

UNITED STATES PATENT AND TRADEMARK OFFICE

PATENT PUBLIC ADVISORY COMMITTEE MEETING

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1 PARTICIPANTS:

2 PPAC Members:

3 LOUIS FOREMAN

4 CLINTON HALLMAN

5 PAUL JACOBS

6 MARYLEE JENKINS, Chair

7 ESTHER KEPPLINGER

8 VALERIE McDEVITT

9 A. CRISTAL SHEPPARD

10 WAYNE SOBON

11 PETER THURLOW

12 DAMON C. MATTEO

13 USPTO:

14 THOMAS BEACH, PE2E & PTAB Portfolio Manager

15 SCOTT BOALICK, Deputy Chief Judge, Patent and  
Trial Appeal Board

16 MELANIE CANTER, Staff Attorney, Office of  
17 Enrollment and Discipline

18 DAVID CHILES, Acting Chief Information Officer

19 DANA COLARULLI, Director, Office of Governmental  
Affairs

20 WILLIAM COVEY, Deputy General Counsel and  
21 Director of OED

22 ANDREW FAILE, Deputy Commissioner for Patent  
Operations

## 1 PARTICIPANTS (CONT'D):

2 DAHLIA GEORGE, Staff Attorney, Office of  
3 Enrollment and Discipline4 DON HAJEC, Assistant Deputy Commissioner for  
5 Patent Operations

6 GARY JONES, Director, Office of Patent Training

7 DAVID LANDRITH, Portfolio Manager

8 JERRY LORENZO, Director, Technology Center 3700

9 SHIRA PERLMUTTER, Chief Policy Officer and  
10 Director for International Affairs11 MARK POWELL, Deputy Commissioner for  
12 International Patent Cooperation13 DAVID RUSCHKE, Chief Judge, Patent Trial and  
14 Appeal Board

15 ANTHONY SCARDINO, Chief Financial Officer

16 DEBBIE STEPHENS, Associate Commissioner for  
17 Patent Information Management

18 DAN SULLIVAN, Director, Technology Center 1600

19 KAREN YOUNG, Director, Technology Center 2900

20 VALENCIA MARTIN WALLACE, Deputy Commissioner  
21 for Patent Quality

22 Other Participants:

23 BOB BAHR

24 JENNIFER COMACHO

25 MARY CRITHRIS

1 PARTICIPANTS (CONT'D):

2 MARK GOODSON

3 JULIE HAR-SPINOLA

4 DREW HIRSHFELD

5 BERNARD KNIGHT

6 DON H. LANG

7 LARRY LIAN

8 CHARLES PEARSON

9 PAMELA SCHWARTZ

10 JEFFREY SEARS

11 RICK SEIDEL

12 P. MICHAEL WALKER

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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.

12 So we're going to start. We have a lot  
13 of topics. Very interesting developments at the  
14 office and always a good source of information for  
15 folks who are logging in or sitting here in the  
16 audience of what is going on at the moment at the  
17 USPTO. I encourage you to also recommend these  
18 meetings to colleagues and friends because you  
19 learn so much about the activities of what we do  
20 with the PTO, as well as what is going on here.

21 So I'm also going to warn you that my  
22 voice is kind of coming and going so Mike may have

1 to interpreter later on. He said not a problem  
2 earlier. So with that, I would like to introduce  
3 Joe Matal. He is performing the functions and  
4 duties of the Undersecretary of Commerce of  
5 intellectual property and director of the USPTO,  
6 and I always call him the interim 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.

14 A few updates. The President's nominee  
15 for director Andre Young is locked in to get a  
16 vote before the U.S. Senate on Monday at 5:00 so  
17 you'll be able to watch that on TV. We don't  
18 expect the vote to be, contrary to some of the  
19 press accounts, it's pretty clear the reason they  
20 scheduled this for a vote is the Senate  
21 periodically does bed check votes on Monday night  
22 for some of the senators to show up, and that

1 appears to be the reason this was scheduled for a  
2 vote, but we expect him to be confirmed  
3 overwhelmingly. After the confirmation it  
4 typically takes a couple of days for the President  
5 to sign paperwork, so Andre should be sworn in as  
6 director within about a week.

7 A couple more updates. We recently went  
8 through a brief government shutdown, but in the  
9 course of that shutdown OMB authorized PTO to use  
10 its reserve funds. We have funds reserved from --  
11 user fees reserved from past payments that allowed  
12 the agency to remain open for a period of time.  
13 There are threats of shutdowns looming in the  
14 future. The CR that was agreed to is pretty  
15 short, but given this recent precedent we're  
16 confident that it seems likely we'll -- again, we  
17 wouldn't be affected by a brief shutdown. We'd be  
18 allowed to use our reserve funds to continue to  
19 operate.

20 Some brief update on patents' issues.  
21 For the first three months of this year compared  
22 to the first three months of the last fiscal year

1 we've actually had a 5.4 percent increase in  
2 serialized patent filings, new patent  
3 applications. That's our first substantial  
4 increase like that in a while. It came as a bit  
5 of a surprise to us, but patents are popular  
6 again. They've come back into style and we're  
7 heartened to see that rise. This has also been  
8 accompanied by a 9.1 percent decrease in RCEs  
9 which is also a good thing. RCEs are effectively  
10 do overs, and various programs we're instituted  
11 seem to have some success and leading to a  
12 decrease in RCEs.

13           Also, an update about matters before the  
14 patent trial and appeal board. Our ex parte  
15 backlog continues to go down. The board's made  
16 great progress in reducing the pendency of ex  
17 parte appeals which still make up about two thirds  
18 of the board's work, and the board continues to  
19 comply with all of its statutory deadlines. For  
20 the first time ever it did make two exceptions to  
21 that deadline. After the Aqua [phonetic] products  
22 case came down, vacating our rule governing



1 amendments and IPRs the board did extend the  
2 deadline for two pending IPRs that involved  
3 amendments until the agency was able to issue  
4 guidance across the board as to how to handle  
5 amendments on those cases. Both of those cases  
6 have since been disposed of now that the guidance  
7 has been issued.

8           The Supreme Court had oral argument in  
9 the oil states case involving the  
10 constitutionality of AI trials. Several of us  
11 from the agency managed to get tickets to attend  
12 that argument and heard the Justices' comments.  
13 I'm sure you've all -- many of you have probably  
14 read the transcripts or followed the cases well.  
15 The tenor of the argument reinforced our optimism  
16 about the outcome of the case.

17           We also had a decision in the Wi-Fi one  
18 case involving the appeal-ability of institution  
19 decisions, an issues that we won in (inaudible),  
20 but, you know, agency has taken the view that the  
21 statutory provision that institution decisions are  
22 final and non-appealable means that they're final

1 and can't be appealed, but we got an adverse  
2 result on that in the federal circuit. We're not  
3 sure this will be the final word. There are still  
4 two cases pending in the Supreme Court that also  
5 raised this issue Anser Sharari secure access and  
6 unwired planet cases, and it's possible this issue  
7 will come up again.

8           And then just a brief note about the  
9 shared services, an issue which has been discussed  
10 in the past. We're still in negotiations with CFO  
11 staff at the Commerce Department over the scope of  
12 a contract to evaluate the shared services  
13 project, have an outside auditor look at it.  
14 Outside auditor look at it and see if it would  
15 make sense.

16           And then, finally, I'll just note that  
17 we have an exciting and jam packed agenda for all  
18 of you today. We'll get updates from the patents  
19 organization, including the patent quality team  
20 for our international office. Later the patent  
21 trial and appeal board will present on its issues.  
22 We'll have an update from the office of gov

1       affairs as to what's going on on Capitol Hill.  
2       Not a lot of activity on big patent legislation  
3       like we saw in the past two Congresses, but some  
4       small but still significant things going on.

5                   And then, finally, our office of  
6       enrollment and discipline will cap it off with a  
7       discussion of their near diversion program. So I  
8       look forward to attending this as much of it as I  
9       can. Unfortunately, in the afternoon I'll have to  
10      leave for a trademarks matter. So I'm sure it's  
11      one of those exciting moments when trademarks gets  
12      to trump patents. Unfortunately, I won't be able  
13      to attend the afternoon because of that, but I do  
14      look forward to the rest of the presentations.  
15      And with that I'll had it back to you, Marylee.

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

1 really appreciated the interaction for the, I  
2 guess, seven months now.

3 MR. MATAL: I think almost eight.

4 MS. JENKINS: Almost eight. Yes, he's  
5 saying eight.

6 MR. MATAL: Really kind of stretches the  
7 definition of interim director, huh.

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

16 So with that, we usually do a roll call.  
17 So, Pam, you want to start us off?

18 MS. SCHWARTZ: Pam Schwartz. I'm with  
19 the Patent Office Professional Association and  
20 PPAC.

21 MR. GOODSON: Mark Goodson, PPAC.

22 MR. KNIGHT: Bernie Knight, PPAC.

1 MR. SEARS: Jeff Sears, PPAC.

2 MS. COMACHO: Jennifer Camacho, PPAC.

3 MR. LANG: Dan Lang, PPAC.

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

6 MR. WALKER: Mike Walker, PPAC.

7 MS. JENKINS: Hi. Marylee Jenkins,  
8 PPAC.

9 MR. MATAL: Joe Matal, USPTO.

10 MR. HIRSHFELD: Drew Hirshfeld, USPTO.

11 MR. FAILE: Andy Faile, USPTO.

12 MS. MARTIN-WALLACE: Valencia  
13 Martin-Wallace, PTO.

14 MR. SEIDEL: Rick Seidel, PTO.

15 MR. BAHR: Bob Bahr, PTO.

16 MR. POWELL: And Mark Powell, PTO.

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

1                   MR. SCARDINO: I'm not a very good  
2 actor, actually.

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

5                   MR. SCARDINO: Good morning, everyone.  
6 As usual, going to go through a couple fiscal  
7 years and the status thereof, and then talk fee,  
8 fee rule making and fee setting authority. So if  
9 we can turn to the next slide.

10                   As you probably are aware the federal  
11 government experienced a lapse of appropriations  
12 last week, officially at midnight or 12:01 on  
13 January 20th. There was a failure to either pass  
14 appropriations bills or enact another continuing  
15 resolution which is basically a stopgap  
16 appropriations bill. So as Joe mentioned, we  
17 stayed open while most of the rest of the  
18 government closed for roughly, literally like a  
19 half a day on that Monday. But not so  
20 coincidentally we actually on boarded 120  
21 employees that Monday.

22                   So that gives you some idea of the

1 benefits of having an operating reserve, as well  
2 as having support from this administration during  
3 the lapse of appropriations. Those are the two  
4 things we need as a federal agency. We need  
5 funding which is prior year monies which we call  
6 the operating reserve, and then we need approval  
7 or support from the administration to stay open  
8 during a lapse. And we got both, so we stayed  
9 open.

10 Now, all they did in restoring the  
11 appropriations was pass another continuing  
12 resolution until February 8th. So this is the  
13 fourth continuing resolution that the government's  
14 been operating under since October 1st. So it's  
15 anybody's guess what's going to happen after next  
16 Thursday. However, as Joe did mention, we have  
17 the ability with the operating reserve to stay  
18 open, and we think we would be able to stay open  
19 for roughly another four week or so. Hopefully it  
20 wouldn't come to that, but hopefully that means we  
21 could continue to hire people and do everything  
22 else that we need to do during normal course of

1 business. So that's the benefits there.

2 So far through the first quarter of the  
3 year plan fee collections and year to date  
4 collections are almost spot on. We're a couple  
5 million dollars above on the patent side because,  
6 as Joe mentioned, filings are at a little above  
7 what we planned for the year for the first  
8 quarter. Spending is higher than fee collections,  
9 and this is normal for the first quarter. We have  
10 a lot of payments that we make during the first  
11 quarter so we always spend more, and then  
12 throughout the rest of the year we collect more  
13 than we spend so it all balances out, so that's  
14 why you see the difference there.

15 And, finally, for end of year  
16 projections if spending goes as we project, and if  
17 fee collections come in at the rate that we  
18 project we would end the year projected spending  
19 pretty close to projected fee collections for the  
20 agency, and then the operating reserve would be  
21 roughly almost \$270 million. Again, our  
22 recommended level is \$300 million, and we could



1 possible get there, depending on what Andre wants  
2 us to do in terms of spending and how fee  
3 collections come in, and whether filings continue  
4 to be above what they've been planned.

5 MS. CAMACHO: Could you talk a little  
6 bit about what happens to the operating reserve  
7 after a lapse in appropriation? Is it restored  
8 then? Are you able to bring in the money and  
9 restore that reserve?

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

1 of access to the money.

2 MS. CAMACHO: So the lapse has no long  
3 term impact on the projected timeline in which we  
4 would actually reach the desired minimum --

5 MR. SCARDINO: Not at all, no.

6 MS. CAMACHO: Thank you.

7 MR. SCARDINO: Any other questions on  
8 our projected end of year operating reserve?  
9 Moving on 2019, I don't have too much to say here  
10 other than I believe due to the shutdown and  
11 everything that was going on the President's going  
12 to release his budget to Congress a week late.  
13 Usually it's the first Monday in February. This  
14 year it's going to be February 12th which is the  
15 second Monday in February. PPAC's received a  
16 draft to review of our budget for 2019. I believe  
17 we requested comments by yesterday, so thank you.

18 Once the budget is released on February  
19 12th Secretary of Commerce, Secretary Ross will be  
20 testifying on our behalf at some point in time.  
21 We don't know the dates yet, but typically the  
22 Senate and the House have appropriations committee

1       hearings, and we brief the Secretary, and then he  
2       handles any questions on PTO related budgetary  
3       matters.

4                 And, finally, as you all are aware the  
5       new patent fee rule went into effect on January  
6       16th. A full year. We think that the new patent  
7       fees, the schedule, will bring in about \$130  
8       million in additional revenue. Of course, not  
9       going into effect until January 16th that will  
10      probably bring in closer to \$90 or so million.  
11      And then absent Congressional action our fee  
12      setting authority expires on September 16th of  
13      this year, as you know. AIA had a seven year  
14      window for fee setting authority for USPTO. And  
15      that's all I've got in terms of prepared remarks  
16      today, but I'm happy to take questions.

17                MR. WALKER: So, Tony, just a general  
18      question because I think with this shutdown a lot  
19      of people had questions, and Jennifer asked one,  
20      but about the operating reserve and the fee  
21      reserve fund from AII can you just sketch that out  
22      --

1 MR. SCARDINO: Sure.

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

7 MR. SCARDINO: Sure. So the operating  
8 reserve is a planned mechanism. That is an  
9 internal thing that USPTO created. We used to  
10 call it carryover funding. It's any monies that  
11 have been collected, appropriated which means that  
12 we have the ability to collect and spend these  
13 monies, and we purposefully haven't spent them.  
14 So our goal is to have a \$300 million floor for  
15 the operating reserve so that we can manage  
16 through things like a lapse in appropriations,  
17 things like fee collections coming in less than we  
18 thought they would come in so that we don't have  
19 this herky jerky stop and start throughout the  
20 year.

21 For instance, we hired 120 people on  
22 January 22nd. We would have not hired them if we

1 didn't have the operating reserve. So that is us,  
2 USPTO created it. The user community has  
3 supported it. The patent and trademark fee  
4 reserve fund is different. That was created  
5 through the AII six and a half years ago, and what  
6 that is, is almost like an overflow fund. So if  
7 Congress appropriates \$3.5 billion to USPTO and we  
8 collection \$3.7 the extra \$200 million would go  
9 into that account, and that at the end of the year  
10 we can request it back through what's called a  
11 reprogramming notification to Congress.

12 So it's just a temporary holding spot.  
13 It's not an operating account. We've only used it  
14 once since AII was enacted. We had one year that  
15 we collected more money that Congress had  
16 appropriated. So, for all intents and purposes,  
17 it's not a fund we ever use or need unless  
18 absolutely necessary.

