting. Those happened much earlier in time  
19 frankly, those were much earlier last year. But  
20 those were the first three cases that we dealt  
21 with, with state sovereign immunity. The issue of  
22 waiver was either not present in the case, or was

1 not sufficiently waived -- or not sufficiently  
2 raised in the case, so those decisions did not.  
3 Those three cases in blue, all were handled by,  
4 essentially, three different judge panels, all  
5 nine of those judges determined that state  
6 sovereign immunity did apply and dismissed  
7 essentially the IPR for that patent owner. So,  
8 again, this is a building of case

9 law, and none of those blue cases, by  
10 the way, there was no expansion that happened  
11 there, those cases just came out the way they did,  
12 and then again, to maintain that uniformity on  
13 this important issue, we expanded those cases in  
14 green.

15 MR. THURLOW: David, just to make sure I  
16 understand that. So, for the top three, they said  
17 the state sovereign immunity applied.

18 MR. RUSCHKE: Correct.

19 MR. THURLOW: Although with no  
20 corresponding litigation in those cases where they  
21 waived it, or?

22 MR. RUSCHKE: So, if I recall correctly,

1       there was one case, essentially, there was, but it  
2       came up in the context of, I believe it was a  
3       contract case in state court that was removed to  
4       Federal District Court.

5                 MR. THURLOW: Oh, okay.

6                 MR. RUSCHKE: So, the patent owner did  
7       not affirmatively bring a case in Federal District  
8       Court of patent infringement.

9                 MR. THURLOW: Okay.

10                MR. RUSCHKE: And in that situation I  
11       think we actually -- we came out the same way as  
12       the district court did, saying that sovereign  
13       immunity had applied.

14                MR. THURLOW: Okay. So that's how  
15       you're distinguish between, saying it's the blue  
16       and the green up there?

17                MR. RUSCHKE: Exactly. And I think that  
18       part of it also temporarily, so again, the first  
19       three cases, handled by three different panels,  
20       came up with the same conclusion. I believe the  
21       University of Minnesota case against Reactive  
22       Surfaces, there's a little bit of a twist there,



1 in that I think that the IP is owned by both a  
2 state university as well as a private entity.  
3 We've said the state is immune from suit, but we  
4 are moving forward with the private entity. So,  
5 again, it's consistent with the (inaudible).

6 MR. THURLOW: They are on appeal? I  
7 don't know if you know about the appeal issues.

8 MR. RUSCHKE: I'm not sure about the  
9 timing of this; I know that they are moving fairly  
10 quickly towards final written decision, so I don't  
11 think any of our cases are on appeal yet.

12 MR. THURLOW: Thank you.

13 MS. JENKINS: David, let me just jump in  
14 for a second?

15 MR. RUSCHKE: Sure.

16 MS. JENKINS: And the user community, we  
17 hear you were trying to figure out how to get your  
18 questions asked. I think some of the questions  
19 that were being asked, are very specific case  
20 questions, so they are going to a case and they  
21 are saying: Why did you do this? So, I'm going to  
22 see -- so how do you feel about a particular

1 question, you know -- I feel like it's kind of  
2 putting us in a difficult spot because -- and I  
3 think it does you. So, we are trying to address  
4 that. So, user community could you please try to  
5 give a more general question so it's helpful for  
6 the entire audience? Not just your specific case,  
7 I think that would be nice.

8 MR. RUSCHKE: Thank you for that. And  
9 again, what I'm trying to do is again, when I talk  
10 about these cases, this is all based on, of course  
11 our public information, the papers that in the  
12 files so I'm not trying to give any confidential  
13 information, or any pre-decisional information, a  
14 lot of this discussion, the status of these cases  
15 is literally a status update for you as to where  
16 we are at.

17 MR. KNIGHT: No impromptu rehearings at  
18 the PPAC Meeting. (Laughter)

19 MS. JENKINS: What did you do?

20 MR. WALKER: Marylee, I've been  
21 contemplating over here on this. But I do agree,  
22 I'll say maybe a little more strongly. I don't

1 think it's appropriate to be asking questions  
2 about specific cases, and why was something  
3 decided, et cetera, at a Patent Public Advisory  
4 Committee Meeting, where we are trying to get some  
5 more general themes and issues out here. So, I  
6 would say that that is not appropriate for us to  
7 raise in this forum. But if people, as you say,  
8 have general questions, process, procedure about  
9 expanded panels, that is fine. But I really have  
10 no -- I really disagree strongly with raising very  
11 specific questions, about very specific cases, and  
12 why they were decided. I don't know if this is  
13 the appropriate forum. I hope the Chair agrees  
14 with that stronger statement.

15 MS. JENKINS: Yes.

16 MR. RUSCHKE: Thanks Mike. I will say  
17 here, I mean, I think the interesting thing about  
18 the green set of cases, again, those were not on  
19 rehearing, those are 6 to 1 expanded panel  
20 decisions, and if you read the dissenting opinion,  
21 I think those are very important because those  
22 opinions are saying, essentially, that based on

1       their reading of the law, that sovereign immunity  
2       should not apply to the state entities. And so,  
3       again, this issue is of, you know, extreme  
4       importance on so many different levels, but I do  
5       think it's important for those sorts of voices to  
6       be heard out there. Now, again, as you see the  
7       cadence of cases was applying state sovereign  
8       immunity, for the universities. That dissenting  
9       judge in those green cases said no, sovereign  
10      immunity doesn't apply. We don't know.  
11      Ultimately this is going to be something -- I  
12      think it's interesting, you know, again, when you  
13      think about where we've expanded, we've expanded  
14      on some very tough issues. You know, there's a  
15      lot of different possibilities, state sovereign  
16      immunity applies, state sovereign immunity applies  
17      waiver, state sovereign immunity applies no  
18      waiver, state sovereign immunity doesn't apply.  
19      You know, these are not easy issues, and I mean,  
20      the Fed Circuit case law that we wrote in our  
21      opinion, I mean specifically says there are no  
22      bright line rules here. So, again, we are going

1 to be needing some help from the Federal Circuit  
2 on this, and certainly a lot of these  
3 issues will be going up.

4 And part of the expansion process is to  
5 signal the difficulty of these issues. And I  
6 think I forgot to mention this. If you recall in  
7 the expanded panel section, we talked about the  
8 Target case and the Nida case, are the two  
9 instances only where we expanded an AIA practice.  
10 If you note on the slide, that was the same issue,  
11 the same party (inaudible) which the Board has  
12 been struggling with since day one, a very, very  
13 tough statutory construction issue. So, you can  
14 understand where those tough issues arise, we may  
15 have to expand, and frankly, and it's in those  
16 limited circumstances where we have for the most  
17 part.

18 MS. MAR-SPINOLA: And maybe I'm wrong in  
19 this, but my impression is that when it is an  
20 important issue, and you expand the panel, you  
21 probably don't get too much pushback. I think  
22 where the pushback was coming from was on the

1 issue of ensuring consistency. Right?

2 MR. RUSCHKE: Yes.

3 MS. MAR-SPINOLA: And I think you  
4 covered that, but I think that sovereign immunity  
5 certainly, even though it's a very specialized  
6 issue, it was very important, and the expanded  
7 panel, I'm not sure anybody would question why  
8 that was being done. So, that's my two cents on  
9 that.

10 MR. RUSCHKE: No. I think that's a good  
11 clarification. Thanks, Julie. I think I already  
12 spoke about these next two slides as to those  
13 different -- the different sections of -- or the  
14 different colored cases. So, I'll go quickly into  
15 the tribal immunity. And again, I can't get in --  
16 these are all pending cases before us, but the  
17 Mylan case is a BioPharma case v. St. Regis  
18 Mowhawk, and the second case that's recently filed  
19 is an Apple case v. MEC, and that's a high--tech  
20 case. So, we are seeing tribal immunity cases in  
21 both of our major technology areas. Again, I'm  
22 not going to go through the slide. I think the

1 most important piece here, is the last bullet  
2 point. Right now, those motions to -- the tribe  
3 has moved to dismiss the IPRs based on their  
4 tribal sovereign immunity, this is the first time  
5 where we have asked for Amicus briefing. We  
6 received 15 Amicus briefs, the parties have been  
7 allowed to respond, it is now sitting with the  
8 panel for decision, and so I won't say anymore  
9 about that case. But we appreciated all of the  
10 Amicus filings. As I mentioned before, we are  
11 hoping to put another SOP in place, to allow  
12 additional Amicus briefings, and provide some  
13 guidance as to when we will be doing that going  
14 forward. And as I mentioned, on the next case,  
15 The Apple v. MEC, I believe that -- very  
16 preliminary. Essentially they have a filing date  
17 in the sovereign immunity -- the tribal sovereign  
18 immunity issue will also be discussed in that  
19 case. Moving on really quickly, I know we are  
20 running out of time -- Am I out of time, Marylee?  
21 Or, can I keep going? Okay. Because I don't  
22 want to give short shrift to either the

1       informative or the appeal statistics, but I will  
2       mention the following. On 315(b), obviously this  
3       came up in the Wi-Fi One case, whether our  
4       decisions under that are appealable. We were  
5       looking at it recently, and a set of two decisions  
6       that we made informative. And again, I hope this  
7       has been helpful to the community. When our  
8       Published Cases Committee recommends, they  
9       actually try to look at bundling cases together in  
10      a particular areas, so we issued two. One was in  
11      Luv-N-Care v. McGinley, and the other one was  
12      Amneal v. Endo. Both involved the 315(b) one-year  
13      bar. Essentially what we are talking about here,  
14      is that if you recall earlier on in our cases, we  
15      weren't actually sure if our IT was going to be  
16      able to handle some issues in terms of accepting  
17      papers, in terms of accepting the fees, and  
18      ensuring that service of process happened. The  
19      three legs that have to happen in order to meet  
20      the 315(b) time bar. So there were certain  
21      situations when our equipment, or our facilities,  
22      or our ability to do that appropriately, didn't



1 work. And we gave some leeway. These cases, I  
2 think are being a little bit more, I would call on  
3 our sort of maturing jurisprudence out there, that  
4 we are requiring that you have to complete all  
5 three prongs in order to get that -- to beat a  
6 315(b) statutory bar date. So, in the first case  
7 here Luv-N-Care, there was an issue with the fee,  
8 the fee didn't go through. If you look at our  
9 cases, there's a number of situations where some  
10 practitioners have struggled with this. For  
11 instance, they thought they had enough money in  
12 their deposit account and they didn't. They tried  
13 to charge it to their credit card, and they didn't  
14 have enough limit in their credit card to charge  
15 it. So, there's a number of these things, it's an  
16 alert to the practitioner: please don't wait for  
17 the last day, and please don't wait until 11:00  
18 o'clock p.m. Eastern Time. We have plenty of  
19 people, paralegal staff, that can answer your  
20 questions, just don't do it at 11:00 p.m. Eastern  
21 Time, we can really help you out and make sure  
22 that you get everything you need in on time. The

1 second informative decision on the 315(b), this  
2 Amneal case, dealt with essentially service of  
3 process. I recommend that you read it, but I  
4 think, again, it's one of those situations where  
5 we are trying to package essentially -- I don't  
6 want to say pro--petitioner versus pro--patent  
7 owner, but the results essentially favored one  
8 party or another, and I hope that gives you a  
9 flavor of where the Board is looking at when it  
10 comes to these 315(b) decisions.

11 MS. MAR-SPINOLA: David, real quick.  
12 I'm not familiar with the Amneal case, and I will  
13 read it, but do you know offhand, with respect to  
14 the service and the second bullet point, is that  
15 because the original complaint was never served?  
16 And the second amended complaint was filed, and  
17 that was the first one to be served?

18 MR. RUSCHKE: The first one was served,  
19 if I'm not --

20 MS. MAR-SPINOLA: And that didn't  
21 trigger the time bar?

22 MR. RUSCHKE: So, that was essentially

1 one bar, but then there were -- I think new claims  
2 that were added, into a proposed second amended --  
3 to an amended complainant, and they were back and  
4 forth. And so if you look at the dates, they were  
5 arguing over whether, when they had the hearing --  
6 when the Judge, essentially, allowed them to file  
7 an amended complaint, did that start the year  
8 running? Or, was it the actual physical filing of  
9 the amended complaint about five days later that  
10 triggered the one you are filing? And believe it  
11 or not, it was that little, short, three to  
12 five-day period, that's at issue. So, read the  
13 opinion, and it's that date, because essentially,  
14 also it involved whether service was accomplished  
15 via the filing of the amended complaint, because  
16 that was part of the electronic record, of which  
17 the petitioner would have -- or the defendant  
18 would have been -- had noticed at that point.  
19 It's an interesting case, but again, it's saying:  
20 No, no, no, you really do have to comply with the  
21 three prongs, that's what we are saying. The last  
22 but not least here, I did mention this earlier,

1 the Facebook v. Skky case, this is a CBM case, and  
2 I think it's very interesting, again, we are  
3 trying to designate certain portions of the  
4 opinions as precedential, to focus the Board and  
5 the public as to what's important. What we did,  
6 we thought this was very important, because we  
7 wanted to maintain uniformity amongst the panel,  
8 so this was an expanded decision, and what we are  
9 saying right now is, when a patent owner disclaims  
10 claims prior to the institution in AIA trials, the  
11 Board will treat those claims as if they never  
12 existed when they determine if the patent is  
13 CBM-eligible or not.

14           Very clear, we want to be very clear  
15 about this, this case is limited to AIA trials,  
16 it's limited to CBMs, and it's limited to  
17 pre-institution. So, when you read the case,  
18 you've got to tie in existing Federal Circuit case  
19 law on disclaimer to CBM statutory eligibility  
20 language. That's the key to this case. So, I  
21 want to make sure that everybody is aware of that.  
22 And again, I think it's -- it's a very important

1 case for us again, because although CBMs are not  
2 as popular as they once were, and we have a few  
3 data points, I'll show you. They've always been a  
4 small proportion of course. This is, again, an  
5 important piece that we wanted to make sure there  
6 was consistency, and that patent owners who were  
7 similarly situated who would disclaim claims,  
8 private institutions were treated the same. We  
9 did have a slide here on Wi-Fi One.