19 MR. WALKER: Okay. The follow up  
20 question I have, you addressed it a little  
21 indirectly there when you talk about the herky  
22 jerky thing around filing. But a lot of people

1 concerned about IT and IT spend. So during this  
2 period when you're doing the operating reserve can  
3 you just talk about the impact or no impact on the  
4 ongoing investment in IT project?

5 MR. SCARDINO: So the whole idea behind  
6 an operating reserve is to ride the wave of fee  
7 collections going up and down. This is true in  
8 trademarks and in patents. So the idea is we  
9 should set out our operating requirements for the  
10 year, and then we should be able to spend to plan.  
11 So some years we'll dip into the operating reserve  
12 and we'll still spend the same amount of money,  
13 even though fee collections came in a little less.  
14 Other years fee collection will come in higher  
15 than we thought and we'll still spend to plan, and  
16 we'll put money into the operating reserve.

17 Or sometimes we know going into the year  
18 we're going to dip into the operating reserve  
19 because our operating requirements required it.  
20 We've got a plan to get back to the \$300 million  
21 operating reserve limit to threshold bottom flow.

22 MR. WALKER: I guess where I was going

1 with that is that even during that period when  
2 you're using the operating reserve you're not  
3 making decisions around ongoing IT projects to  
4 pull funding from them --

5 MR. SCARDINO: No.

6 MR. WALKER: -- during a period of time  
7 to extend the operating reserve. That you're  
8 continuing that investment so that the long term  
9 viability of these projects is not put at risk at  
10 all. That was my question.

11 MR. SCARDINO: Correct. In other words,  
12 the operating reserve is just one tool in our  
13 arsenal for planning, budget planning. So we plan  
14 far in advance. IT planning starts about two  
15 years before our fiscal year starts, so we have an  
16 idea of what we want to spend during the year.  
17 Now, I won't say that sometimes during a year we  
18 experience either unanticipated costs or we  
19 experience fee collections coming in less than we  
20 thought, and then we will make some adjustments to  
21 IT spending like we would with anything: Hiring,  
22 travel, anything that's controllable. Things like

1       rent, we can't cut that.

2                   MR. THURLOW: The general message from  
3       our project coming in next week is generally  
4       positive. I mean, from a financial standpoint,  
5       right, I mean, any CEO coming into a new position  
6       is positive, but as I'm thinking what Joe just  
7       said, if he gets confirmed next Monday and then it  
8       takes a week or so he may be taking a job and the  
9       government may be shutdown, so welcome to the  
10      government, I guess is --

11                   MR. SCARDINO: Exactly. That would be  
12      very unfortunate for all of us. You're absolutely  
13      right. I mean, when you compare ourselves to  
14      other federal agencies the ability to have an  
15      operating reserve and weather storms like that it  
16      really makes a lot of the unpredictability out of  
17      the equation for us. If we ever had a shutdown  
18      for longer than a month I think, you know, the  
19      whole country would probably be in worse shape  
20      than just the patent system. We really need a  
21      government to continue to operate as efficiently  
22      as possible.



1                   MR. THURLOW: But down a few years ago  
2                   though, right?

3                   MR. SCARDINO: It did --

4                   MR. THURLOW: I mean it --

5                   MR. SCARDINO: -- for 17 days back in  
6                   2014.

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

9                   MR. SCARDINO: We stayed open during  
10                  that entire time, absolutely.

11                  MR. THURLOW: Okay.

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

15                  MR. THURLOW: Right.

16                  MR. SCARDINO: And then we'd have to  
17                  shut down like everyone.

18                  MS. JENKINS: I don't know, maybe this  
19                  is a Tony question or an Andy Faile question. So  
20                  when you were talking about the numbers and the  
21                  increase in application filings for this quarter I  
22                  was wondering, well, a lot of times you want to

1 file and get things out of the way before fee  
2 increases occur. So is that a factor or not at  
3 all? Is that just something based on (inaudible)?

4 MR. SCARDINO: I don't think we noticed  
5 any of that.

6 MS. JENKINS: Yeah.

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

10 MS. JENKINS: Right.

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

13 MS. JENKINS: Yeah.

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

15 MS. JENKINS: Yeah, yeah. We were quite  
16 busy at that time.

17 MR. SCARDINO: Yeah.

18 MS. JENKINS: Other questions for Tony?

19 MR. HIRSHFELD: Marylee, I'll only add  
20 to that. I think that the increase in the filings  
21 even started before the fee increase, so I don't  
22 -- and it was a while earlier. I don't see that

1           there's a correlation between the two.

2                   MS. JENKINS:  Yeah.

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

9                   MR. LANG:  It's been a long road to get  
10          the fee adjustment put into place, and it just  
11          highlights the need to, you know, extend the fee  
12          setting authority that's set to expire in  
13          September.

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

16                   MR. GOODSON:  If I could get a  
17          clarification of a remark you made yesterday.  
18          Track one you said there's roughly 10,000  
19          applications and that basically covers your  
20          expense.

21                   MR. SCARDINO:  Correct.

22                   MR. GOODSON:  What expense?  That's

1 where I'm having a difficult time. Is it not just  
2 moving a application to the front of the line?

3 MR. SCARDINO: No, what happens is,  
4 okay, our whole business model is based upon low  
5 barrier to entry, so a patent filing application  
6 we lose money on it. It costs \$1,600 and the  
7 costs are, I don't know them off the top of my  
8 head, but closer to \$4,000, so we don't get full  
9 cost recovery, with track one we do, at least  
10 that's the goal to get full cost recovery.

11 MR. GOODSON: Thank you. That explains  
12 it.

13 MR. SCARDINO: You're welcome.

14 MR. WALKER: Tony, I'm sorry. I have  
15 one more question. This came from the public, and  
16 that is long road to fee increase being actually  
17 put into place, but could you talk about the  
18 impact, I mean, you mentioned yesterday like the  
19 monthly cost to the office, cost in quotes, for  
20 the ongoing delay in that fee increase. Could you  
21 just mention what that number is?

22 MR. SCARDINO: Sure. We started this

1 fee setting -- our requirements are to have a fee  
2 review every two years, so we started our fee  
3 review in early 2015. And then PPAC held a  
4 hearing in November of 2015. Initially, we were  
5 hoping that it would have been earlier. Anyway,  
6 we would have hoped that the new fees would have  
7 went into place before the last administration  
8 ended. That was the goal. And for a variety of  
9 reasons that didn't happen.

10 Things dragged down a little bit longer,  
11 and then once a new administration comes in they  
12 don't usually put new rules through for a while,  
13 so we lost at year a year's worth of revenue from  
14 that increase. So if every month it's roughly \$11  
15 million we calculate it, say, you know, we do the  
16 math it was over \$100 million that, you know, is  
17 lost in the sense of the same activity would have  
18 just brought in more revenue.

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

1 MR. SCARDINO: Thank you.

2 MS. JENKINS: -- get things done. Being  
3 on PPAC for, I guess now six years, it's always  
4 very helpful and instrumental in understanding how  
5 the backend works versus what we see on the front  
6 end, and finance, you've done a great job and you  
7 continue to do a great job, so we will do our best  
8 to try to support you to make sure you continue to  
9 do a good job, so.

10 MR. SCARDINO: Thank you very much.

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

1 told me that last night. All right. Jeff's  
2 starting.

3 MR. SEARS: Okay.

4 MS. JENKINS: So we're doing something  
5 new today, so.

6 MR. SEARS: Something new. Thanks very  
7 much, Marylee. We've been working in subcommittee  
8 with Andy and his team on the review of after  
9 final programs. As a really quick refresher, the  
10 programs are traditional 116 practice. The after  
11 final consideration pilot 2.0 pre-appeal brief  
12 conference request, and there was at one point a  
13 P3 pilot. The goal of our review has been to  
14 determine whether to collapse the alternatives to  
15 traditional 116 practice into a single  
16 alternative, and if so, to determine what that  
17 alternative should look like.

18 Andy is a presentation today on that  
19 very topic, and to motivate the topic I'd like to  
20 begin by sketching for the committee's  
21 consideration the goals of after final practice  
22 and the factors to consider when designing an

1 after final program that could be the sole  
2 alternative to traditional 116 practice.

3 MS. JENKINS: Jeff, get a little closer  
4 to your microphone there.

5 MR. SEARS: Sure.

6 MS. JENKINS: Or vice versa.

7 MR. SEARS: So, for the committee's  
8 consideration the goals for after final practice.  
9 Reduce the need for RCEs because RCEs just extend  
10 prosecution and increase cost for applications,  
11 provide an alternative to ex parte appeal. Ex  
12 parte appeal requires sometimes expensive briefing  
13 and the pendency can be long. Reduce the time and  
14 cost burden on the patent office. As we involved  
15 more examiners the cost on the office goes up.  
16 Oral hearings, for example, can be very expensive.  
17 Provide a procedure that's very familiar to  
18 examiners, and give examiners proper compensation  
19 for the activity. Examiners already have RCE  
20 credit.

21 Some of the facts we could consider when  
22 designing this single alternative could be the RCE



1 rate that's engendered by the alternative, the  
2 reopen rate, the rejection maintained rate, the  
3 allowance rate, the cost on the office, and also  
4 how frequently are applicants taking advantage of  
5 the already available programs.

6 So as I turn the floor over now to Andy  
7 and his team I would encourage the committee to  
8 consider what the most valuable aspect of after  
9 final programs is to applicants and practitioners.  
10 What would you really like to see? I'll turn it  
11 over to Andy.

12 MR. FAILE: Okay. Thanks, Jeff. So  
13 what we thought we would do would be to walk  
14 through each of the programs that Jeff mentioned.  
15 At one time when we had P3 we had a number of  
16 different alternatives available after final.  
17 Just for everyone's kind of baseline knowledge,  
18 we're going to have our team walk through each one  
19 of those, talk a little bit about how we evaluated  
20 those programs. Particularly, we have a slide  
21 where we are comparing the outcomes of those  
22 programs, so you can kind of see one program

1 compared to the next, and then talk about a little  
2 bit of the cost of each of those programs. I  
3 believe this is scale more on the office cost, but  
4 there's obviously applicant cost as well.

5 After that, after everyone gets a good  
6 baseline of the programs we would open it up for  
7 discussion, and along with Jeff's goals and  
8 guiding principles maybe try to get some  
9 discussion about what would an alternative be.  
10 What are some of those facets we'd want to build  
11 in? So with that, I'd like to introduce Dan  
12 Sullivan and Jerry Lorengo. Dan Sullivan's a TC  
13 director in TC 1600. Jerry Lorengo's a TC  
14 director in TC 3700. They're going to walk  
15 through the presentation and then we'll discuss  
16 after that. Okay.

17 MR. LORENCO: Thanks, Andy. I am going  
18 to go over kind of a review of the after final  
19 options. It should be review for everybody so  
20 I'll go relatively quickly. Then Dan will talk  
21 about the meaty stuff. All right.

22 So here's a recap of the after final

1 programs. So first up is traditional 116  
2 practice. This is the one practice that everybody  
3 pretty much knows. This response is filed after  
4 final. It can include remarks, amendments, or  
5 both, and you can also request an interview with  
6 the examiner. Generally, examiners make  
7 determination of whether or not to enter  
8 amendments and whether or not to grant after final  
9 interviews. We've seen some stuff that examiners  
10 are granting after final interviews, and Dan will  
11 talk about some statistics on the outcomes on  
12 those two.

13 So the after final consideration pilot  
14 AFCB 2.0. This was initially a program built  
15 based on feedback that we got that there were many  
16 programs, many applications but for a little more  
17 time and consideration on the examiner's part  
18 could put them over the goal post to get them to  
19 (inaudible). Some things this happens and  
20 sometimes not and we'll go into that a little bit  
21 probably later, but really it generally includes a  
22 request for consideration under the pilot.

1           You can file an amendment to at least  
2           one independent claim, cannot broaden the scope,  
3           and it authorizes additional time for the  
4           examiners to search and consider those arguments  
5           and claim amendments if present, and conduct an  
6           interview. The examiners have the discretion to  
7           utilize their professional judgement on what they  
8           will allow to actually spend that extra time and  
9           consideration on.

10           I skipped this slide I think. Sure did,  
11           all right. And then pre-appeal is another after  
12           final program, and actually this is technically an  
13           after notice of appeal program. This is where you  
14           have a case. It's got a final rejection. You've  
15           decided to put in a notice of appeal, and you can  
16           request a panel of examiners to formally review  
17           the case as it stands in place of five pages of  
18           arguments or less. The request has to come in  
19           with the filing of a notice of appeal. They can't  
20           exceed five pages, and you cannot include any  
21           amendments.

22           The consideration is by the panel on the

1 merits, generally the examiner, the examiner's  
2 supervisor, and another person with signatory  
3 authority. Often it's a TQOS or another  
4 supervisor. And based upon that conference they  
5 send out a form to you which says either this  
6 application should proceed to the board, will be  
7 reopened, or will be allowed. A problem on that  
8 is it's just three boxes, not a whole lot of  
9 context, and that's kind of the outcome you get.

10           Lastly, the post prosecution pilot.  
11 This was an effort to look at the three after  
12 final programs we have, to take from each of them  
13 the things that the applicants thought worked most  
14 well, specifically in interview style,  
15 specifically another third party in there, an  
16 increased information on the form of the outcome.  
17 So under the post prosecution pilot the form came  
18 in with a statement, the applicant was willing and  
19 available to participate in a conference with the  
20 panel of examiners. Again, no more than five  
21 pages of arguments. And you can optionally, I  
22 like, under AFCP, file non-broadening claim

1 amendments.

2           These submissions were reviewed by -- we  
3 had points of contact within each TC who are  
4 supervisors who are tasked with making sure at the  
5 P3 request came in they met all the requirements,  
6 and if so, they were moved on the examiners  
7 docket, and then the panel would go with the  
8 examiner, the examiner supervisor, and that third  
9 person with signatory authority. And then the  
10 applicant could come in, have the conference,  
11 after the conference they would get informed of  
12 the panel's decision in writing with one of three  
13 outcomes: Final rejection upheld, allowable  
14 application, or reopening of the application.

15           This also included context as to why.  
16 This case is being reopened because of X, whether  
17 the rejection or the arguments or they are, or  
18 it's going to the board and here's the outcome, or  
19 it's being allowed because this has overcome the  
20 rejection of record.

21           This ran from July 11th, 2016 to January  
22 12th, 2017. It was limited to 200 per our eight

1       technology centers. So it was only the utility  
2       areas. There was only 200. We kept a very close  
3       count of where those limits were so you guys could  
4       see, okay, it's getting close in 3700. I better  
5       get my request in if I want to do it there. We  
6       reached the max in ever TC except for 1600 which  
7       is a little below 200 on that.

8                       That is the overview of the four. I  
9       talk relatively fast, so if you have any questions  
10      let me know, but otherwise we'll hand it off to  
11      Dan.

12                      MS. JENKINS: Just a quick question.  
13      This was something that I thought was a good, out  
14      of the box idea to try to do something different,  
15      and we actually participated in it. The idea not  
16      to continue -- I mean, obviously it had a limit,  
17      but were there comments? Could you address at all  
18      what people thought about it? I think both on the  
19      examining side and on the stakeholder side it  
20      might be a little bit of interest.

21                      MR. LORENZO: Sure.

22                      MS. JENKINS: Because that was your,

1 sort of, newest program that you did for after  
2 final practice, right?

3 MR. LORENZO: Yeah. I can give a few  
4 things and Andy can jump in too. So part of the  
5 pilot, we wanted to make sure that we were getting  
6 feedback from both the examiners and the  
7 applicants. It was required for the examiners to  
8 fill out a survey on, you know, what did you think  
9 about the training? What did you think about the  
10 process? You know, how did this go forward? Does  
11 this advance prosecution? Does it shorten  
12 prosecution time?