10 Unless, Julie, you think we need to go  
11 -- I think people have read it. We know it was  
12 essentially a majority opinion written by Judge  
13 Reyna with a concurrence by Judge O'Malley. And  
14 then Judge Hughes, I think had a dissent,  
15 representing three or four judges. I think it's  
16 obviously very interesting. It goes to the  
17 language of the statute, final and  
18 non-appealable, the patent office I think -- the  
19 Acting Director, I think Joe this morning  
20 mentioned this well. It's an interesting case, we  
21 thought this was decided by Cuozzo in many ways,  
22 but apparently not. And I think it remains to be

1       seen. The import of this as to how far the reach  
2       of this appealability decision goes. And again, I  
3       think there's some interesting language, and  
4       particularly the third bullet down, where the  
5       majority states, that 315(b) is unrelated to the  
6       Director's preliminary patent--ability assessment,  
7       or the Director's discretion not to initiate an  
8       IPR. So, underneath that holding, essential  
9       that's why 315(b) is reviewable, then I would  
10      assume that that quoted language, anything in that  
11      regime should not be appealable. But that remains  
12      to be seen. I do want to take some time on ex  
13      parte appeal statistics. I only have four or five  
14      slides here. So, bear with me, but I think --

15               MS. JENKINS: You have another -- One  
16      more question.

17               MR. RUSCHKE: Oh, sure. Yes.

18               MS. JENKINS: It's still related to  
19      IPRs. So, the question is basically, like quality  
20      is doing for Examiners, and looking at, you know,  
21      how they review an Office Action, and 112, 102,  
22      and all of that. Is there any similar program

1 going on with respect to how a judge -- I'm sorry  
2 -- judges review AIA cases and, particularly, you  
3 know, is this judge always finding the claims to  
4 be invalid. So, is there an analysis going on  
5 with the judges themselves, and how they are  
6 rendering decisions. That's the question.

7 MR. RUSCHKE: We internally don't do  
8 that. I don't have any data or any sense of that  
9 whatsoever. And again, part of our paneling  
10 process -- again, it's highly technology-- based,  
11 right, as much as we'll can, given, we have the  
12 judges we have, but we do try to match as much as  
13 we can, all three judges to the technology that's  
14 presented before them. It doesn't always happen  
15 and just can't be that specific, but for the most  
16 part that does happen, but then within that  
17 context, we do a randomization of those judges.  
18 Now, if it's the same patent, we try to make sure  
19 that those panels are similarly situated, so that  
20 we are not going to have a situation where, if for  
21 resource management that we have the same patent  
22 being looked at by 20 different judges within the





1 see how your examiner -- you know, does this  
2 examiner reject a lot? And how often does he or  
3 she do this? And so that, I think is a similar  
4 question is: are you doing any internal, I guess,  
5 quality analysis with respect to the judges?

6 MR. RUSCHKE: Well, I guess -- I'm not  
7 sure I would call it a quality analysis. We don't  
8 keep track of their, you know, patentable,  
9 unpatentable mixed records. We definitely don't  
10 do that. But on a quality perspective we -- I  
11 think our training, sort of our -- we actually  
12 have formalized, and we've elevated one of our  
13 judges to be a lead judge specifically in charge  
14 of judge training, and we meet every single  
15 Tuesday, for at least an hour, if not two hours,  
16 to do judge training on various aspects. And part  
17 of the training is to look at every single Federal  
18 Circuit case, and those that we need to discuss,  
19 we train the judges to make sure that we are  
20 applying Federal Circuit and Supreme Court  
21 precedent appropriately. We also do training  
22 based on essentially, you know, any sort of --

1 we'll do 101 training, we just did 103 Inherency  
2 Training, and to make sure that the judges are up  
3 to speed on the recent case law out there, that  
4 they see the cases that their co--judges, or that  
5 their colleagues are working on those same issues,  
6 to try to maintain that consistency, but also to  
7 make sure that we are getting it right. And I can  
8 verify that, I think there's no judge out there  
9 that ever is trying not to get the correct  
10 (inaudible) irrespective of background they want  
11 to get it right.

12 MR. BOALICK: I don't know if I could  
13 just chime in, building on what David just said.  
14 Basically, and I know there are services out there  
15 that collect all kinds of data. Of course, that  
16 data easily can get skewed when a judge is on a  
17 series of related cases or cases that this  
18 affereents reversal. Ratios may be somewhat  
19 meaningless but the really important thing to  
20 understand for anybody appearing before the Board  
21 is exactly is what David said. The judges on your  
22 panel are going to look at your briefs, they're

1 going to look at the case, they're going to decide  
2 it on the facts and the law. And the arguments  
3 that you put in your briefs, if you miss some  
4 really convincing arguments, you might get a bad  
5 result on what should have been a winning case.  
6 So, advocacy is important, it always has been. So,  
7 I just wanted to make that point that when you're  
8 appearing in front of the Board, the judges are  
9 looking individually at each one of your cases,  
10 your briefs, they are making their decision on  
11 that.

12 MR. RUSCHKE: Good points.

13 MS. JENKINS: Thank you.

14 MR. RUSCHKE: If there is nothing else  
15 on AIA, if I could just spend a few minutes on ex  
16 parte appeals. Again, this is the bulk of our  
17 jurisdiction, the bulk of our workload, the bulk  
18 of our judges. Two--thirds of everything that we  
19 do is involved with ex parte appeals. This is our  
20 present filing rates and you can see it over time  
21 over the last fiscal years. Whereas we did see a  
22 decline from FY12 to essentially FY14, there was a

1 stabilization two fiscal years ago and then the  
2 last fiscal year, FY17, we seem to be going back  
3 to our additional levels that we had about five or  
4 six years ago. Why is that. We're not sure. One  
5 of the things that we had thought about as, and  
6 again, this goes to as we brought the inventory  
7 down, our pendency numbers came down, would we see  
8 an uptick in use of the appeal process as opposed  
9 to resorting to RCE's or abandonment. I don't know  
10 if this is actually reflective of that but it is a  
11 possibility. Again, now we have just through Q1,  
12 we're up to 2700. You do the math, we're going to  
13 be coming pretty close if we're on the same clip  
14 into FY18 for the full year data. So, stay tuned  
15 on that and we'll see if we're going to be coming  
16 back up. I think we probably will. Any  
17 information that you all hear about increased use  
18 of the appeal process is important. We typically  
19 ask stakeholders, what is your ideal pendency that  
20 would cause you to move towards appeals as opposed  
21 to RCEs. Again, part of it is we've heard  
22 complaints that we don't want you to have low

1 pendency because we like parking our cases with  
2 you sometimes. That's not happening anymore I'm  
3 afraid. But we've also seen some people say, if  
4 you get it down to a year, if you get it down to  
5 six months, then we would start using it more  
6 frequently. If you can give us any information on  
7 that we would very much appreciate it. This is a  
8 little bit of a different representation of a  
9 slide that we have all the time.

10 MR. SEARS: David, that's a great  
11 comment you made, I just wanted to ask a question  
12 about it. Does your office have a pendency goal?

13 MR. RUSCHKE: We do.

14 MR. SEARS: What is it?

15 MR. RUSCHKE: We'll get to that in three  
16 slides but it is 12 months, from the time the  
17 jurisdiction passes from patents to the Board.  
18 It's sort of like our remand goal. It's not when  
19 the decision from the Fed circuit happens, it's  
20 when the mandate transfers jurisdiction back to  
21 us. 12 months is our goal. We would appreciate  
22 feedback on whether 12 months makes sense and does

1 that make sense for every single technology area.  
2 Again, I think we're making good progress on that  
3 in most areas as well. Again, we like showing  
4 this slide because five years ago we had  
5 essentially twice as many appeals in our  
6 inventory, known as a backlog. We are down  
7 underneath 13,000. One thing I would like to add  
8 to this slide just to give you some context, and  
9 it goes to your pendency question, Jeff, again  
10 what is our intake. You saw that from the top  
11 slide, we essentially are getting maybe less than  
12 a 1000 appeals in a month. So, again we reach  
13 steady state when we are disposing of about 1000 a  
14 month. As you can see here now, we have leveled  
15 off over the last fiscal year or so and that was  
16 intentional. We did an incredible amount of  
17 modeling. The administrative side of the Board has  
18 done a bang up job. They just won a director's  
19 award, actually, for their work in this area. To  
20 try and make sure we're modeling the intake and  
21 the disposal rate of our ex parte appeals to make  
22 sure that we not only hit our pendency goals and

1 our inventory goals but that the workload for the  
2 judges is maintained. So, that from an  
3 operational perspective, there is not going to be  
4 super highs and super lows and also you might  
5 think we would want to have our inventory go down  
6 to zero, that's difficult for us to maintain from  
7 an operational perspective. We're very happy that  
8 this model is actually following our FY 17 and  
9 FY18 Q1 data very closely. So, that's actually  
10 right on target and exactly what we had expected  
11 and projected. This is the pendency slide, Jeff,  
12 and slightly different than what we had. We had  
13 sort of a bar graph before got some feedback that  
14 it was a little confusing. What we want to make  
15 sure that you see on this is that there is sort of  
16 two different types of pendency's. The one that we  
17 can absolutely measure is the blue on the top  
18 which is our decided appeals. So again, we have a  
19 pendency based on, when that thing gets decided,  
20 we look back and say, how long was it at the  
21 Board. Our appeal pendency is decided pendency  
22 appeals and that's the 12 month deadline. That

1 impact is also going to be impacted, of course,  
2 based on have we cleared out all of the old cases.  
3 I'll get to the next slide on that one. The red  
4 line underneath the blue is essentially the  
5 pending appeals pendency. As you can see, that is  
6 essentially somewhat lower but it is trending in  
7 essentially the exact same position. Now, I don't  
8 have the slide in here that I typically do but it  
9 is on our website, that breaks this pendency down  
10 by technology. If you recall, the last two PPAC  
11 meetings, the data on the technology slide was  
12 showing that in the electrical arts, the four TCs  
13 for electrical, we were down below 12 months  
14 pendency. I was getting a lot of feedback from  
15 electrical practitioners out there that said, hey  
16 wait a sec, I just filed this appeal and I'm  
17 getting my decisions out in less than a year. I  
18 said, yeah well that's kind of the way it's  
19 happening. We still have work to do when it comes  
20 to the other technology centers, particularly  
21 business methods, and we have been focusing the  
22 Board's energies and attentions to bring those



1 pendency's down which are hovering right around 20  
2 to 24 months, down again to that one year pendency  
3 level as much as we possibly can. I will say,  
4 this is my last slide, and it ties into the  
5 previous slide on decided appeals. It is a little  
6 bit of a weird slide but essentially this is  
7 saying, we as a Board, and I reported this, I  
8 think, three PPAC meetings ago. Made an effort to  
9 clear out old cases, get rid of them. And as of  
10 today, I'm happy to say that we have no cases that  
11 were ever filed before FY15. So, we are literally  
12 dealing with FY16 and FY17 cases. We have just  
13 instituted at a Board, a program, that we call our  
14 quarterly review period so that every quarter, the  
15 judges will be made aware of which decisions are  
16 on their docket that are the oldest. As a result  
17 of that, focus their attention on those and make  
18 an effort to get those done by every quarter. So,  
19 what you are going to see is that tail that starts  
20 at Q4 of FY16, slowly be eliminated. So, over the  
21 next two or three quarters, there should be  
22 essentially no tail and if we fix this all

1 together at the same time to get to one year  
2 pendency, we will not be having any of these old  
3 cases pending anymore. And you will be seeing the  
4 same fiscal year you file it, you will be able to  
5 get your result out. So, we think these are  
6 really moving the appeal process in the right  
7 direction. It's not easy because of the volume  
8 that we have and the number of judges. I think  
9 these programs that have been reducing pendency,  
10 equalizing pendency amongst all the different  
11 technology centers and particularly eliminating  
12 older cases first, deciding those older cases  
13 first, was really going to go a long way to  
14 helping out the community.

15 MS. MS. CAMACHO: David, just a quick  
16 comment. I notice that the uptick in the filings,  
17 and you ask why the uptick, it corresponds with  
18 the decrease in the backlog or the inventory as  
19 well as the pendency. I wonder if it was noticed  
20 by the public and it becomes more of an option now  
21 that the pendency is down and it looks like it  
22 could be an efficient option when it might not

1 have been before.

2 MR. RUSCHKE: I think so and frankly, we  
3 hope that would be the case. And that's why we do  
4 try to ask whenever we go out, is this something  
5 that you've changed with your practice now either  
6 as a law firm or working as in house counsel.  
7 When we were coming up with our model, we didn't  
8 know whether that was going to take affect or not.  
9 So, if it is, we're going to be adding that to our  
10 model. But it is definitely an effect that we're  
11 conscious of, it's just a little bit tricky to see  
12 whether that's actually kicking in or not. We are  
13 hoping people notice and I've heard that people  
14 are noticing.

15 MR. SEARS: The data you put together  
16 for today's meeting, in my view, is fantastic.  
17 It's exactly the type of data I was looking for,  
18 especially this last slide. I think you're making  
19 incredible process and I'm really happy to hear  
20 that the goal is 12 months and I'm happy to hear  
21 that you have a plan in place and it sounds like  
22 it will reach it fairly soon. Thank you very

1 much.