13 We also gave a link and a survey to  
14 every applicant, and we actually went as far as  
15 having our office managers call every applicant  
16 who had actually done a P3 and say, here's a form,  
17 please fill out the feedback. And we had around,  
18 a little over 1,500 actual P3 panels occur. We  
19 only had about 107 external feedbacks. You know,  
20 I don't know if it's a time issue or, perhaps,  
21 that wasn't actually, you know, something they  
22 wanted to give feedback on, but we really tried



1 and we didn't get as much feedback as we wanted.

2 The feedback we did get is people did  
3 feel it was a good program and useful. Overall,  
4 we saw the -- you know, I think what people really  
5 like is interviews and I think that's kind of  
6 something that came out of it. We don't have  
7 specifically the survey data breakout, and Andy  
8 can speak to some of that too, or Dan.

9 MR. FAILE: Sure. So P3 was very  
10 interesting and very confusing in some sense as  
11 far as evaluation. As Jerry said, we did do  
12 surveys. We got a lot of internal input from  
13 examiners, and we really, really tried to get a  
14 lot of external input from applicants. We only  
15 got 107 responses and surveys, and we did a lot of  
16 outreach to try to get the 107. So one note I  
17 would put out there before diving into it a little  
18 bit is if we could maybe brainstorm some ways to  
19 get better input.

20 We really want to make data-driven  
21 decisions on programs like this. They're pretty  
22 big expenditures of time and effort on everyone's

1 part, and we really want to see if people really  
2 like these programs, how they use them, how we can  
3 tweak them. And with only 107 responses we did  
4 not see a good data representation on things like  
5 the neutral third party, and the ability to make a  
6 presentation in front of a panel. We did not see  
7 those coming forth as very strong.

8           Although, the confusing part, again,  
9 when Drew and I go out we get a lot of antidotal  
10 evidence that the ability to come in and make the  
11 presentation and have a neutral third- party  
12 involved in the conference was a big part of the  
13 program. We didn't see that in the data, but we  
14 get a lot of antidotal feedback to the contrary.  
15 So in evaluating this, you know, you have a  
16 dataset and then you have what we hear almost  
17 every time we go out and talk.

18           So in P3 was a pilot. We negotiated  
19 with POPA. That pilot had an end date. We've  
20 evaluating it, and right now we're kind of in the  
21 middle of, okay, what would the next thing we want  
22 to do be. Thus, the presentation here. So it is

1 a pile that had an ending. We're evaluating that.  
2 It's a little bit murky on the evaluation of it.  
3 When Dan does his part of the presentation you can  
4 kind of see outcome based how each of the programs  
5 stack up against each other.

6 But it was kind of different to  
7 evaluate, and one thing I would ask is if we could  
8 figure ways to get more public input into the  
9 things that we try, particular pilots. They're  
10 very important to us to try a concept, put  
11 together a number of factors, try a program. If  
12 we can get a lot of input data wise into that that  
13 helps all of us make good decisions about, you  
14 know, should we continue this program, tweak it,  
15 or try something else, so.

16 MR. THURLOW: I have questions. But, I  
17 guess, Dan, you're going to get into the meat of  
18 things --

19 MR. SULLIVAN: Yeah.

20 MR. THURLOW: -- so I can save my  
21 questions to afterwards. The main overall comment  
22 I'll make is having done this 20 years ago,

1 remembering what it was like when we just had the  
2 traditional after final practice. I think this is  
3 a worthy review, and I think the discussion is  
4 very good. These programs may not be a perfect  
5 (inaudible) to P3, the pre-PO brief, the AFCP 2.0,  
6 but going back to the day where RCEs were going  
7 through the roof and we had no option but just to  
8 file an RCE was not the best system. So we change  
9 this, but this is a much better system now than it  
10 was many years ago.

11 MR. SULLIVAN: Right. Yes, so the goal  
12 of all these programs is to get more out of after  
13 final practice by providing an opportunity for  
14 more consideration, more communication after  
15 final. And so our hope for the programs is that  
16 applicants are going to benefit from having more  
17 information so they're able to make a more  
18 informed decision on whether to file an appeal,  
19 file an RCE, or abandon an application. In some  
20 cases the hope is that the additional  
21 communication will lead to an allowance after file  
22 that maybe we wouldn't have got to without an

1 additional round of prosecutions. And so we're  
2 hoping that these programs would also provide a  
3 cost savings to the office by reducing RCE  
4 filings.

5           So to assess the programs we looked at  
6 allowances, reopenings, and RCE filings and  
7 applications that had a submission either in  
8 traditional after file or in one of these special  
9 programs during a six month period that ran from  
10 July 11, 2016 to January 12th, 2017. So  
11 considering allowances first we found that 36  
12 percent of applications were allowed in response  
13 to a traditional after file submission. The  
14 highest allowance rate for a special program was  
15 in AFCP, and for a subset of those applications  
16 where the examiner considered the submission. So,  
17 keep in mind that the examiner has an option in  
18 AFCP as to whether or not to give additional  
19 consideration and take the additional time. Where  
20 they did take the time the allowance rate was 38  
21 percent, so only a couple of percentage points  
22 higher than what we had in traditional after file.

1           If you include all AFCP submissions, so  
2           that's this bar over here, this includes both  
3           submissions where the examiner gave the additional  
4           consideration, and those where the examiner chose  
5           not to give additional consideration. The  
6           allowance rate was actually significantly lower  
7           than for traditional after final only, 26 percent.  
8           And this is one of a couple of pieces of evidence  
9           that we have that rather than using AFCP to get an  
10          application that's already close to allowance over  
11          the finish line what applicants seem to be doing  
12          is using these programs to get additional  
13          consideration, and maybe some of the more  
14          difficult applications in their portfolio.

15                 Allowances of P3 was also lower than  
16          traditional after final, 25 percent. However,  
17          note also that reopenings was lower in P3 or I'm  
18          sorry, reopenings was higher in P3 then in  
19          traditional after file or AFCP. Reopenings was  
20          also higher in pre-appeal then in AFCP or  
21          traditional after file. And the feature in common  
22          to pre-appeal and P3 that is not in traditional

1 after file or AFCP is the presence of a neutral  
2 third party. So the presence of the third party  
3 does appear to increase reopenings.

4 Allowance after pre-appeal was very low,  
5 7 percent. Keep in mind that those pre-appeal is  
6 being filed with a notice of appeal, so that's  
7 sort of a selected group of applications that are  
8 already further down the road to appeal. I also  
9 want to note the asterisk here. All of these  
10 traditional after file AFCP P3 the numbers were  
11 based on the actual next action by the examiner  
12 following the submission, the after file  
13 submission.

14 We couldn't do that for pre-appeal  
15 because there's a relatively long lag between the  
16 filing of the pre-appeal and where the examiner  
17 could do a next action. So we're using the panel  
18 decision and historically what we've seen is that  
19 about 30 percent of the instances where the panel  
20 indicates reopening there's actually the next  
21 action's allowance, so I want to make a little  
22 correction here that if this follows the

1 historical trend we'd actually have around 14  
2 percent allowance and 17 percent reopening here.

3 MS. JENKINS: Dan?

4 MR. SULLIVAN: Yes.

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

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

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

17 MR. SULLIVAN: Yeah.

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

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

21 MS. JENKINS: Okay.

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



1 MS. JENKINS: Thank you.

2 MR. SULLIVAN: -- excellent segue way.  
3 We're on to RCEs. So looking at RCEs we saw about  
4 40 percent of applications that got a traditional  
5 after file submission went to RCE. Lower RCE  
6 filings was for pre-appeal. Again, we're probably  
7 looking at an effect of a selected group of  
8 applications there.

9 For AFCP 2.0 we found we got 57 percent  
10 of those going. This is, again, the total both  
11 considered and not considered. Fifty seven  
12 percent, again, sort of evidencing that this is a  
13 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.

17 Again, over here on the far right we  
18 have the considered AFCP. Those went to RCE less  
19 frequently, but still more often than what we got  
20 with the traditional after final. And then P3  
21 also was a little bit higher than traditional  
22 after file going to RCE in 43 percent of the

1 cases.

2 So taken together we don't have evidence  
3 that we can measure that indicates that these  
4 special programs lead to a reduction in RCEs.

5 MS. JENKINS: Dan?

6 MR. SULLIVAN: Yes.

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

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

21 MS. JENKINS: I agree. I think that it  
22 would be helpful for the public to be able to see

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

7 MR. SULLIVAN: Mm-hmm.

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

10 MR. SULLIVAN: Okay. So the fact that  
11 we really can't put a number on a benefit makes it  
12 difficult for us to, you know, say whether the  
13 benefits of these programs justify their cost.  
14 The office does put a significant amount of  
15 examiner and manager resources into these  
16 programs, and that's shown here.

17 We're looking at the amount of time,  
18 additional house, or hours in addition to standard  
19 prosecution that goes into one of these programs.  
20 So starting with traditional after final, the  
21 traditional after final is part of standard  
22 prosecution. It's included in standard

1 prosecution. There are some instances where an  
2 examiner may get additional time to consider  
3 particularly difficult submission, but typically  
4 there's no additional time, so we're going to say  
5 that on balance we don't have any additional man  
6 hours invested in that.

7 AFCP 2.0 has -- we put an average about  
8 2.4 additional hours per case for that program.  
9 It's the least expensive because there is no  
10 conferee in that program. It's just examiner  
11 time. Pre-appeal costs us three hours of combined  
12 examiner and conferee time, and P3 costs us 4.7  
13 hours of combined examiner and conferee time.  
14 That is a significant amount of time when you  
15 consider the amount of time the examiners have to  
16 process an entire application on average. That is  
17 a significant percentage increase.

18 MR. KNIGHT: Dan?

19 MR. SULLIVAN: Yes?

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

1 additional --

2 MR. SULLIVAN: Yes.

3 MR. KNIGHT: -- submission, about 60 or  
4 70 percent of the time.

5 MR. SULLIVAN: Yeah.

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

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

1 doing an additional search. If it doesn't  
2 overcome the rejections in their estimation why  
3 put additional time into searching, and they've  
4 made a decision to just go with a standard  
5 response.

6 MR. HIRSHFELD: Dan, if I can jump in a  
7 little bit. Maybe I'm just going to say the same  
8 thing, slightly different way, but these guys are  
9 the experts, so -- and they're doing a great job,  
10 so please tell me if you think this is correct.  
11 But I think that for AFCP the whole premise behind  
12 the program is that it's for those cases that are  
13 supposed to be, you know, close with just a little  
14 extra consideration can end up, you know, being  
15 allowed, and, hence, not going the RCE route.

16 I'm not so sure that people are  
17 necessarily using it that way, but the way we  
18 trained examiners was for that purpose. So when  
19 they're looking at a case they're looking to  
20 decide do I think this is that close call that I  
21 can, in this extra time make that, you know, I  
22 don't mean close call, what I meant is close to

1 being allowable and I can do that extra work in  
2 this given amount of time. That's their process,  
3 their thought process.

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

19 MR. SULLIVAN: From a practitioner's  
20 standpoint, following up on those points because I  
21 agree these programs, I know it's all after final,  
22 but they are different. So just two quick

1 examples. I agree with Drew where on the AFCP 2.0  
2 we really use that -- I think there's restrictions  
3 on doing examiner interviews after final, but most  
4 examiners are very reasonable, 99 percent where  
5 they'll give the interview. If we agree on  
6 allowable subject matter we use the AFCP 2.0 and  
7 we'll get the case allowed and everything's  
8 beautiful.

9           The reason why -- but on the other hand,  
10 after one or two phone discussions if we have an  
11 indication we're not going to get the case allowed  
12 that's when we go to the appeal route and we get  
13 another set of eyes, as we say, on it. The  
14 pre-appeal route is really important because,  
15 remember, the numbers are coming down now and the  
16 ex parte appeal is still high, you know, but  
17 they're coming down. They're much better than  
18 they were years ago, but there was cases years ago  
19 that the appeal would go on for, you know, three  
20 to five years or something so it was really  
21 unfortunate.

22           So that's where the pre-appeal really



1       came in handy, and that's why even today it's  
2       still valuable because you get the three panel,  
3       you get a different set of eyes to look at it. So  
4       we need, whether we go to one program, maybe we go  
5       to two programs, but I see both those different  
6       programs, but important for different reasons  
7       based on the status of your case.

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

18             MR. SULLIVAN: I don't have numbers of  
19      that. I think that we've looked at it, but I  
20      couldn't say, but that's something we could follow  
21      up with.

22             MR. WALKER: Okay.

1                   MR. SULLIVAN: As I said, since we don't  
2                   have a clear number to put on the benefit it's  
3                   tricky for us to do cost/benefit analysis. We do  
4                   feel that these programs have value, you know,  
5                   looking at their popularity. So we get about 43,  
6                   you know, almost 44,000 in a six month period. We  
7                   get about 44,000 traditional after finals. We had  
8                   24,000 or so AFCP 2 submissions where the examiner  
9                   took the time and it's over 30,000. So we're  
10                  approaching 80 percent, as many as we get in  
11                  traditional after file. So this is a very popular  
12                  program.

13                  Pre-appeal, less popular. That may be  
14                  due to the timing. That may also be due to less  
15                  information coming out of the pre-appeal program.  
16                  And then P3 the numbers there aren't really an  
17                  indicator. I think that, you know, one, that the  
18                  number of submissions that we did except was  
19                  capped. And, two, I feel that if AFCP didn't  
20                  exist that would be the option and we might see  
21                  filing similar to what we got for AFCP. But AFCP  
22                  the popularity of AFCP certainly speaks to

1 something that the applicants are seeing value in,  
2 and the AFCP has been around for a while. I know  
3 a lot of people has experience with it. So,  
4 clearly, applicants see value.

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

18           MS. JENKINS: I just want to segue way  
19 that we do want to work with you, and what I'm  
20 thinking about is maybe we can do a roundtable or  
21 some other type of mechanism where PPAC is  
22 involved where we get more stakeholder input in

1 this area. It's interesting because personally  
2 when you're making comments I'm thinking about,  
3 well, how much is it going to cost, and can I get  
4 the case allowed to I don't have to pay another  
5 RCE filing fee. You know, are we having trouble  
6 with the examiner, and, you know, we've tried to  
7 explain it about ten different ways and gotten the  
8 SPE involved, and it still doesn't seem to be  
9 getting over the hurdle, and so do we appeal? Do  
10 we pre-appeal? How much is that going to cost?

11 So, you know, there's a lot of elements  
12 that go into each separate case and each different  
13 client, in my experience. But I really think we  
14 haven't had a PPAC roundtable of some kind in a  
15 long time, so maybe we can try to get that going.  
16 That's an initiative for PPAC this year too.  
17 Julie's going to talk about what we're going to  
18 try to do with PTAB, and so there's a lot of  
19 enthusiasm from the committee in that area, so  
20 let's try to make that happen.

21 MR. FAILE: I think that's a great idea,  
22 Marylee. We've had a lot of success in doing

1 roundtables and getting input. If you think back  
2 to the slides that we've been doing for the last  
3 number of PPACs we've shown a trend in RCE  
4 filings. And at one point we were up about  
5 111,000 RCEs in the backlog, and through  
6 roundtable discussions we had a whole RCE-centered  
7 roundtable set of discussions with the public. We  
8 put strategies together, some of which you see in  
9 front of you in terms of AFCP, and we brought that  
10 backlog down to its present day, 25,000 or so. So  
11 we've had great success in partnering with PPAC  
12 and also getting a lot of input from the public  
13 and finding out what are the pressure points and  
14 what are ways to address them. So I think using  
15 that same strategy here and looking at the after  
16 finals would, basically, be a wise thing to do.