2 MR. RUSCHKE: I appreciate the feedback.  
3 This is all the judges. I wish I could say that  
4 it's me but I've done one appeal. That's all I  
5 can take credit for. But it is all the judges and  
6 again, part of the way this has happened, of  
7 course, is that we hired a lot of electrical  
8 judges in order to handle the AIA work that was  
9 coming in. And all of those new judges all focus  
10 on ex parte appeals initially. So, that's why the  
11 electrical cases and the electrical inventory  
12 really has come down more quickly than the others.  
13 But I think you'll see that inventory in certainly  
14 the electrical backlog and pendency numbers  
15 continue to be that low. That's our goal.

16 MS. JENKINS: David, thank you, always  
17 informative.

18 MR. RUSCHKE: Can I show one more slide?  
19 I'm sorry. We talked about this yesterday and  
20 Julie said I could show this slide.

21 MS. JENKINS: Can I note the  
22 subcommittee chair that I requested an hour for

1 PTAB. Can we note this that we're now an hour and  
2 fifteen.

3 MS. SPINOLA: I want to give credit to  
4 David for helping us change a format and to  
5 address new topics. On the older topics, to  
6 address it from a different perspective. So, I  
7 join Jeff's comment and compliment for your  
8 presentation, even if it took an extra 15 minutes.

9 MR. RUSCHKE: Thanks Julie. And the  
10 only piece I wanted to say up here on this one  
11 again is, if you recall the first six months of  
12 calendar year 2017 was very erratic in our AIA  
13 filings. We don't know but the last six months  
14 seems to be going back to normal in a very steady  
15 state. We don't know, let's keep an eye on it.  
16 Again, we had the most AIA petitions filed ever in  
17 the history of AIA last fiscal year. We're sort  
18 of settling in into the mid 120's, 130's. We'll  
19 see how that goes over the next six months. That  
20 was it, sorry Marylee.

21 MS. JENKINS: Thank you. Dana, it's all  
22

1                   you.

2                   MR. COLARULLI: Thank you. I'm glad to  
3                   say that both David and Scott are much more  
4                   exciting than I am. I think the people that I  
5                   deal with actually are very interested in the  
6                   progress that David is making so it is a good  
7                   record that's he building here. So, I'll give a  
8                   quick legislative report. I know you're all  
9                   excited to hear from Will as well. The biggest  
10                  news in my space is certainly that the Senate is  
11                  going to move forward and vote, hopefully they're  
12                  scheduled to vote, at 5:30 on Monday on the  
13                  director nominee on Andrew Iancu. So, we're  
14                  excited about that. I'll go into a little bit of  
15                  Senate procedure here. It's what is called a bed  
16                  check vote. It will be the first vote that the  
17                  Senate takes. Generally, it is the vote as  
18                  members are filing back into town. The leadership  
19                  wants to know if they're in their seats and if  
20                  they're ready for a committee action the next  
21                  morning. So, it is that first vote. As a point of  
22                  Senate history, Danny Martee was also the last bed

1 check vote and the last director nomination vote  
2 was Michelle Lee right after Danny. She was a  
3 unanimous consent. So, normally this position has  
4 been not necessarily a roll call vote but good  
5 that it is a bed check vote because it makes it  
6 more likely it will actually happen and won't get  
7 pushed. We're very excited. Just the director  
8 nominee, not others, not a package.

9 MS. MS. CAMACHO: Quick question. How  
10 quickly will the outcome of the vote be made  
11 public or hit the wires? Is it instantaneous?

12 MR. COLARULLI: As soon as you get the  
13 email from me at hopefully 5:31. It is fairly  
14 instant. I think the politico, the technology  
15 report and certainly a number of other peer  
16 articles have been very, very closely watching  
17 this so I expect the news will get out pretty  
18 quickly. The rest of this is the history. The  
19 director nominee did get a number of QFRs,  
20 questions to the record, that responded to,  
21 including some commitments to get back to members  
22 of committee after confirmed. I think the

1 committee was very interested to move him forward.  
2 He has also created some good relationships  
3 already with the leadership. So, we're excited  
4 that that is moving forward. Of course, beyond  
5 that and Joe made a reference to this, this  
6 morning, there is a number of issues in front of  
7 Congress. IP issues continue to take a bit of a  
8 back seat, although as Shira mentioned, we did get  
9 mention of intellectual property in the State of  
10 the Union. I see this as a good trend. We see  
11 now a couple of Presidents, in fact, the last  
12 three Presidents have mentioned intellectual  
13 property, innovation or patents in a speech so it  
14 is good that our issues are very visible, even at  
15 the State of the Union level. I think in terms of  
16 consideration, certainly there is a lot of other  
17 issues, the budget being number one on the minds  
18 of both the House and Senate, certainly,  
19 immigration issues and others. As I was preparing  
20 to come here, the House unveiled plans for an  
21 additional CR that they might vote on as early as  
22 next Tuesday which would continue our



1 appropriations through March 22nd at which point  
2 they have to act again. At least that is what the  
3 House is floating, we'll see if it gets some  
4 traction next week and see how the Senate wants to  
5 respond. Remember, they have to by the end of next  
6 week to keep the government open. Certainly, that  
7 has been the focus and lots of other discussions.  
8 Infrastructure, you heard that in the State of the  
9 Union. The debt ceiling, interestingly enough, the  
10 date on that one moves back and forth depending on  
11 how much money the federal government is spending,  
12 so that might change as well and we'll just keep  
13 an eye on that.

14           Some changes in at least the two  
15 committees that we spend the most time with, the  
16 House and the Senate judiciary committees. Because  
17 of the election of Doug Jones in Alabama, it  
18 actually changed the ratio in the Senate. That  
19 produced two additional seats on the Senate  
20 Judiciary Committee, Zacorda Booker from New  
21 Jersey and Camilla Harris from California, both  
22 joined the committee. We're also seeing the most

1 senior member, Orin Hatch announce that he'll  
2 retire at the end of this session. He'll be here  
3 for the remainder of the year. At least some  
4 changes there at the Senate Judiciary Committee.  
5 A number of additional changes in House Judiciary,  
6 certainly affecting the next Congress. Chairman  
7 Goodlatte and Representative Isa both announced  
8 that they would not be returning or not be running  
9 for reelection. There was some speculation that  
10 Daryl Isa might run in the district right next  
11 door which, I think, technically would make him a  
12 carpet bagger but we'll see if that happens. And  
13 then because of John Conyers retirement, changes  
14 in both the ranking member of the full committee  
15 and the subcommittee. For the next Congress, it  
16 has yet to be seen who would take the chairman  
17 slot and the subcommittee chairman slot. At least  
18 one of the candidates that had been talked about  
19 just week, also announced that he'd retire. So,  
20 things very much influx, we'll see what happens  
21 for the rest of the year. In the meantime, I  
22 think certainly the House Judiciary Committee,

1 we'll starting to see some activity now bubble up  
2 on some IP issues, at least initially focused on  
3 copyright issues. There seems to be considerable  
4 stakeholder support around, at least a music  
5 licensing bill, and a few others that are  
6 generally non-controversial. I think you'll see  
7 move together. The Senate Judiciary Committee,  
8 likewise, has set goals considering some copyright  
9 legislation. So, I think those would take up at  
10 least some of their time the second session of  
11 this Congress. But we've also heard some  
12 discussions of potential patent bills that may be  
13 introduced. Certainly issues, again in David's  
14 realm, people are very, very interested in PTAB.  
15 In addition to the Stronger Act which was  
16 introduced in the Senate at the beginning of the  
17 Congress, certainly the House has held at least  
18 one hearing on sovereign immunity. We might see  
19 some other legislation that is introduced by the  
20 end of the Congress. Again, certainly not a front  
21 burner issue but there is discussion of those  
22 bills being discussed and maybe some bills being

1 introduced. I think as you look at the two  
2 chairman I just mentioned who were leaving,  
3 certainly Chairman Goodlatte, one of the things he  
4 stated he wanted to get done before he left was  
5 copyright reform. Certainly, one of the things  
6 that Chairman Isa has looked at is improving the  
7 patent system, so I think you'll see both of those  
8 issues take some more attention at the Committees.  
9 I continue to report on the TEAPP extension. Great  
10 progress last year. The three year extension of  
11 our existing program was passed out of the House.  
12 It is now pending in the Senate in front of the  
13 Senate Homeland Security in Government Affairs  
14 Committee. We're waiting for a markup for that  
15 committee. I believe it is non-controversial.  
16 We've been doing quite a bit of outreach to  
17 members on the committee, highlighting not only  
18 the importance of this program but a number of  
19 TEAPP employees who actually happen to be in their  
20 states and the importance of maintaining this  
21 ability for the PTO and limiting any disruption.  
22 We're hopeful they'll move forward before March.

1 We currently have a gap agreement in place with  
2 our unions that is serving us well. We look  
3 forward to actually having the authority back on  
4 the books for us at least for those three years.  
5 Two last things I'll mention. One, just for  
6 folk's interest, there were some IP provisions in  
7 the big tax bill. In the original draft, there  
8 were some provisions that would have addressed  
9 copyrights. There were, in the final bill, just  
10 provisions that address patent rights and would  
11 likely impact certainly companies patent  
12 portfolios subject to a higher tax rate treated as  
13 capital gains now under a lower tax rate. It is  
14 yet to be determined what else is in the bill that  
15 might offset that but at least that is something  
16 that we thought was interesting and certainly will  
17 watch what the impact is on patent owners. The  
18 last thing I'll mention is we continue to get a  
19 lot of interest and our IP attaché program, folks  
20 on The Hill as they're looking at ensuring that  
21 PTO can continue that program, maintain that  
22 program. So, both folks on the Senate side and the

1 House side, on appropriations committee and  
2 authorizing committees, certainly want to make  
3 sure the program is working well. They are aware  
4 of the issue that has been raised by some of our  
5 stakeholders of increasing the rank of the  
6 attaché's, so those are the types of questions  
7 we're getting. We think it is a good conversation  
8 and we would like to continue the program and  
9 continue giving it the resources it needs. That's  
10 all I have, Marylee. Any questions that folks  
11 have I'm happy to answer.

12 MR. GOODSON: Real quick. I live in the  
13 eastern district of Texas. Should our tourism  
14 rate change any?

15 MR. COLARULLI: Well, I think maybe TC  
16 Harland has already caused some changes in your  
17 tourism rate, although I hear the barbecue is  
18 still very good.

19 MR. GOODSON: It is quite good. The  
20 real question being, is there any effort underway  
21 to change laws on venue, given that case and what  
22 all it has brought on?

1                   MR. COLARULLI: I continue to hear folks  
2 talking about the impact of the TC Hartland case  
3 and watching the cases. I think at least as you  
4 look at the congressional leadership on the House  
5 side, there were very early signs that the  
6 chairman thought that the case did a good job of  
7 addressing the issues that he was at least looking  
8 at. I hear from stakeholders, some interest in  
9 further clarifying the statute. I do think that  
10 it would not be uncontroversial. I think we're  
11 seeing this already with the legislation, we'll  
12 see this with patent legislation. If there are  
13 controversial measures, they're likely not going  
14 to move forward. I don't think anything in the  
15 near future, I wouldn't foreclose changes in the  
16 future after we see more cases working through the  
17 court system. I'll mention just for pure  
18 curiosity. I included one more slide just on  
19 federal government shutdowns back to the 70s.  
20 There have been quite a few. I'll note, I thought  
21 it was interesting when I looked at this chart.  
22 Not unlike the situation we have right now where

1 both houses of Congress and the President are held  
2 to the same party. The same thing happened in the  
3 70s where Democrats had all three branches and  
4 still there was a shutdown and quite lengthy  
5 shutdowns at that time. So, purely for historical  
6 context, I thought that was interesting and I  
7 would share that as well. With all hopes, we'll  
8 still be running, we'll still be open as we go  
9 into the end of next week. Thanks.

10 MS. JENKINS: Dana, thank you. We have  
11 one final topic and it is Diversion at the USPTO  
12 Office of Enrollment and Discipline.

13 MR. COVEY: Good afternoon, I'm Will  
14 Covey, I'm the director for the Office of  
15 Enrollment and Discipline. Today I'm going to  
16 talk to you about a new program we just started, a  
17 pilot program we just started back in October. I  
18 want to lay the groundwork to what is going on in  
19 the bar, why we did what we're doing now because  
20 of an issue we've seen. In 2016, the ABA  
21 partnered with the Betty Ford Foundation and did a  
22 study of attorneys throughout the country. These



1 are not IP practitioners, these are attorneys  
2 across the board but obviously it applies to our  
3 bar. They came up with some pretty startling  
4 figures when this came out. I heard about this at  
5 a conference and I anecdotally have been seeing  
6 the issue kind of come across my desk because I  
7 sign every single complaint against every attorney  
8 and agent that we take a disciplinary case. I can  
9 tell you, in many, many of these cases, there is  
10 some issues with alcohol, drugs, gambling, there  
11 is something else going on that kind of causes the  
12 cases to go abandoned and to steal their client's  
13 funds. The conflict issues that we see, they're  
14 not focused on what they need to be. If you take  
15 a look at this data here, it is pretty startling.  
16 You can see that 21 to 26 percent of the attorneys  
17 that were surveyed in this 13,000 person  
18 population had a drinking problem. They used a  
19 standardized medical methodology for determining  
20 what is a problem drinker. How many times do you  
21 have a drink every week. How many times do you  
22 binge drink on the weekends, those types of

1 questions. If you looked at the questions and  
2 there are ten questions, it is pretty startling.  
3 If you get to the point where you're a problem  
4 alcoholic, you'd say oh yeah, that person  
5 definitely has an issue. So, the bar has an issue  
6 in general across the United States and we're  
7 seeing it also too. The study also showed that a  
8 significant portion of the bar has problems with  
9 depression and anxiety. So, those are again,  
10 those are issues that are feeding into problems  
11 that we're seeing in (inaudible). The goal for us  
12 is and why it got on our radar is that it is not  
13 very helpful at the end of the day to have a case  
14 filed against a practitioner. We're going to  
15 litigate the case or we'll settle it and we're  
16 going to take their license for some period of  
17 time. That really doesn't solve the problem and  
18 help the person get better. It doesn't help the  
19 bar in general. So, this program that we've  
20 started, which 30 states have started similar type  
21 programs, are also starting to recognize this  
22 issue. I'll tell you another interesting point

1 with this is the ABA also looked at law students.  
2 They did a study of 3000 law students and the  
3 numbers are much, much higher. So, the issues are  
4 kind of fermenting in the law schools and then  
5 we're going to see those issues down the line  
6 throughout the bar as they go out and they  
7 practice. Yes?