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

22 MR. SEARS: Okay. Great.

1                   MS. JENKINS: And let's try to think out  
2 of the box and maybe do something a little  
3 different than traditional, you know, someone gets  
4 up and speaks and then they sit down. You know,  
5 more interactive. Like, you know, what we did  
6 with you last week which I thought was great, so.

7                   MR. SEARS: Sure. Can I ask a question?  
8 So I was just asked by a couple of my fellow  
9 members, and I regret I don't have the answer, but  
10 I know Andy will have the answer. Andy, does the  
11 patent office charge a fee to enter the pre-  
12 appeal or AFCP 2.0 or the P3 program?

13                   MR. FAILE: There are no fees for any of  
14 those currently, is that correct? Or a notice of  
15 appeal as part of getting a pre-appeal, yeah, just  
16 that.

17                   MR. SEARS: Okay.

18                   MR. FAILE: When we tested P3 we had  
19 discussed initially a fee because there is quite  
20 an expense there, but to get the pilot going and  
21 get the data we didn't do a fee. If we were to  
22 run a full time program we'd want to discuss that

1 end of it as well. But currently no fee except  
2 for the standard notice of appeal fee to get into  
3 pre-appeal.

4 MR. SEARS: Great. Marylee, are we good  
5 on time? So I would like to make a suggestion for  
6 the committee's consideration. Let's say that the  
7 alternatives to traditional 116 practice are  
8 condensed into a single program and that program  
9 is an interview by write after final. Does that  
10 appeal to the committee? Is that not sufficient?  
11 What does the committee think? Jennifer? Pete?

12 MR. THURLOW: Respectfully, I never get  
13 denied for an interview after final, so I think  
14 the bigger issue, quite frankly, is the amendment  
15 or the submission of additional information. But  
16 you'd have to take a step back, as we work on the  
17 application it's -- you have the non-final where  
18 you try to get the declaration and all the  
19 additional information you need and the amendments  
20 you've had for more important cases, the  
21 interview. So as you prep for the after final  
22 it's almost like you're prepping for the appeal.

1                   So, to me, the need for the interview we  
2 get. Has anybody been rejected for an after final  
3 interview? Around the table? Dan? I don't know.

4                   MR. SULLIVAN: I haven't.

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

9                   MR. SULLIVAN: So, Peter, from your  
10 earlier comments it sounds like the additional  
11 time for consideration is the more valuable piece  
12 of these programs.

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



1 interaction and so on. So each one of these  
2 programs leads to the next program and so on, and  
3 the former program it loses a little luster, at  
4 least that's my opinion.

5 MR. WALKER: Just had a comment for  
6 Andy, so a suggestion. So following on to the  
7 lack of cost there. So maybe what you do is you  
8 institute a cost for each of these programs that's  
9 \$100 refundable if you provide feedback on the  
10 program to the office. Because, you know, it's  
11 really frustrating --

12 MR. FAILE: Oh, I like that.

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

1 programs it's really hard to change the direction  
2 of the ship if you don't know if it's going in the  
3 right direction or not.

4 MR. FAILE: That's a great comment and I  
5 appreciate your support and innovative thinking.  
6 I'm not sure, I'll defer to Bob if we can actually  
7 do something like that, but one of the things I  
8 think along the line of suggestion that Marylee  
9 had is we don't get a lot of information through  
10 survey. We don't get a lot of participation  
11 through surveys, and I think maybe that's just  
12 kind of just surveys in general, you don't get a  
13 lot of participation.

14 We do get pretty good information when  
15 we bring the issue to people for discussion, as  
16 Marylee suggested. In the RC roundtables we  
17 brought -- we had a number of roundtables  
18 throughout the country on that issue. In bringing  
19 the issue to those locals and getting people to  
20 talk to us there we got really good information in  
21 that way. So that seems to be, at least at the  
22 moment, one of the best ways to get information in

1 from the public on the programs that we're doing.  
2 So I think that would probably be a good way to do  
3 here as well.

4 MR. THURLOW: And then you could  
5 probably tie that into the patent quality  
6 roundtables and road shows. I mean, Valencia's  
7 been up to New York a few times, and so on, and I  
8 agree. Because I get the written request of  
9 surveys and you're just so busy with work stuff.  
10 It's hard to fill it out. But if Valencia calls  
11 me to talk about it I always take the time and say  
12 here's what's going on.

13 And just very quickly, I question the  
14 numbers with the additional hours per case. Only  
15 thing, like, if we have a client we say we can  
16 push an application where you can get a patent  
17 within six months or a year. It'll take you more  
18 cost and more upfront, but we can just push papers  
19 back and forth for five years and won't get  
20 anything. So even though it may be more cost  
21 initially my concern is if you don't have that  
22 collaboration between the groups then, in essence,

1       you know, you have concerns with the backlog and  
2       so on. Most cases get (inaudible) when you have  
3       those interviews and the interaction.

4               MR. LORENZO: I wanted to make one point  
5       too. You know, I'm glad when you ask for after  
6       final review you're getting them granted. That's  
7       what we want. But we also know that not everybody  
8       files after final amendments, only about 60  
9       percent of the time. Some people go right to an  
10      RCE, so --

11             MR. THURLOW: And that's what we don't  
12      want.

13             MR. LORENZO: Yeah, but I'm saying two  
14      out of five times people will not even file an  
15      after file amendment. They'll just refill an RCE,  
16      so there is no opportunity for the interaction is  
17      what I'm saying.

18             MR. THURLOW: Right. But, again, you  
19      agree that's not what we don't want. That's the  
20      worst case. That's what happened years ago.  
21      Yeah, that's a no no.

22             MR. SULLIVAN: That's one reason we

1 really sort of push the traditional after file  
2 that first part and 36 percent allowance rate with  
3 traditional after final submissions. It is a  
4 pretty effective way to get to an allowance.

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

17 And I think that's a perception people  
18 have is that it just goes into a black box and no  
19 one really reads it. We all know that's not the  
20 case. So I think it's a perception and a time  
21 element.

22 I think the other thing for after final

1 to consider is making is simpler. People, if  
2 you're used to doing it and you're a big company  
3 you understand after final, but if you're not a  
4 lot of folks don't understand the process.  
5 There's a lot of jargon. It could just be, like,  
6 a menu. Something, you know, here's what you get  
7 to do and you have an option to interview. You  
8 have an option to pay a fee and get something  
9 else. And I think, unfortunately, the perception  
10 is after final practice the examiner is not going  
11 to allow the case, is not going to amend the  
12 claims, and you might as well just file an RCE  
13 because it's a waste of time to do some of the  
14 other mechanisms, so.

15 But I think very, very importantly is  
16 it's a discussion between the user community and  
17 the examiners. And so we, you know, with the idea  
18 that we're all working together. And so, again,  
19 if PPAC can help with that we will step up. I  
20 know Jeff is all over it, so.

21 MR. FAILE: I will work with Jeff.

22 MS. JENKINS: Yes. Our after final

1       subcommittee leader. So, okay. Where are we onto  
2       next?

3                   MS. MARTIN-WALLACE: So our next  
4       presentation is on our training programs for  
5       FY-18, and Don Hajec, Assistant Deputy  
6       Commissioner of the Patent Operations is going to  
7       present that to you, as well as we have the  
8       Director of the Office of Patent Training, Garry  
9       Jones, who will be here to answer any of your  
10      questions as well.

11                   So we put a lot of effort into  
12      developing the appropriate legal training for our  
13      examiners, quality assurance specialists, managers  
14      every year, and they're going to go through our  
15      FY-18 training plan, and how we develop it as well  
16      as what we will be focusing on this year. So I'll  
17      send it over to Don.

18                   MR. HAJEC: Good morning, everybody.  
19      So, as Valencia said we're going to go over the  
20      training plan for Fiscal Year 18. So one thing to  
21      keep in mind we develop -- there's lot of sources  
22      that drive us when we develop our training. Some

1 of this includes data from our master review form,  
2 our Office of Patent Quality Assurance Reviews,  
3 reviews that are done in the technology center.  
4 We are also responsive to feedback we receive  
5 internally and both externally.

6 For example, if within the technology  
7 center there are observations that examiners are  
8 struggling interpreting case law or applying 103s  
9 appropriately that feedback would be brought up  
10 the chain and we would evaluate for potential  
11 training. Same, for example, if Drew or Andy are  
12 out speaking and they hear feedback that there's  
13 an issue with 101 or some other procedural  
14 practice we would then go back, look at our own  
15 internal data to see if there is validation for  
16 that, and we would develop training and also  
17 through surveys as well.

18 So our training is provided for both  
19 newly hired and experienced trainers. For  
20 example, the class of examiners we brought in last  
21 money they are currently in our patent training  
22 academy where they'll be there for four months



1 receiving classroom training and hands on training  
2 working with applications. We also have quite a  
3 bit of training for our experienced examiners.  
4 I'm going to touch on some of that, but the  
5 training I'm covering today is really just the tip  
6 of the iceberg and I'll elaborate a little bit  
7 later.

8           And our training can be delivered core  
9 wide, you know, every examiner mandatory, or it  
10 can be targeted by technology centers or examiners  
11 who see a certain type of, you know, for example,  
12 101 Alice type rejections. We wouldn't  
13 necessarily deliver to the entire patent core.

14           And we approach our training with a  
15 variety of different styles. We include lecture  
16 style training. We use computer-based training  
17 modules, workshops, and combinations of those.  
18 And the workshops are something we've developed  
19 over the last couple of years and they've been  
20 very well- received from our examiners.  
21 Basically, the workshop style training is a much  
22 smaller group of individuals attending each

1 session. They're led by an experienced point of  
2 contact that we trained, and normally we'll have  
3 technology specific examples within those  
4 workshops, so a lot more interactive. Examiners  
5 have an opportunity to ask questions and work on  
6 specific examples.

7 One of the approaches we've taken over  
8 the past couple years is to have a smaller cadre  
9 of trainers for each of the individual topic. Our  
10 trainers are developed through our managers, our  
11 SPEs, and quality assurance specialists in the  
12 technology centers. Trainers from the Office of  
13 Patent Training, and also we rely on trainers from  
14 the Office of Patent, Legal Administration.

15 So some of the training we've completed  
16 this year include 101 computer-based training CBTs  
17 on subject matter eligibility. We've also  
18 completed a 112-F CBT that introduced new form  
19 paragraphs that we think will facilitate  
20 examiners' analysis of 112F. So we coupled, as an  
21 example of our training approach, currently in  
22 progress our 112F workshop. So we started out

1 with the CBT, and then we followed up with the  
2 smaller workshops where the examiners can have  
3 hands on examples on how to apply the new form  
4 paragraphs to their related technologies.

5           So under development for delivery the  
6 rest of the fiscal year you can see there's quite  
7 a listing of trainings: 102, 103. 103 we're  
8 going to focus on modification of references and  
9 the reasons or motivations for obviousness. 112A,  
10 written description, with the emphasis being on  
11 new matter. Legal analysis and writing, unity of  
12 invention, examiners answer, and double patenting.  
13 So some of these will be, as I mentioned, will be  
14 delivered core-wide, others targeted. Some will  
15 be just in time training.

16           For example, the examiner answers  
17 training, since examiners don't see or have to  
18 write examiners answers all the time that is a  
19 just in time training, so that'll be available for  
20 when an examiner gets an appeal brief. They can  
21 take the training to get a refresher on the  
22 nuances of developing a good position in their

1 examiner's answer.

2           One of the other things that is  
3 extremely popular with our examiners are the  
4 examiner patent quality chats. So these are topic  
5 specific meetings, webinar chats that the  
6 examiners can attend. And as evidence of a  
7 popularity, when they're announced we only have a  
8 250 participant maximum and they're normally  
9 filled up within the hour. Also, they conclude  
10 with a brief question and answer period, and  
11 they've been very, very well-received with the  
12 examiners. And you can see some of the topics  
13 that we've covered in the past on these double  
14 patenting tools and statutory double patenting.

15           Now, before I touch on some of the  
16 external stakeholder's opportunities I just want  
17 to emphasize that this is not all the training we  
18 do. Each examiner has a 25 hour bank of training  
19 that they can take. So Gary's shop has refresher  
20 training and master level training that are  
21 available to the examiners, so if they feel they  
22 need a little bit, brush up on a certain topic

1 they can take advantage of the refresher training.  
2 Within that 25 hour bank they can also take some  
3 personal development type training.

4 Each technology center has a quality  
5 action plan that is driven by what the supervisors  
6 and the quality assurance specialists see in the  
7 review of their examiners' work. Each technology  
8 center also develops training that is vetted  
9 through what we call the Patent Training Council,  
10 and that can be at a tech center level, it can be  
11 at a work group level, or it can be at an art unit  
12 level.

13 We also have several stakeholder  
14 opportunities, as you can see here. One --

15 MR. THURLOW: Hey, Don?

16 MR. HAJEC: Yes?

17 MR. THURLOW: Just a quick question,  
18 please.

19 MR. HAJEC: Sure.

20 MR. THURLOW: So, say an examiner misses  
21 the training is it always in person, physical  
22 training or if they miss a training course is it

1 video tapped where they can log on later or a  
2 separate time or?

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

7 MR. THURLOW: Sure, sure.

8 MR. HAJEC: A lot of it is done WebX or  
9 virtually. We always have makeups recognizing  
10 that things, you know, life gets in the way. So  
11 while we generally will offer examiners multiple  
12 opportunities multiple times so we can, hopefully,  
13 match their schedule, at the end of the day we  
14 always have, out of the 8,000 examiners, 100, 200  
15 that had missed the training and then we offer  
16 makeup. In some situations we do record and  
17 that's what's provided during the makeup sessions,  
18 but since -- like, the workshops really need to be  
19 interactive. It's not beneficial for the examiner  
20 to be watching a video of somebody else asking  
21 questions, so those we would probably run -- the  
22 makeups would be an additional workshop or two.

1                   MR. THURLOW: That program been really  
2 well- received. It's not a huge amount of people,  
3 but the feedback I received is that the folks that  
4 have gone through it, especially some junior  
5 attorneys have really appreciated seeing how the  
6 examiners work and getting the other perspective,  
7 so that's a really good program. I'm sorry,  
8 Julie.

9                   MS. MAR-SPINOLA: No apologies. Hi.  
10 Good morning, everyone, Julie Mar-Spinola. So I  
11 just want to ask a quick question on the  
12 workshops. Of those workshops because by its very  
13 format that you need to have in person training to  
14 be effective how many of those are mandatory  
15 workshops?

16                   MR. HAJEC: Well, for example, the 112F  
17 those are mandatory for all the examiners. Most  
18 of the workshops we've conducted to date have been  
19 mandatory. What we have found, the most  
20 successful workshops are either in person or all  
21 virtual, so we generally do not blend having some  
22 participants here in a room and others on line.

1       When we've done the office-wide training and the  
2       trainings I'm mentioning here we generally will  
3       have all WebX type training or here on campus or  
4       in one of the regional offices.

5               Okay. So moving on to some of the --  
6       and I'll give everybody an opportunity to ask  
7       questions at the end as well. Some of the  
8       external stakeholder opportunities, as was  
9       mentioned, the step program's been extremely  
10      well-received. Gary, how many sessions do we have  
11      planned for this year? I know there's quite a  
12      number.

13             MR. JONES: Okay. Thank you. Good  
14      morning, everyone. So we have four sessions  
15      planned for here in Alexandria. No, two sessions  
16      for here in Alexandria and four, one in each of  
17      the regional offices, and an additional inventor  
18      step which is the step program for independent  
19      vendors not for attorneys or agents.

20             MR. HAJEC: And for those of your who  
21      are not familiar with the step training, it's a  
22      three day program that exposes the participants



1 that we give our examiners, so they get a nice  
2 perspective on what the examiners are taught, how  
3 they're taught to apply the statutes, and how to  
4 examine applications. So it's been very  
5 well-received.

6 Another opportunity for our stakeholders  
7 is the external patent quality chat series, so  
8 similar to the examiner quality chats. We offer  
9 them to our stakeholders as well, and those will  
10 be a topic specific discussion that folks can  
11 participate in. Another opportunity that  
12 stakeholders can get involved in training is the  
13 patent examiner technical training program, and  
14 this is where industry experts can come and train  
15 our examiners so they can, you know, provide their  
16 expertise and their experiences to examiners in  
17 related technologies. Those can be done virtually  
18 or we have individuals who come here to our campus  
19 or to our regional office and provide the training  
20 in that manner.

21 And then another opportunity that we  
22 provide is the SEE program. And this is Sight

1 Experience Education for examiners, and it's an  
2 opportunity for our examiners to go into the field  
3 to visits industry, commercial companies, academic  
4 institutions within the continental U.S. So each  
5 technology center has a budget each year for the  
6 SEE program, and examiners and SPEs will identify  
7 areas and companies that they'd like to visit.  
8 After those are identified the trips are planned,  
9 and these have been wonderfully received by the  
10 examiners. There's multiple benefits to it. One  
11 that can't be understated is the fact that quite  
12 often our examiners, as I mentioned, are  
13 throughout the country and this is an opportunity  
14 for them to see their colleagues and interact.

15 Another great benefit, obviously,  
16 they're learning about some of the cutting edge  
17 and emerging technologies in their field, but I  
18 think they get to drive home just how important  
19 intellectual property is. You know, as an  
20 examiner day-to-day when you're working on  
21 applications you don't always have that  
22 opportunity to step back and think how the job

1       they do really make an impact on industry, and  
2       this gives them the opportunity to do so. It's  
3       not unusual for companies to prominently display  
4       the patents they've earned, and I think that  
5       really drives home that point to examiners when  
6       they visit these sites and see just how their  
7       work, their efforts makes a difference.

8                 Okay. So now I'll welcome any  
9       questions.

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

19                And not to end on a sour note, my last  
20       question, when we work with examiners the biggest  
21       complaint we get is the training. You know,  
22       there's just so much going on with the court

1 decisions and so on, and you have, as you saw it  
2 8,500 examiners, half of which are on a hotel  
3 program. And we when talk to them about training  
4 and so on this is the biggest issue is the speed  
5 of getting them the information, the accuracy of  
6 the information, who they can refer to, and  
7 whether fairly or unfairly that they use that as a  
8 crutch, but that's the feedback we get most. That  
9 --

10 MR. HAJEC: So you're getting it from  
11 the examiners?

12 MR. THURLOW: We're getting it from the  
13 examiners.

14 MR. HAJEC: Okay.

15 MR. THURLOW: Like, I've actually raised  
16 some of the after final programs to them in the  
17 pilot stage and we've discussed, you know, not  
18 every examiner, but just trying to give you some  
19 fair feedback. Training is a huge issue and it's  
20 a big challenge. I don't need to tell you that,  
21 Don.

22 MR. HAJEC: Yeah.

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

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

19                   MR. WALKER: I had a question on the SEE  
20 program because the European Patent Office is  
21 always very aggressive, actually, in reaching out  
22 to ask us to host them.

1 MR. HAJEC: Mm-hmm.

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

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

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

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

18 MR. JONES: I would like to add that  
19 also in the past year we have been working  
20 collaboratively with the regional offices where  
21 they are reaching out to their contacts and their  
22 own -- and around their own regional office to

1 help us contact companies so that we can target to  
2 their local areas. So we also have the outreach  
3 coordinators from the regional office is helping  
4 us coordinate SEE trips.

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

10 MR. JONES: They have the ability to  
11 take up to 25 hours as electives. So when we  
12 assign training, like many of the courses Don  
13 talked about that does not come out of their 25.  
14 Or if their supervisors decides you need to have  
15 more training on double patenting that would not  
16 come out. But they have a bank of 25 hours they  
17 can use for legal training, leadership, technical  
18 training, TC specific training. So there's  
19 different areas they can take, and I would say  
20 some examiners don't use all the hours and some  
21 examiners, with permission, go over, especially in  
22 the technical training area because when we have

1 -- the tech centers have their PETTP events there  
2 is multiple events. Those are very widely  
3 attended. They could have a tech fair. Many  
4 examiners can get up to eight hours in one tech  
5 fair of technical training on different topics.  
6 So a lot of examiners do exceed the 25 hours with  
7 permission.

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

15 MR. JONES: Yes. Don mentioned the  
16 refresher classes. We have about 25 to 30 classes  
17 on different practice and procedure topics that we  
18 offer every quarter, and he also mentioned the  
19 master classes which are refresher classes, but  
20 are a little bit deeper dive into a little bit  
21 more complex subject matter for more experienced  
22 examiners. And that's exactly the kind of thing



1           that they can take using their hours.

2                       MS. CAMACHO: Thank you.

3                       MR. THURLOW: One last point I'll make  
4           is applicants find the customer partnership  
5           meetings specific to each group or unit very  
6           helpful. So to the extent you guys speak of those  
7           events I've been to a few. They're helpful as far  
8           as trainings. That's a big issue.

9                       And then I'm not sure if this question  
10          should be directed to you, or Drew, or Andy, or  
11          Joe, but the MPEP we just got a notice it was  
12          revised, and so on, and, you know, I remember  
13          going back where that book is that thick. So now  
14          it's just a link, but what's going on with that?  
15          Is that whole thing -- we have a new revision to  
16          it? Training associated with that? Anybody?

17                      MR. FAILE: MPEP update.

18                      MR. BAHR: We issued a new -- the  
19          January 2018 revision of the MPEP. I believe it  
20          was Monday afternoon.

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

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

6           MR. THURLOW: Right, right. Okay.

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

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

4                   MR. BAHR: Actually, if you want when we  
5 do a revision of the MPEP we have a change summary  
6 sheet.

7                   MR. THURLOW: Okay.

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

10                  MR. THURLOW: Okay.

11                  MR. BAHR: -- all of the changes that  
12 are in the MPEP.

13                  MR. THURLOW: Yeah, I'll point that out.  
14 Thank you.

15                  MR. BAHR: Okay.

16                  MR. HAJEC: And if there are changes  
17 that would impact examiners' procedures then we  
18 would send out advance memos or instructions on  
19 how to apply that. One example was the search  
20 recordation. We asked them to record their  
21 searches in a little bit different format, so we  
22 gave them memos to give them a heads up that this

1 change was coming.

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

16 Here's a new MPEP changes, and they're  
17 basically just cataloging a series of changes from  
18 the last revision to date. So for this particular  
19 one we'll be sitting down, I believe it's next  
20 week, walking through the changes, and to the  
21 extent there are things there that we'd want to  
22 talk to POPA about it, as far as training, et

1       cetera, you know, we'd making those decisions  
2       then.

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

5                   MR. HIRSHFELD: Marylee, could I jump in  
6       for one more thing?

7                   MS. JENKINS: Yes.

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

22                   MR. THURLOW: One final thought.

1 MS. JENKINS: You still have time.

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

19 MR. WALKER: Yeah, Drew, just on that  
20 partnership meeting. I think that is really -- I  
21 can't overemphasize its importance because outside  
22 of this meeting we all get feedback and I got

1 feedback from some people. And I was able to  
2 refer to one of these partnership meetings where  
3 the SPEs were really, really open about how to  
4 deal with issues. Because everybody has little  
5 complaints and this and that, but, boy, they were  
6 very, very good at not just explaining what the  
7 issues were but saying -- asking for feedback  
8 because they said part of the way that we are  
9 judged is how we develop our people.

10 So if we hear from you that there is a  
11 particular examiner or some need there this is not  
12 a negative. This is, you know, an area for growth  
13 and development. So please share that with us  
14 because that improves everything, and then I have  
15 an incentive to work with my team to improve them  
16 because that is, in part, how I get rated. So I  
17 thought that was really great discussion at one of  
18 those partnership meetings. And so someone asked  
19 me a question recently about some issue dealing  
20 with an examiner and I said, well, you know, if  
21 you go to the SPEs, because this is what I heard  
22 from the partnership meeting. So I thought that

1 was really powerful and that's something that we  
2 really need to get the word more out.

3 MS. JENKINS: What comes to mind too is  
4 PPAC, I guess two years ago, had the examiner  
5 quality meeting where we had, I think, almost 800  
6 examiners, 200 in the room. We had about 600  
7 online. And I'll never forget the examiner  
8 talking about vomiting references in an IDS. That  
9 just stuck with me. But that exchange with  
10 examiners from not just the technology that  
11 they're working on, but also the folks who are  
12 trying to make them understand the technology, the  
13 practitioners, the partnership meetings are great.  
14 But if, you know, we can, again, PPAC is here for  
15 you. If we can look for ways to develop that more  
16 and get the user community to come in and not  
17 complain, but do an interactive session where  
18 there's feedback on both sides, so I think that's  
19 helpful for training. For us too, training us  
20 too.

21 MR. FAILE: That's great input, and  
22 thanks for the input on the partnerships because



1 we have, as Drew said, we've dramatically ramped  
2 those up within the last year. We're trying to do  
3 a couple things with the partnership meetings.  
4 One is just a general exchange on topics and  
5 bringing user input in for things such as after  
6 final programs. We'll take different issues that  
7 are going on and tee them up in the partnerships  
8 to get some input.

9 Another thing we're trying to do is  
10 we're trying to facilitate the familiarity with  
11 applicants and practitioners directly with the TC  
12 personnel. So instead of email Drew or I from a  
13 practitioner, can you look into issue X. We're  
14 trying to get that traffic down to the TC  
15 directors and the SPEs who really are in the best  
16 position, in many cases, to handle those type of  
17 inquiries. When they come to us we're generally  
18 going right back to them and saying, okay, can  
19 just check this issue out.

20 So one of the aims of the partnership is  
21 to really start to develop that bridge between the  
22 applicant and practitioner community, and directly

1 with the TC directors and SPE. So it's good to  
2 hear, Mike. It's exactly what we're trying to do  
3 is get the SPEs to be more familiar with you guys  
4 and vice versa so we can have those conversations  
5 and resolve a lot of the issues right where they  
6 occur. So, it's good feedback.

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

14 (Recess)

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

21 MR. POWELL: I will just start by  
22 introducing my colleague, Shira Perlmutter of

1 OPIA, and my colleague, Karen Young from the  
2 Design TC, TC 2900, who will be giving you a  
3 discussion of issues China and Hague  
4 implementation and that sort of thing, so I'll  
5 turn it --

6 MS. JENKINS: Yes.

7 MR. POWELL: -- over to --

8 MS. JENKINS: Shira, I know --

9 MR. POWELL: -- Shira, first.

10 MS. JENKINS: -- you've got that topic,  
11 so, welcome. Thank you.

12 (Applause)

13 MS. JENKINS: It's on.

14 MS. PERLMUTTER: Ah, it is on. Great.

15 So, we have a number of topics and I just wanted  
16 to say we will start with the China Investigation  
17 under Section 301 and talk a bit about CFIUS,  
18 which is how you pronounce that. It's always  
19 tempting to call it Sisyphus, but it's actually  
20 CFIUS. (Laughter) And then we -- we're suggesting  
21 doing some brief updates on the proposed Hague  
22 Convention and Brazil's proposal to address its

1 backlog, both of which we've reported on before.  
2 What we'll do is leave those two topics to the end  
3 and cover them if there's time. And then ID5,  
4 Mary Critharis will give a brief introduction to  
5 the work that ID5 is doing after Karen's  
6 presentation.

7           But what I really want to do is to start  
8 with the most exciting news, which is that the  
9 President actually talked about international  
10 intellectual property in the State of the Union  
11 Address and so I thought I'd begin by reading the  
12 actual sentence, which is: "We will protect  
13 American workers and American intellectual  
14 property through strong enforcement of our trade  
15 rules." So, you know, it's not very common for  
16 the State of the Union Address to touch on IP, so  
17 it was very gratifying to hear that.

18           So, if we turn to the China Section 301  
19 Investigation, this is a section of the Trade Act  
20 that authorizes discretionary action by the U.S.  
21 government if the U.S. trade representative  
22 determines that an act, policy, or practice of a

1 foreign country is unreasonable or discriminatory  
2 and burdens or restricts U.S. commerce and the  
3 investigation can last up to one year.

4           Now, just to clarify one thing, I've  
5 given reports here before on the annual Special  
6 301 process that USTR also runs and that's  
7 something completely separate from this, so  
8 Special 301 and Section 301 are two different  
9 things. Special 301 is a annual list of countries  
10 that USTR prepares where countries are not  
11 providing adequate IP protection or enforcement.  
12 This is a section of the act that isn't specific  
13 to IP, but requires this investigation of another  
14 country's practices.

15           Now, the President issued a memorandum  
16 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.

2 On August 24th, USTR issues a Federal  
3 Register notice and specified four areas to  
4 investigate. And three of them specifically talk  
5 about IP. So, the first one is whether the  
6 Chinese government is using a variety of tools to  
7 require or pressure the transfer of technologies  
8 and IP to Chinese companies. The second is  
9 whether the Chinese government is doing things  
10 that deprive U.S. companies of the ability to set  
11 market-based terms in their transactions and  
12 specifically calls out China's regulations on  
13 technology import and export administration known  
14 as TIER, and we'll talk about that a little bit  
15 more.

16 The third area is whether China is  
17 directing and/or unfairly facilitating this  
18 systematic investment in and/or acquisition of  
19 U.S. companies and assets by Chinese companies to  
20 obtain cutting edge technologies and IP. And  
21 fourth, whether China is conducting or supporting  
22 intrusions into U.S. Commercial computer networks

1 or cyber-enabled theft of IP trade secrets or  
2 confidential business information. So, a fairly  
3 broad scope of the investigation.

4 So, what happened over the fall is that  
5 there were hearings on this and there were a  
6 number of different submissions made and a lot of  
7 this focused on -- if we can go back to the tier  
8 regulation -- on these tier regulations of  
9 China's. And if you take a look at it, you might  
10 think at first glancing at it, it looks neutral,  
11 but the problem is these are regulations that  
12 impose restrictions on what terms can be  
13 negotiated in a technology import contract. So,  
14 it's not any technology contract, it's a  
15 technology import contracts, so it's only where  
16 technology's coming from another country into  
17 China.

18 And Article 24 says that the licensor in  
19 such a contract has to warrant that it's the  
20 lawful owner of the technology and bear the burden  
21 of any infringement claims. Article 27 says that  
22 during the term of such a contract, the fruits of

1 improvements to the technology must belong to the  
2 party making the improvements. And the fruits of  
3 the improvements would include patent rights.

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

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

21           MS. PERLMUTTER: Sure.

22           MR. THURLOW: -- kind of scope this out.



1 I mean, we all for the most part read the paper  
2 and follow in the news and politics and depth of  
3 China IP from China and those would -- I guess, I  
4 want to say we don't want to pick on China, but  
5 that's such a hot topic and it's in the press and  
6 we all see it. That's why we wanted to talk about  
7 it today. As we work with clients, most of the  
8 work obviously is global. A lot of companies,  
9 fortunately, are bringing their work back, if I  
10 can say, into the U.S.; we're seeing more of that.  
11 But there is still lots and lots of manufacturing  
12 being done in China.

13 MS. PERLMUTTER: Yeah.

14 MR. THURLOW: So, that's why these  
15 issues are so critical, as for who owns the  
16 technology. The other thing I think I'll say is,  
17 point three, as far as that four-point analysis  
18 you mentioned, something about China investing in  
19 different company -- companies in the U.S. and/or  
20 acquiring them and bringing the technology, that  
21 is something that's happening on a day in and day  
22 out basis. So, I'm very just fascinated by the

1 whole -- this whole review and so on. And being  
2 in New York, there's plenty of Chinese hedge  
3 funds, venture capital folks, Chinese investment  
4 corporation that are doing exactly this.