8 MS. SPINOLA: William, can you, to the  
9 extent you know, how did these numbers or  
10 percentages compare against the general public  
11 numbers?

12 MR. COVEY: That's a great question. We  
13 had a chance to take a look at that and they are  
14 much higher. So, for example, in the general  
15 public, the Hazelden Foundation also did a study  
16 in 2012 and problem that tagged, for example, the  
17 bar was 21 to 36 percent. The general public it  
18 is 10 percent. So, it is significantly higher in  
19 the bar across the country too. We've got an  
20 issue that we need to deal with here. So, what  
21 did the PTO do. So, we looked at what diversion,  
22 they're called diversion programs, diverting them

1 out of the disciplinary lane, letting them get  
2 help and working with them to not just move  
3 forward on a disciplinary case. So, this is  
4 available to anyone, attorney or an agent who has  
5 got some type of physical, mental or emotional  
6 health issue related to drug or alcohol use and it  
7 some how impacted what they did before the office.  
8 Now there are some caveats to that. It's not  
9 carte blanche, we're going to allow everyone to  
10 enter into this program. So, the PTO program, and  
11 this tracks basically what the state bars are also  
12 doing. It can't involve any type of  
13 misappropriation of funds. We have several cases  
14 every year, we have a steady stream of these of  
15 attorneys stealing \$100,000, a million dollars  
16 from clients and things. So, those cases are  
17 almost a steady stream of those types of things.  
18 They can't have serious crime involved with what  
19 they've done. We've had cases in the past,  
20 serious assaults, there has been attempted murder  
21 cases we've seen. So, you see crimes that don't  
22 relate directly to the IP practice but obviously

1        impact the persons ability. Securities fraud is  
2        another one we've seen over the years. Those  
3        types of individuals would not be able to avail  
4        themselves to this type of program. We've  
5        already, just since October, we've had two  
6        practitioners take advantage of the program. One  
7        an agent in Texas who had an alcohol problem and  
8        fortunately, the Texas state bar also worked with  
9        us and they were able to get the person help in  
10       the state. We are working with the state and the  
11       person had issues here with the PTO so then we  
12       worked together and crafted a way to move forward  
13       and hopefully this person will get healthy and get  
14       back to being a productive practitioner. And then  
15       we had another attorney in New Hampshire who had  
16       an opioid issue which you're hearing a lot about  
17       in the news. So, lawyers are not immune to that  
18       type of an issue so he was working with the state  
19       bar up there and getting help too. So, we've  
20       approved those two individuals already taking  
21       advantage of this program and are hopefully moving  
22       forward. One question that came up with the

1       subcommittee I want to mention too yesterday, was  
2       I was asked is this a diversion program or a  
3       deferral program. We had a lot of discussion  
4       internal to our office. So, the difference is, do  
5       we kind of just hold off which we do in many of  
6       our cases for whatever reason, we decide to toll  
7       the disciplinary case that we're looking at for  
8       whatever reason. It might be a court case that is  
9       pending that we think is important to wait to see  
10      what the district court or the court of appeals  
11      might do so we kind of hold off on these. But  
12      with these types of cases we decided, you know  
13      what, it is probably better if we just allow the  
14      person to get better, get the help they need, get  
15      the medical treatment they need and kind of let  
16      them move on without the threat or the Sword of  
17      Damocles hanging over their head that they're  
18      going to face something if they somehow slip or  
19      fall down in their treatment process. We're going  
20      to look at those types of cases, we're going to  
21      not put them under that type of stress. The one  
22      important point is, obviously there is no PTO

1 funds being expended on this. We can't do that,  
2 we can't spend our dollars on this so they're  
3 going to have to pay for this medical treatment  
4 out of their own pocket. The last thing I'll  
5 mention is there is something called, The National  
6 Organization of Bar Counsel. This is a group of  
7 bar counsel throughout the United States. Every  
8 state is a member of this and kind of get together  
9 and they kind of discuss issues that are impacting  
10 their bars. We, about five or six years ago,  
11 joined this group because we're the only federal  
12 bar basically. We're kind of a little bit of an  
13 anomaly. They really don't understand us but  
14 anytime they get a patent or trademark issue, they  
15 will certainly call us and say, here you take it,  
16 can you help us and figure out what is going on  
17 here. So, we kind of got involved in this five or  
18 six years ago and now the group has started kind  
19 of a wellness committee. We decided, you know  
20 what, we're ready at this point, the PTO, to kind  
21 of play a role in this because we're starting our  
22 own diversion program. It's a pilot program. We

1 want to learn what the states are doing, how the  
2 programs are working, what is working well and  
3 what is not working well so that we can kind of  
4 modify and tailor our program so that we can best  
5 help those who have an issue before the office.  
6 So, we appointed one of the staff attorneys to  
7 this committee, so she is going to participate in  
8 those meetings and things that they are having  
9 basically so PTO can learn and they can also  
10 share. I got a call from the ABA's professional  
11 responsibility head. As soon as she found out the  
12 we were moving forward, she was really thrilled.  
13 We've gotten a lot of great press about the  
14 program. I was interviewed by Bloomberg, a  
15 reporter from Bloomberg called me up immediately.  
16 The ABA has kind of tagged onto this story so  
17 we've gotten a lot of great press. Also, I go out  
18 and the office sense, people at the talk at CLE's  
19 through the country so you may have seen me at  
20 things like AIPLA or IPO or ABA type events. We  
21 have now incorporated this information that one,  
22 we have this program but there is also an issue in



1 the bar that we think the bar needs to be aware  
2 of, this alcohol and this drug issue. We're a  
3 little concerned about what's going on here too.  
4 That's basically the presentation so subject to  
5 any questions, yes sir.

6 MR. WALKER: I was going to say,  
7 congratulations for taking this on because I think  
8 we all know people with substance abuse in  
9 different fields and it is a terrible thing. And  
10 to have this Damocles hanging over their head at  
11 the same time they're trying to resolve these  
12 personal issues is really unfair. So, it's a very  
13 humane thing to do so kudos to you and the  
14 leadership at the PTO for doing it.

15 MR. COVEY: Thank you.

16 MR. KNIGHT: Yes Will, and I'd like to  
17 echo Mike's comments. Number one, thinking of  
18 this program and overtly proposing it for the  
19 Agency, I think, is a phenomenal initiative for  
20 you and your staff. I agree 100 percent with Mike  
21 that these people cannot get their lives pulled  
22 back together if they can't make a livelihood. A

1 disciplinary action does not help them nor does it  
2 help the patent system, so thanks for implementing  
3 this.