5 MS. PERLMUTTER: Right.

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

19 MS. PERLMUTTER: Yeah. No, I absolutely  
20 agree. And I think, you know, no one is  
21 suggesting that all investment by China and the  
22 United States is bad, but the question is, you

1 know, whether it goes too far and it has to do  
2 with the government directing or facilitating  
3 systematic investment interacquisition to obtain  
4 an advantage over American companies. I think  
5 that's the focus, but I completely understand your  
6 point.

7 And I should say so, Larry Lian, who's  
8 here, is a member of our China team and he's been  
9 very deeply involved in this process and at all  
10 the hearings and helping to lead some of the work.  
11 So, he may want to add something.

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

22 MR. THURLOW: The other reason we wanted

1 to discuss this is that, you know, we're  
2 representing the public. And we go out and we  
3 speak to constituents, clients, and bar  
4 associations, different events. I don't think  
5 many people appreciate the work that you do,  
6 Larry. And, like, the focus that you, Mary, and  
7 Shira and Mark, of course, do with the U.S. -- on  
8 the USTR side with respect to the -- it's  
9 intellectual property, it's patents, but it's much  
10 bigger with technology and innovation and the  
11 roles that the patent office plays in those  
12 discussions and that stuff. And that's the thing  
13 I've learned probably most of my six years on  
14 PPAC, so maybe just explain more. What do you do?  
15 You go to the USTR meetings, you're the voice for  
16 the IP side?

17 SPEAKER: Yes, the IP side.

18 MR. LIAN: We closely work together with  
19 our USTR colleagues, of course, on any IP issues.  
20 And there are, of course, IP expert for USTR, as  
21 well. But, I guess, the bigger point is that we  
22 closely work together.

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

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

4 MS. PERLMUTTER: -- we are very involved  
5 in all the trade matters serving as essentially  
6 their technical experts on intellectual property,  
7 whether it's a negotiation of a trade agreement,  
8 the implementation of a trade agreement, or issues  
9 like Special 301 and Section 301 investigations.

10 MS. CAMACKO: Shira, may I ask a  
11 question? Are these -- I'm just looking at the  
12 Article 24 and 27 under the Chinese regulations.  
13 Are these unique to China or are similar  
14 regulations found in other similar jurisdictions?

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

20 MS. PERLMUTTER: Good question. All  
21 right. So, just to say --

22 MR. LANG: Just one more, Shira?

1 MS. PERLMUTTER: Yeah.

2 MR. LANG: So, back on the grant back  
3 restriction, I'm just reading the language  
4 facially; it looks like a restriction on the  
5 ownership of improvements. How does that operate  
6 with respect to, you know, the grant back of a  
7 non-exclusive license, for example?

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

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

20 MR. WALKER: And I would just add to  
21 that, that we had this discussion that, you know,  
22 if you have that grant back so the licensee now

1 owns it and they grant a license, you say, a  
2 limited -- much limited right back to the  
3 licensor, but a lot of these licensors are in the  
4 businesses of granting licenses around the world,  
5 and so now if they give -- if they want to grant  
6 access to those improvements to someone else,  
7 they've got to get from the Chinese entity the  
8 right to further grant sublicenses or else it's  
9 the Chinese company who controls the ability to  
10 grant access to those improvements to other  
11 licensees of a licensor. So, it's really -- it's  
12 a complex thing, but it really gives a lot of  
13 control to the licensee in that case to have a  
14 statute that gives them that right up front. At  
15 least, that's my read on it. You can tell me if  
16 that was wrong.

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

1 control.

2 MR. WALKER: I do have one other  
3 question. I know you're going to talk about the  
4 hearing testimony, but one of the other things  
5 that point -- the first point I thought of those  
6 four points was very important about the  
7 organizational structure and the requirement that  
8 China has for a lot of minority-owned joint  
9 ventures in order to take technology into the  
10 country. Was that part of -- was there a lot of  
11 focus on that at the hearings or was that -- or  
12 was it more on the technology licensing aspect?

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



1 can point you to some specific ones.

2 MR. THURLOW: A very practical example,  
3 just to provide an example. What happens  
4 sometimes, companies come to us and say, "We're  
5 going to get the manufacturer," and this is going  
6 back, you know, some examples, five to 10 years  
7 ago. "We're going to get the product made in  
8 China. You know, less expensive, no environmental  
9 issues, safety, and so on." And then they get the  
10 products made, but then they find out pretty soon  
11 after that companies are formed in China that are  
12 their competitors, are based on the same  
13 technology. So, then they come to us and say,  
14 "How can we stop them in China," and we say,  
15 "Well, what's going on in China?"

16 They transfer all the technology already  
17 and they just -- because for them to manufacture  
18 the product in China, they need all the technology  
19 and the drawings and the know-how. So, we always  
20 say, "Buyer be aware, be caution," and so on. But  
21 unfortunately, it happens what we see all too  
22 often.

1 MS. PERLMUTTER: Well, we will continue  
2 to report on developments once the decision is  
3 made, the investigation's completed, the decision  
4 is made. Just to say I won't go over this in much  
5 detail, but, you know, the general concern by U.S.  
6 businesses is, as we describe, that there is some  
7 discrimination and unreasonableness in the tier  
8 licensing regime and on the other side there was  
9 testimony from a number of Chambers of Commerce in  
10 China that are affiliated with the government that  
11 are saying, "It's neutral in nature and it's  
12 justified on the basis of the weaker positions of  
13 licenses and transfers," that kind of argument.

14 So, I think, let's move on and talk  
15 about CFIUS. So, this is the Committee on Foreign  
16 Investment in the United States. And it's a -- I  
17 was saying yesterday, it's a committee I didn't  
18 even know existed until I took this job and maybe  
19 others here are in the same position. It is an  
20 interagency committee that is authorized to review  
21 transactions that could result in the control of a  
22 U.S. Business by a foreign entity and

1 specifically to look at the affect the transaction  
2 could have on our national security.

3           It's part of the Defense Production Act,  
4 the Foreign Investment and National Security Act,  
5 so you can see it's pretty focused on defense and  
6 national security. And it's made up of a number  
7 of different department and offices in the  
8 government, including, as you can see, the  
9 Department of Commerce, as well as Treasury,  
10 State, Defense, Homeland Security, Justice,  
11 Energy, USTR, and OSTP. And then you've got a  
12 number of offices in the White House that observe  
13 and participate in the activities. And we get  
14 involved as part of the Department of Commerce  
15 when there's something that has an IP aspect to  
16 it, which could include a transfer of technology  
17 where there's patents involved. And Mary  
18 Critharis has been our representative in these  
19 CFIUS discussions, which basically means being  
20 locked in a room for days, dealing with the issues  
21 involved.

22           If you look at what kinds of

1 transactions we're talking about, it's any merger,  
2 acquisition, or takeover which results in foreign  
3 control of any entity engaged in interstate  
4 commerce in the United States. So, it doesn't  
5 have to be a U.S. owned business that is being  
6 taken control of. And control is also fairly  
7 broadly defined, a power to determine direct or  
8 decide matters effecting the entity, which could  
9 involve the sale, lease, pledge, or other transfer  
10 of assets, the dissolution or the closing or  
11 relocation of research and development facilities.  
12 And then national security is quite broad, it  
13 includes a lot of concerns that fall under  
14 Homeland Security, including everything having to  
15 do with critical infrastructure, which again, is  
16 defined. And the kinds of things that could be  
17 considered, for example, is proximity to sensitive  
18 military facilities.

19           So, just very briefly on the process,  
20 someone will file a challenge under CFIUS. Then  
21 the entity, the committee has 30 days to review  
22 it, to decide whether to commence an

1 investigation. Once it's initiated, it can last  
2 up to 45 days, so you can see it's a very quick  
3 process, actually. That's an intense time period  
4 to make these decisions. And if the national  
5 security's issues are not resolved, then CFIUS  
6 makes a recommendation to the President whether to  
7 block or clear the transaction. And that has to  
8 be done within 15 days, so it's a tight timeframe,  
9 which you can understand why, given these are  
10 commercial transactions where you can't really ask  
11 people to wait for months before a decision is  
12 made whether they can go ahead.

13           And if you look at the kinds of  
14 transactions that have been reviewed, you can see  
15 they come from a number of different countries and  
16 it's probably not a surprising list because these  
17 are going to be countries that are -- that have  
18 businesses that are interested in investing in the  
19 United States. So, China is at the top of the  
20 list, but you also have the U.K., Canada, Japan,  
21 Germany, France and South Korea.

22           MR. THURLOW: Russia not on there or

1 just --

2 MS. PERLMUTTER: No.

3 MR. THURLOW: No?

4 MR. GOODSON: What happened to Germany  
5 in 2015?

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

8 MS. MAR-SPINOLA: Actually, I was going  
9 to ask if there's more updated information.

10 MS. PERLMUTTER: Not yet. We haven't  
11 seen the 2016 data yet.

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

14 MS. PERLMUTTER: Yes. I think --

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

16 MS. PERLMUTTER: -- you're probably  
17 right.

18 MS. MAR-SPINOLA: Yeah.

19 MS. PERLMUTTER: And I did also just  
20 want to say that you can see these numbers of  
21 cases that were brought, but there have only been  
22 four transactions that have been blocked by the

1 President since CFIUS began, which was in '75.  
2 So, in 40-some years, four transactions have been  
3 blocked. However, others, often they're permitted  
4 to proceed if certain conditions are met, so it's  
5 a little bit like an antitrust review. And so,  
6 conditions may have been met in other cases that  
7 dealt with the national security concerns and then  
8 there also have been transactions that have not  
9 proceeded even without being blocked because they  
10 didn't want to meet the conditions. So --

11 MR. THURLOW: Yeah.

12 MS. PERLMUTTER: -- the number four is  
13 perhaps a little bit misleading.

14 MR. THURLOW: Did President Trump use it  
15 once with the one --

16 SPEAKER: Yes.

17 MS. PERLMUTTER: Yeah.

18 MR. THURLOW: -- with the semiconductor  
19 case, I think?

20 MS. CRITHARIS: Correct. Yeah, he  
21 blocked a recent transaction involving Chinese  
22 trying to purchase semiconductor technologies in

1 the United States.

2 MR. THURLOW: Oh.

3 MS. PERLMUTTER: And I just wanted to  
4 note that there have been several amendments to  
5 CFIUS proposed recently that are still pending,  
6 all of which would broaden its coverage in some  
7 way by either broadening the types of transactions  
8 that are covered or broadening the concept of what  
9 constitutes national security. For example,  
10 looking at food security issues and looking at the  
11 impact on commerce as being part of a national  
12 security concern. So, moving a little bit away  
13 from the more military type issues. Yes.

14 MR. GOODSON: Yeah. There are  
15 practically no people in the Cayman Islands way --  
16 I mean, obviously, it's an international business  
17 center. You know, like in banking, know your  
18 customer. Do we really know who these entities  
19 are or it's just a front -- I mean, that's what  
20 the Cayman Islands did. It's a front.

21 SPEAKER: (off mic) (laughter)

22 MR. GOODSON: Oh, absolutely.



1 MS. CRITHARIS: I've never been.

2 (Laughs) Do you have any --

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

5 MS. CRITHARIS: If I could.

6 MS. PERLMUTTER: A regional office in  
7 the Cayman, yeah.

8 MS. CRITHARIS: I think that's part of  
9 the review process, so there is in looking what  
10 the covered transaction is and looking where  
11 there's national security implications, part of  
12 their review is to determine what type of  
13 ownership are their companies. So, that is taken  
14 into account. That's one of the factors that goes  
15 into the national security factors. So, that is  
16 something the committee will review.

17 MR. WALKER: As a comment, it seems like  
18 all of this may not have been used a lot of late.  
19 It certainly is a trend. Today's Wall Street  
20 Journal reported that Australia is placing  
21 restrictions on the ability of Chinese to invest  
22 in a couple of industries, their energy

1 infrastructure, and the food. So, the -- just  
2 seems to be that this is picking up momentum  
3 globally, so we'll see how it plays out.

4 SPEAKER: Yeah.

5 MR. THURLOW: And just with -- just  
6 along with what Mike said, I agree. That's  
7 something I haven't heard about -- I've heard as  
8 long of as six -- say, six months ago. Now, it  
9 seems like every article in the paper is about it.  
10 Wall Street Journal had another article earlier  
11 this week. IP Law360 had an article about it, Top  
12 of the Page about it. So, see more and more of it  
13 and then as we go through your presentation, but  
14 just -- we talked about it yesterday, just for  
15 everyone's benefit. Who was actually on this  
16 committee that gets to make the decision?  
17 Obviously, the President is the ultimate  
18 decision-maker, but this committee is not this  
19 official -- well, let me tell -- just tell who  
20 makes up the committee.

21 MS. PERLMUTTER: Do you want to slide  
22 back up? Yeah. So, then who comes to the actual

1 meetings from those departments?

2 SPEAKER: Yeah.

3 MS. CRITHARIS: Well, these are the  
4 members of the committee, so we talk about the  
5 Security of Treasury is the chairperson for CFIUS.

6 SPEAKER: Okay.

7 MS. CRITHARIS: And so, this -- the  
8 leads for these issues are at the Secretary or Dep  
9 Secretary level. So, all of these discussions,  
10 even though there's a lot of staff participating  
11 in the committee, the decisions are made at least  
12 at the Deputy Secretary level from all the  
13 agencies.

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

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

5                   MR. THURLOW: Oh, wow. That's  
6 interesting.

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

22                   MR. KNIGHT: I'm just curious. Since

1 under Section 122, you know, if any application is  
2 found to impact national security, it's not  
3 published. So, are you dealing with, like,  
4 published applications that you still believe  
5 could affect national security or a member of  
6 CFIUS does and then they ask the USPTO for advice?  
7 Or how, you know, how are we involved?

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

18 MS. PERLMUTTER: All right. If there  
19 aren't other questions on this, we could give very  
20 brief updates on Brazil and on Hague. So, Mary,  
21 did you want on Brazil on what's happening with  
22 the proposal to eliminate the backlog.

1           MS. CRITHARIS: I'm not sure if many are  
2 familiar, but Brazil has incredible delays in  
3 processing their application. It can take over a  
4 decade to get a patent granted in Brazil and they  
5 really struggle with some challenges on how to  
6 address this backlog. So, they -- in the summer,  
7 they introduced a proposal where they would just  
8 automatically grant patent rights to 230,000  
9 applications and that's the way that they decided  
10 to handle the backlog.

11           They did have a public sector component  
12 and they had equivalent of Federal Register notice  
13 where they solicited input to their proposal. And  
14 so, now they're in the process of going through --  
15 there was, you know, numerous submissions,  
16 numerous concerns about whether these patents  
17 would be held valid, whether someone can go to  
18 court, do they have different status than patents  
19 that were examined? So, they're grappling with  
20 all of the different comments and so we're waiting  
21 to hear back from them with respect to whether  
22 they're going to go forward with their proposal.

1                   So, we just wanted to share that with  
2                   you and obviously, we'd like to have your feedback  
3                   on that proposal.

4                   MR. THURLOW: Just one example and it  
5                   wasn't funny, at the time. I asked foreign  
6                   counsel in Brazil years ago just to get me a copy  
7                   of a patent and they told me it would take a long  
8                   time, like, a long time. It was like, you know, I  
9                   can just go on PAIR and just get a patent right  
10                  now. And it was, like, months to get a patent.  
11                  Not even to get examined, to -- patent from years  
12                  ago, so it was tough, tough going in Brazil.