4 MR. COVEY: Thank you.

5 MS. MS. CAMACHO: It's a great program.  
6 I'm curious as to how it fits into the process.  
7 So, you have a complaint that comes in for  
8 misconduct. Do you investigate and decide that  
9 disciplinary action would be necessary and then  
10 you offer the diversion?

11 MR. COVEY: So, the way it works and  
12 this is in general terms here. I think this  
13 question came up at the subcommittee yesterday and  
14 when I go out and speak, people are always  
15 curious, how do you get complaints and how do you  
16 get information. Well, we get lots of feeds of  
17 information into the office. It comes in from  
18 your opposing counsel, former clients, so we're  
19 getting lots of information feeding into us. We  
20 get several hundred contacts to the office in any  
21 given year. We evaluate those and in many cases,  
22 we don't even contact the practitioner in about

1 half of them because we look at it and say, there  
2 is nothing here, there is nothing for the office  
3 to do. But once we then decide, you know what,  
4 there might be something here we need to take a  
5 look at, then we kind of craft a letter to the  
6 person that says hey, can you please tell us, we  
7 have this information, we'd like to hear what your  
8 side of the story is, can you please tell us. We  
9 have this information and we went into PALM and we  
10 say you did X Y and Z and all these cases went  
11 abandoned, what is your side of the story. And  
12 then at that point, they may tell us, well I  
13 forgot this issue. That's the two cases we've  
14 seen so far. So, we contacted them, we initiated  
15 a complaint process against them, we contacted  
16 them and then they told us that they had issues  
17 with substance abuse basically. That kind of sets  
18 off an all stop for us. Especially since this  
19 program, we were looking at putting this program  
20 in place. We then shifted to kind of focusing,  
21 well hey would you be interested in this type of a  
22 program. They both have counsel. They don't have

1 to do it, it is totally up to them. If they say  
2 no, well we have no choice and we have to move  
3 forward on the case, we have to do something with  
4 the case. In this case, they both were very  
5 willing. One of them was already in treatment at  
6 the time too so it was a perfect match. We were  
7 willing to help them and we entered into an  
8 agreement with the practitioner and we just want  
9 them to stay on track. We need to do some type of  
10 monitoring to make sure they're doing something.  
11 We're not medical professionals, so we just want  
12 to make sure that they're getting the help they  
13 need and they're moving in the right direction.  
14 This process is already a high pressure type  
15 thing. If you get a call, there's my contact, I  
16 know none of you want to call me. Nobody wants to  
17 ever talk to me. I don't get lots of calls or  
18 Christmas cards or anything like that. That's the  
19 kind of business we are and we take that very  
20 seriously. Going back just generally, whenever we  
21 contact someone, we make sure that it is really  
22 something that we're going to move forward on. We

1 get hundreds of contacts per year and we kind of  
2 have to sift through them. If you get a call from  
3 us or a letter from us, it is going to be a heart  
4 stopping moment for you. We're cognizant of that,  
5 we're trying to be sensitive to that issue.

6 MS. JENKINS: So, there is not tie in.  
7 So, in other words, you need to complete the  
8 course and then you don't get disbarred and there  
9 is nothing like that.

10 MR. COVEY: No, so we stop the  
11 investigation at that point. There is nothing  
12 further and we then kind of shift to, let's get  
13 the agreement in place, let's encourage them,  
14 let's get whatever documentation. We do ask for  
15 documentation as to what type of program they're  
16 in. It is very minimal and we just want to  
17 understand that they're doing something. We do  
18 ask them to send us periodic updates just to make  
19 sure they're moving forward and doing something  
20 that is positive to correct whatever health issue  
21 they have and are trying to make themselves better  
22 and hopefully not take their license away. That

1 has been an issue too. We know when we take your  
2 license away, even if it is for six months or a  
3 year, it is a pretty catastrophic event for a  
4 practitioner. There are even instances where we  
5 take someone's for 30 days. We give a lot of  
6 thought to, is this really the right thing to do  
7 and is this the appropriate sanction. I  
8 will say this too, of those hundreds of cases,  
9 people do ask us and they always kind of wonder,  
10 we only have about 35, 36 cases per year, reported  
11 cases. Out of a bar that is 35,000 patent  
12 attorneys, 11,000 agents and 20,000 trademark  
13 attorneys who are practicing in some shape or form  
14 before the office. So, if you do the math, it's  
15 pretty small. The bar is in great shape. We look  
16 at other state bars like Massachusetts or Michigan  
17 which are roughly comparable to our size and their  
18 discipline stats are like three and four times  
19 what ours are. So, we're in pretty good shape, I  
20 think.

21 MS. JENKINS: Well, we would love to  
22 have you come and talk to us again.

1                   MS. SCHWARTZ: Marylee, can I say one  
2                   thing before we finish. I think this is a great  
3                   program. I would to see the Agency, I know I've  
4                   talked to Drew about it before, but we never got  
5                   through doing something for the employees of the  
6                   Agency. There are a lot of high stress jobs here  
7                   as you know. I think we have hired, when you look  
8                   at performance, we have higher disciplinary stats  
9                   than what Will is talking about here. It would be  
10                  great if we could have a similar program that  
11                  would -- he was talking about this sort of  
12                  Damocles hanging over their head. That is how the  
13                  employees are treated in that situation right now.  
14                  So, it would really be wonderful to look to see if  
15                  we could do something for the employees. That  
16                  would put them in a similar situation where they  
17                  didn't lose their jobs because of this type of an  
18                  issue.

19                  MS. SPINOLA: Actually, I would have  
20                  asked that question earlier about whether this  
21                  program extends to the employees. But my  
22                  assumption was, was that you already had a

1 separate program. So, thank you for bringing that  
2 up. I think it's a valid point, a significant  
3 point. More importantly, I think it's great. In  
4 the private sector I think there's a lot of that  
5 support so I think it's a great thing for the  
6 Patent Office to also support that.

7 MR. GOODSON: Pam and I had the  
8 conversation over lunch and she assured me, and I  
9 think this is very appropriate, that there are  
10 ombudsmen available within the Agency for a person  
11 who feels that for whatever reason they are being  
12 sexually harassed. That seems to be the topic in  
13 some quarters. I'm glad that is already taken  
14 care of and what she is telling me is that if a  
15 person feels that way, they can go and meet with  
16 an ombudsman of their choice or gender to explain  
17 the problem and that you all take it seriously.

18 Thank you for that.

19 MS. JENKINS: Okay I didn't really want  
20 to end on that note but thank you all. I think  
21 this has been a great session. We always are so  
22 appreciative to the input that we get from the



1 office.

2           The Committee is very excited for the  
3 coming year and we look to new initiatives and new  
4 outreach and engagement with the office and help  
5 everybody to move forward. With that, I'm going  
6 to move to close the meeting. May I have a  
7 second, second. Thank you and we are closed.

8                           (Whereupon, at 3:08 p.m., the  
9 PROCEEDINGS were adjourned.)

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