13                  SPEAKER: Yeah.

14                  MR. THURLOW: But, you know, I don't  
15                  know why it -- this is actually -- so many  
16                  countries have a registration system that, you  
17                  know, I guess, there were always an examination  
18                  system. One of the approaches that we talked  
19                  about, the reason why the international  
20                  harmonization of the IP system is so important is  
21                  if you look at countries like Mexico and Canada,  
22                  they really -- they tell you if you have an

1 application or a patent that's issued in the U.S.,  
2 you put the claims in the same scope in those  
3 countries as in the U.S., you get it.

4 So, I think that would have been a much  
5 better middle ground for Brazil to do, assuming,  
6 you know, it's still a certain amount of work, but  
7 not as much as examining every application.  
8 That's a much better approach than -- it kind of,  
9 you know, it's unfortunate because the IP system  
10 is an international system. If one country is  
11 important to Brazil -- I think, Michael was  
12 telling me, especially in biotech and Live Science  
13 is lots of companies of interest down there.  
14 That's not -- it's not a good thing for them to  
15 make such a silly recommendation.

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

22 MS. CRITHARIS: On that note, I also



1 just want to add that we do have a PPH agreement  
2 with Brazil. The initial pilot program was  
3 limited to oil and gas technologies. It will now  
4 be expanded to include the IT sector, so we're  
5 hoping to sign that pretty quickly. I have spoken  
6 to representatives from the, you know, oil and gas  
7 industry in the United States and they said that  
8 they actually have used the program and they were  
9 actually able to get patent rights in about, you  
10 know, three to six months, which was fantastic  
11 because they had really stopped applying there.  
12 So, but there's obviously a lot of mining and  
13 exploration patent-related activity that they  
14 wanted to protect. So, this was a good vehicle  
15 for doing that.

16 MS. JENKINS: Two points. We had talked  
17 about Brazil and this idea of, I'll just call it,  
18 expedited review. And so, (laughter) but I did  
19 note from November's, there were some negative  
20 comments about it. I don't think it was  
21 incredibly well received. But I also noted PPH  
22 for Brazil, didn't the EPO -- I thought another

1 office negotiated a different deal. But did I  
2 that read that wrong on Brazil?

3 SPEAKER: Yeah, right, yeah.

4 MS. JENKINS: So, I know -- I knew about  
5 our natural gas, oil, EPH narrowness, but I  
6 thought that they did something different. So, is  
7 Brazil just sort of --

8 MR. POWELL: Yeah, the EPO --

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

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

1 and which is really untrue.

2 But I think that one other comment I  
3 will make about that is, a lot of the patent  
4 filings that are 12 or 14 years old in Brazil are  
5 pretty moot, right? If you're looking at telecom  
6 going back to 2G, Andy Faile may have issued  
7 something on it back in his examinee career, but  
8 it's just worthless stuff and I think that, you  
9 know, if they can't clear the backlog and  
10 actually, you know, get back into the patent  
11 system, over time it'll be a good thing.

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

20 MR. POWELL: We always try to get, you  
21 know, reciprocity for American files, but, of  
22 course, but I think the, you know, the fact that

1 we were able to get a PPH started with Brazil at  
2 all, even in an, you know, at first, a limited  
3 area was -- it was, frankly, I think, a pretty  
4 giant leap for them. And so, at one bit at a time  
5 we'll go that way and hopefully, get all the way,  
6 in the end.

7 MR. THURLOW: (Inaudible) IP attaché in  
8 San Pablo, right?

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

13 MS. CRITHARIS: I just wanted to address  
14 the comment about having the same scope of  
15 coverage. So, you know, obviously, we were the  
16 first to negotiate the PPH agreement with Brazil  
17 and obviously, Europe and Japan were also, you  
18 know, following in our footsteps, wanted to have  
19 similar agreements. Obviously, Brazil's trying to  
20 manage, you know, at that point, when they were  
21 negotiating this agreement's proposal for this  
22 automatic grant of patent rights was not -- is not

1 in effect, they're trying to manage their backlogs  
2 and they wanted to make sure that they didn't have  
3 an influx of PPH requests from different offices.  
4 So, we each had some different concerns.

5           Some of the automotive industries was  
6 included in the Japan, you know, PPH agreement.  
7 We asked people and they thought that the IT  
8 sector was more important and telecom, so all of  
9 that is included in our agreement. So, ours is  
10 actually in some ways a lot broader, if you look  
11 at the actual classes that were listed, because we  
12 went through all of the classifications. So, we  
13 have a much broader PPH than they actually have.  
14 They may have some other, you know, areas in  
15 there, but there's not as broad of scope as the  
16 one that we have.

17           MS. PERLMUTTER: Right. I know we're  
18 out of time. Let me just say a sentence about  
19 Hague and then turn it over to Karen just to say  
20 we have made some progress in Hague. We've gotten  
21 the text to reflect very clearly as one of the  
22 options having IP completely excluded, and we've

1       also managed to get even the options that include  
2       IP to narrow down the scope a lot and take care of  
3       some of our concerns about one country applying  
4       the law of another country in an inappropriate way  
5       or too much extraterritorial scope of injunctive  
6       relief. So, the negotiations are still going on,  
7       there's still a hope to have a diplomatic  
8       conference at the end of this year, beginning of  
9       next year, but we at least have gotten a lot of  
10      countries to understand what our concerns are and  
11      to make sure that the text now includes within it  
12      proposals that reflect the U.S. position.

13                 So, Chris Hannon was at the last meeting  
14      of the Special -- what's it called? The Special  
15      Committee?

16                 SPEAKER: Special Commission.

17                 MS. PERLMUTTER: Special Commission.

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

20                 MR. MATAL: Say, Shira, before you go, I  
21      just wanted to make a little news announcement  
22      about the international team. Two of our

1 international patent staff are actually going to  
2 start details shortly at the White House, serving  
3 the Intellectual Property Enforcement Coordinator.  
4 We're very excited to have them there just to be  
5 able to be able to provide, you know, real IP  
6 expertise to the White House as they negotiate and  
7 consider a lot of these important policies. We  
8 think they'll play a valuable role there.

9 Oh, it -- and, by the way, the two  
10 details are Matt Coner and Summer Kostonyik wanted  
11 to -- so look for them, if you happen to be in the  
12 White House. (Laughter)

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

17 MS. YOUNG: Good morning. I'm delighted  
18 to be here today to give you a brief overview of  
19 TC 2900, the Design Technology Center. I'll be  
20 going over some general TC 2900 information and  
21 statistics and then I'll provide an international  
22 update on the implementation of the Hague

1 Agreement as it relates to designs.

2 Just a quick reminder, a design patent  
3 protects the way an article of manufacturer looks,  
4 its shape and configuration, as well as any  
5 surface ornamentation applied to the article.  
6 There are design patents on cell phones, watches,  
7 and musical instruments such as guitars, to name  
8 just a few.

9 More and more people are becoming aware  
10 of the value of design patents in the field of  
11 intellectual property. Additionally, industrial  
12 design is a growing field which is contributing to  
13 the success of many manufactured products.  
14 Industrial design focuses on the aesthetic and  
15 user interface of manufactured products. It's  
16 blending form and function to make products more  
17 desirable. Two examples of this are shown here.  
18 The Mini Cooper is a classic design that came  
19 about because of restrictions in fuel supply  
20 during the 1950s and the designer was tasked with  
21 designing a car that was more frugal than the  
22 larger cars of the day. The design of the Dyson



1 vacuum cleaner, including this handheld version,  
2 was a revolutionary new approach to a household  
3 product.

4 All design patent applications are  
5 handled in TC 2900. My staff as of December 31st  
6 consisted of 183 design examiners, managed by 12  
7 supervisory patent examiners and assisted by a  
8 design practice specialist, a secretary, and an  
9 office manager. We also have help from the  
10 centralized technical support staff in OPUS.

11 Design filings continue to increase, as  
12 noted in the chart on the far left. In 2009,  
13 design filings were 25,575. In fiscal year 2017,  
14 the second column from the right, we received  
15 43,272 and that was, again, 6 percent over what we  
16 received in 2016. We are projecting just under  
17 46,000 applications coming in this fiscal year.  
18 And as noted on the chart on the far right, during  
19 the first quarter of fiscal year '18, we received  
20 11,909.

21 To address the increasing workload,  
22 unlike Brazil, we have been hiring design

1 examiners over the last five years.

2 (Laughter) With the hiring freeze  
3 during fiscal year 2017, we were  
4 unable to hire, so our staff did  
5 decrease last year by six just  
6 through normal attrition. But I do  
7 plan on hiring 15 examiners this  
8 summer.

9 As you'll note here, there are 77  
10 examiners who are primary examiners while the  
11 majority are junior examiners. And they're  
12 becoming more and more experienced and they will  
13 be moving up in grade and thus, they will be  
14 producing an increasing number of work products,  
15 as time goes on.

16 Yes.

17 MS. CAMACKO: Could you tell us a little  
18 bit about what sort of background or technical  
19 experience or expertise you look for in an  
20 examiner?

21 MS. YOUNG: There are currently a wide  
22 variety of backgrounds here, a lot of industrial

1 designers, architectural engineers. We do have  
2 fine arts and some folks with art degrees that  
3 also specialize and have the abilities required of  
4 drafting and reviewing drawings. So, it's a very,  
5 very diverse area.

6 MS. MAR-SPINOLA: Karen, of -- to follow  
7 up on that, is -- can -- and maybe you're going to  
8 do this, so I apologize if I'm jumping the gun  
9 here. But in terms of your efforts or your  
10 forecast to hire additional examiners, can you  
11 elaborate on what your wish list qualifications  
12 are for those hires, new hires?

13 MS. YOUNG: My wish list would be  
14 basically to hire those folks who have the  
15 industrial design background, the -- any  
16 engineering or scientific or art-related  
17 background where they have the ability to really  
18 view drawings, understand the 3Ds, understand the  
19 perspectives. It's a very intense job to have,  
20 you know, 20 drawings in front of you and have to  
21 -- all the different views that are presented and  
22 pick out the differences between them and

1 understand, you know, the broken lines and what is  
2 being claimed and not being claimed. So, a focus  
3 on the ability to understand and review drawings  
4 in whatever degree that they have earned, that  
5 would be my desired examiner.

6 We ended the first quarter of FY18 with  
7 an inventory of 44,606 patent applications. We  
8 are not quite at the point where we act on more  
9 applications than we receive in any given year.  
10 However, with our examiner promotions and the  
11 hiring and the ability to do overtime, I'm  
12 confident that we will be able to reduce our  
13 inventory in the future.

14 So, the current timeframe from receipt  
15 of a design application to the first office action  
16 is 13.4 months. That's shown on the far right of  
17 the graph. You can see we had been going up.  
18 We're sort of heading in a downward direction.  
19 The overall total pendency is at the top and that  
20 -- we are currently at 18.8 months.

21 MR. SEARS: I have a --

22 MS. YOUNG: I'll briefly touch on the

1 Hague Agreement now.

2 MR. SEARS: I have a question for you,  
3 Karen.

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

5 MR. SEARS: Yes. Are design patents  
6 eligible for patent term adjustment or --

7 MS. YOUNG: I'll have Bob respond to  
8 that, (laughter) design patents and patent term  
9 adjustment.

10 SPEAKER: There isn't yet.

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

12 MS. YOUNG: It's --

13 MR. BAHR: -- any patent term adjustment  
14 for design applications --

15 MS. YOUNG: It's only utility.

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

17 SPEAKER: Okay.

18 MR. BAHR: And the reason for that is  
19 that the term of a design patent is measured from  
20 the date of a grant, so examination delays don't  
21 --

22 SPEAKER: Right.

1           MR. BAHR:  -- you know, effectively  
2 shorten this term.

3           MR. SEARS:  Thanks very much.

4           MS. YOUNG:  We still want to do our best  
5 to have our first actions under 14 months,  
6 (laughs) or less.

7           MR. THURLOW:  Before you get into the  
8 Hague Agreement, can you -- you have a lot of  
9 folks to review and supervise and so on.  Is there  
10 a general area?  I mean, why the increase is a  
11 basic question.  We hear from clients that it is  
12 or from -- it is really the graphic user interface  
13 and other areas.  Is there a certain area that you  
14 see --

15          MS. YOUNG:  The icons and the graphical  
16 user interfaces is a huge area that's -- that  
17 we're seeing it.  Cell phones, things like that is  
18 a huge area.

19          MR. THURLOW:  Okay.

20          MS. YOUNG:  And opportunities for  
21 different furnishings is an interesting area, too.

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

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

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

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

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

5 MS. YOUNG: Yeah, any type of  
6 furnishings.

7 MR. THURLOW: Really?

8 MS. YOUNG: Shoes are very popular.

9 MR. THURLOW: Shoes?

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

12 MR. THURLOW: Yeah, yeah.

13 MS. YOUNG: -- things that are out  
14 there.

15 MR. THURLOW: Yeah. Wow.

16 MS. JENKINS: You also talk -- I don't  
17 -- I think a lot of people don't know that you can  
18 expedite -- you can't expedite review of design  
19 cases, so.

20 MS. YOUNG: We do have a rocket docket  
21 program. It is with a small fee, you are able to  
22 -- it's sort of a -- like a track one on the

1 utility side. You're able to accelerate it, not  
2 only for first office action, but unlike track  
3 one, it's through the whole process. So, we do  
4 have a process, like I said, the rocket dockets  
5 and we are currently at 4.4 months to first action  
6 in the rocket docket area.

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

10 MS. YOUNG: It is very popular with  
11 certain companies. They will file almost  
12 everything by rocket docket, so we also have  
13 companies that -- and applicants that request  
14 suspensions because they would like us to not act  
15 on the application, I think, and you know, they  
16 might have some marketing or some issues that  
17 they're waiting to see how it plays out. So, we  
18 have kind of both aspects. I don't have offhand  
19 the actual percentage of cases that are by rocket  
20 docket. For example, though, in December, I know  
21 we got 104 in one month.

22 MS. MAR-SPINOLA: And then also, in



1 terms of the upward trend that you're expecting on  
2 filings, right, can you elaborate on what you  
3 think is the basis for that trend and why it's  
4 beneficial to have design patents at this point?

5 MS. YOUNG: I can comment on the -- as  
6 we mentioned earlier, I think the areas that are  
7 growing are the GUI and the icon area is becoming  
8 more and more popular. And I think people are  
9 recognizing that a portfolio of intellectual  
10 property is not considered to be complete unless  
11 you also have protection of the design of the  
12 article of manufacture. That's been my  
13 understanding, from talking to our stakeholders.

14 MS. MAR-SPINOLA: And is there another  
15 benefit? I think there was something about  
16 Amazon?

17 MS. YOUNG: Oh.

18 MS. MAR-SPINOLA: Is that something you  
19 can --

20 MS. YOUNG: There was some discussion.  
21 These days, we see things being sold on Amazon and  
22 Amazon does have a process so that a patent holder

1 can go to them if they believe that a product is  
2 similar to theirs and have it reviewed. I can't  
3 speak too much to Amazon product, but that is out  
4 there. We're hearing that type of online  
5 marketing use of patents.

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

11 MS. YOUNG: Excellent.

12 MS. JENKINS: -- thank you.

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

15 MS. JENKINS: Yeah.

16 MS. YOUNG: Okay. I'll turn to the -- a  
17 brief update on the Hague. So, this is a system  
18 of international registration of industrial  
19 designs. It's where a single design application  
20 is capable of being registered in 66 contracting  
21 parties. The offices of the contracting parties  
22 examine the published international registration

1 if required under their respective laws. The  
2 United States joined this in 2015.

3 The Hague System is primarily a  
4 procedural arrangement. It does not determine the  
5 conditions for protection, does not determine the  
6 refusal procedure applied when deciding whether a  
7 design may be protected, and it does not determine  
8 which rights result from any protection. So,  
9 those issues are all governed by the law of each  
10 contracting party that was designated upon  
11 application.

12 This is data from October of 2016  
13 through December of 2017 and you -- it illustrates  
14 -- you may not be able to read the far left, but  
15 it illustrates that we see -- we receive between  
16 150 and 200 Hague applications per month. The  
17 total Hague filings per year has increased from  
18 the 159 we received the year that we joined to now  
19 2,127 that we received in fiscal year 2017.

20 Per the Hague Agreement, our goal is to  
21 mail a first office action within 12 months. In  
22 fiscal year 2017, we averaged 11 months.

1           Of the 1,546 Hague applications that we  
2 acted on in fiscal year 2017, 27 percent of them  
3 were first action allowances, 44 percent were  
4 refusals, 26 percent were restrictions, and 3  
5 percent were quails (?).

6           I would like to wrap up by noting some  
7 of the challenges that we're currently facing that  
8 you might have noticed through the slides.  
9 Because my examining staff is mostly made up of  
10 juniors, we have a heavy training burden. We have  
11 to use our primaries to help train and to review  
12 work products, so this means that our senior  
13 examiners are spending less of their own time  
14 actually examining cases, so they're not fully  
15 contributing to reducing our inventory. So, the  
16 pending inventory is a concern to me and I look  
17 forward to having the examiners move up, do more  
18 work as naturally as they go up in grade, and I  
19 look forward to having more cases go out the door  
20 than we take in.

21           We also have our challenges keeping up  
22 with the Hagues. We also do reexams, reissues,

1 and petitions within TC 2900. From an IT  
2 perspective, we're on schedule to get UL  
3 deployments, our new laptops, in the next few  
4 months and we look forward to that, and also some  
5 examination tool updates that will be coming in  
6 the next few months.

7 I thank you for your time. My  
8 information is up there. I'm happy to always be  
9 available for questions. There are two Karen  
10 Youngs at the patent -- at the USPTO. (Laughs)  
11 The other Karen Young is in trademarks and we do a  
12 good job of switching email back and forth if  
13 anyone (laughter) mistakenly sends it to the wrong  
14 person.

15 MS. JENKINS: Thanks, Karen. Another  
16 question on Hague -- so, I might not say this just  
17 what -- correctly, but as us, as a receiving  
18 office, how do we compare to other receiving  
19 offices, as far as filings are concerned? Because  
20 I know one thing that was going on was when Hague  
21 was implemented, it certainly started off slow, as  
22 far as filings. I see Charlie is now standing,

1 (laughter) so --

2 MS. YOUNG: That's right.

3 MS. JENKINS: -- uh-oh. I got Charlie  
4 -- I could get Charlie to answer.

5 MS. YOUNG: Charlie can add in.

6 (Laughter)

7 MS. JENKINS: So, but I do remember the  
8 filings were kind of low and we thought there  
9 would be more of a user filing enthusiasm over  
10 Hague. And I do see the number is substantially  
11 better, but -- so how do we compare to other  
12 offices, like, is my question, like --

13 MR. PEARSON: Oh. Okay, well, number  
14 one, the office in which it's filed, the vast  
15 majority of applications are filed directly with  
16 WIPO.

17 MS. JENKINS: Ah.

18 MR. PEARSON: We're sort of a -- we're  
19 basically a conduit. If you file it with us, we  
20 collect a little fee and just pass it along to  
21 WIPO. So, for whatever reason, you know, we get  
22 very little business with direct or indirect

1 filings through our office. And so, as far as the  
2 overall growth, I'm a little surprised that we  
3 don't have more business than we do. I thought  
4 with provisional rights being granted, with the  
5 Hague applications, people would flock to it more  
6 than they have. But I think it's -- number one,  
7 it's rather arcane that triatic practitioners are  
8 a bit reluctant to change their practices and use  
9 the Hague System. So, hopefully with time, we'll  
10 see even a greater uptick, so that's it.

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

14 MR. PEARSON: Oh.

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

20 MR. PEARSON: Yeah. Or --

21 MS. JENKINS: Right.

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

1                   SPEAKER: Who wants to answer that  
2 question?

3                   SPEAKER: Yeah.

4                   MR. PEARSON: Okay, go.

5                   MS. CRITHARIS: So, I don't have the  
6 stats handy, but I -- just to put it in  
7 perspective, you know, the registration systems  
8 are easier for them to file, so with Europe, for  
9 example, there's more filings there. So, from  
10 what I hear from our stakeholders is that they're  
11 still getting familiar with the Hague, one of the  
12 concerns is that admittedly there are different  
13 practices with respect to the drawings and  
14 requirements that make it a little, you know,  
15 difficult to use. So, you have to read the user's  
16 guide and figure out how to adapt to different  
17 countries.

18                   And so, I think that dovetails nicely  
19 into what I wanted to talk about -- a little bit  
20 about ID5. But I think one of the questions I  
21 wanted to ask Karen was when she gave those stats,  
22 as far as the filings, I wondered if there's any



1 information as to what areas. For example, is it  
2 mostly in the computer area, is it, you know, what  
3 articles and manufacturer they're associated with,  
4 so that might give us a little bit more feedback  
5 as to where it's being utilized, where it's not  
6 being utilized. I don't know if you have that  
7 information or not.

8 MS. YOUNG: I don't have that right now,  
9 but --

10 MR. CRITHARIS: Yeah.

11 MS. YOUNG: -- I've actually started a  
12 process to kind of do a deeper dive into some  
13 Hague, like, there's been -- I would like to know  
14 in what areas are we doing refusals more than  
15 others and I think data like you're talking about  
16 would be good to collect in the future.

17 SPEAKER: All right.

18 MS. CRITHARIS: Well, thanks, Karen.  
19 That was really a great presentation. And so,  
20 what I wanted to talk about is the new forum for  
21 ID5, which really comes on the heel of us joining  
22 the Hague Agreement in 2015. Shortly after we

1 joined the Hague Agreement, Japan as well as Korea  
2 became members of the Hague Agreement. So, we  
3 thought that was a really good opportunity for us  
4 to launch this new ID5 forum for discussing  
5 designs.

6 So, the USPTO held the inaugural meeting  
7 in 2005 in November of that year and --

8 SPEAKER: 2015.

9 MS. CRITHARIS: 2015, sorry. And these  
10 offices, the regions represented are Europe,  
11 Japan, Korea, China, and the USPTO. And  
12 collectively, we represent 90 percent of the  
13 global filings for industrial designs.

14 So, one of the reasons why we wanted to  
15 launch this forum was to address these concerns of  
16 having different practicings, particularly as they  
17 relate to the scope of protection, perhaps how to  
18 get the rights, drawing requirements, see if we  
19 can develop some kind of convergences of that, so  
20 make it easier for the applicants to, you know,  
21 file in the different jurisdictions, but also to  
22 use the Hague Agreement. So, just keep in mind,

1       though, that China is not a member of the Hague  
2       Agreement yet. We have been talking with them and  
3       my understanding is they're looking towards  
4       adopting the Hague Agreement. But as far as stats  
5       are concerned, for Korea and Japan, they have --  
6       we're actually -- have more applications filed  
7       with us than they do, so it's interesting to see  
8       how that's evolving. So, it's hard to predict. I  
9       think it's a little too early, but we'll be  
10      monitoring that as we go forward.

11                 So, this is a mechanism for, you know,  
12      benefitting U.S. industries so that we can discuss  
13      better ways for efficiently protecting industrial  
14      designs across the world. Obviously, we want to,  
15      as I mentioned, ensure effective protection for  
16      all technologies, we want to improve consistency  
17      in design practices, and we want to focus our  
18      efforts to identify the needs of our stakeholders.

19                 I wanted to talk a little bit about some  
20      of the programs under ID5. Though, there's three  
21      studies that really address some more of the  
22      substantive issues. One is a grace period study

1 that we are actually leading the study and we're  
2 comparing the legal regimes on the availability  
3 and scope and time periods associated with the  
4 grace period. So, that study is right now -- we  
5 have collected all the data, so now we're going to  
6 put together everyone. We surveyed all the  
7 different offices, so that study will hopefully be  
8 available by the end of the year.

9           There's also another important study in  
10 partial designs. I know we talked a little bit  
11 about this yesterday at the subcommittee meeting.  
12 We want to make sure that we're able to protect  
13 designs that claim just a portion of the article  
14 of manufacturer and not the entire article so they  
15 can have more effective protection. Because what  
16 happens is, if you can't protect a portion of it,  
17 someone else may use it on something else and then  
18 you don't have any protection vis-à-vis that  
19 design.

20           So, we're also doing a study comparing  
21 the different practices on partial designs and,  
22 again, to report, we're also discussing this

1 bilaterally with China. And so, they've got some  
2 amendments to their law that are in play to allow  
3 for partial design, so we're looking forward to  
4 China adopting that practice.

5           And I think one of the most interesting  
6 studies is a study related to the protection of  
7 new designs. I know Karen hit upon them a little  
8 bit early. So, this is a study to discuss how  
9 different offices are protecting things like  
10 graphical user interfaces, computer icons, the  
11 transitional images, animated images, things in  
12 the virtual environment, even, you know,  
13 interactive virtual components like a virtual  
14 keyboard, how are those going to be protected?  
15 So, this project is a little more in its infancy  
16 because we had to develop the questionnaire on how  
17 to approach the different offices. So, we finally  
18 got together the format, we'll now be seeking the  
19 input from the other offices, and then we'll put  
20 together a study on that.

21           Now, the goal of all of these projects,  
22 obviously, at some point, is to see what the

1 divergence is and see if we can come up with ways  
2 to, you know, harmonize these practices, to make  
3 it easier for applicants to seek protection in  
4 these offices.

5           There are some other projects that we're  
6 also working on, is a catalogue of the view and  
7 drawing requirements for designs. This project  
8 was finalized and this will also be on our  
9 website, if anybody wants to, you know, seek out  
10 the catalogue. Another thing to help the industry  
11 is our design priority document exchange and this  
12 is a digital service that will allow people to  
13 access the priority documents so the applicants  
14 don't have to file them directly with the  
15 different offices. So, we're leading this project  
16 and we hope to implement it in the summer of 2018,  
17 so we're looking forward to that, as well.

18           And then the third component of the ID5  
19 projects really go to outreach and interacting  
20 with our stakeholders. We've got an ID5 website,  
21 that is up and running now, that lists our  
22 programs, our projects, and our studies will be

1 placed on the website. And we also have a  
2 statistics working group, which will put together  
3 all the various important trends and statistics  
4 from the different offices that hopefully will be  
5 helpful and, you know, perhaps, Marylee, we can  
6 identify some of these trends in different areas  
7 as we expand the scope of this. So, I think  
8 that'll be --

9 MS. JENKINS: Sound recorded, that would  
10 be great.

11 MS. CRITHARIS: Yeah. (Laughs) Okay.  
12 So, obviously, you know, we love any feedback that  
13 you have, not just on, you know, design issues,  
14 but it's really important that, you know, in order  
15 for us to, you know, better promote your interest  
16 that we, you know, keep open the lines of  
17 communication so that we can, as we're going  
18 forward, assess some of our needs on these  
19 projects, but really on all our international.  
20 It's critical that we hear what's going on in the  
21 ground and there's no substitute for that kind of  
22 practical, you know, experience. Thank you.

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

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

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

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

18                 MS. YOUNG: I just wanted to add that I  
19                 attended my first ID5 meeting in December, so I  
20                 guess it was the third meeting in general overall  
21                 and it was just exciting and fascinating and a  
22                 very fruitful meeting. I thought it was very



1 encouraging to see all the interest and the  
2 potential cooperation, so I was excited. It was  
3 very good.

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

7 MR. WALKER: I have one quick comment.

8 MS. JENKINS: One quick comment.

9 MR. WALKER: Well, I just --

10 MS. JENKINS: 12:02, sorry.

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

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

9 SPEAKER: Yeah, he's a busy guy.  
10 (Laughter)

11 MS. JENKINS: He's a busy guy. Mark is  
12 still --

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

15 MS. JENKINS: Bernie will do it. Mark  
16 is, once again, doing IT. Jeff, we've changed his  
17 subcommittee to be no longer RCE, but after final  
18 practice because we thought it was better to  
19 broaden the scope and address that important issue  
20 and pendency. Jennifer is spearheading quality,  
21 yet again. Dan has finance, yes? Continuing  
22 finance. Julie is PTAB. Oh, where are you --

1 Peter is international and Mike and I are happy to  
2 say we don't have subcommittees.

3 (Laughter) We are going to focus on  
4 being chair and vice-chair over the  
5 committee, so we continue this  
6 great interaction.

7 So, with that, can I adjourn for lunch?

8 Yes? Yes.

9 SPEAKER: Second.

10 MS. JENKINS: Yes. Second.

11 SPEAKER: Second.

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

14 (Recess)

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

21 MR. CHILES: Yes.

22 MS. JENKINS: Welcome to your first PPAC

1 meeting.

2 (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 and artificial  
22 intelligence and machine-learning as an effort to

1 try to improve the USPTO's ability to make timely  
2 decisions and executing its tactical and strategic  
3 goals, as well as fulfill the agency's mission.  
4 And so, today I am acting for Tom Veitch, who is  
5 now over PDE.

6 Now, I -- when I presented to you last,  
7 I think the last time I did was August, I wasn't  
8 aware that was going to be the last time that I  
9 presented as the (inaudible) and portfolio  
10 manager. And this may well be the last time that  
11 I present in this capacity, as well. And I want  
12 to take the opportunity to say how tremendous this  
13 has been as an opportunity for me to work with  
14 this body during the seven years that I've been  
15 here, to collaborate with you, to exchange ideas,  
16 and I think effect some real change and  
17 improvement and -- in the IT system that supports  
18 pen prosecution.

19 MS. JENKINS: Thank you for your  
20 efforts. (Laughs)

21 MR. LANDRITH: You're welcome. So, as  
22 an overview, starting with the document

1 application viewer, of course, we retired eDan a  
2 little over a year ago. We at that point  
3 encountered some (inaudible) problems, which we've  
4 been over several times. We're continuing to  
5 monitor them, although they have not reappeared,  
6 just to be safe. And we're working toward then a  
7 retirement of MADRAS toward the end of this year.

8           With official correspondence, we release  
9 then in April -- began training in April of 2017.  
10 We trained about 5,000 examiners on a tech center  
11 by tech center basis. This fall, we encountered  
12 some problems. Those were related to  
13 infrastructure. The network bridges that  
14 supported the load elicited some defective  
15 behavior, so we've been replacing those this month  
16 and making sure that our configuration of them is  
17 correct. That will continue into next month and  
18 then following the confirmation of those -- the  
19 resolution of those specific issues, we'll resume  
20 training again on a tech center by tech center  
21 basis.

22           With Examiner Search, we continue to

1 proceed a pace toward a full release and then  
2 getting training at a core in FY19 with a full  
3 release being in Q1 of FY19. That has been --  
4 that has delayed, if you recall, from Q2 of FY17.  
5 With cooperative pen classification, we continue  
6 to make progress working toward agreements and  
7 implementing them in the cooperative  
8 classification system that we have with the EPO.

9           So, the visual correspondence, there's  
10 not a lot to add here except that -- so in the  
11 fall when we ran into the issues where the -- we  
12 had the problems with the load. We had sent out  
13 an email asking for people to cease using it and  
14 in spite of that, it is currently processing 25  
15 percent of all of the office actions that go out.  
16 So, it is evident that the examiners enjoy using  
17 it and we're glad to see that and we're anxious to  
18 have it back into service so that that can  
19 continue to grow.

20           With Search, there's also not a lot to  
21 add. We're shooting for a September lease of a  
22 pilot that would go to the whole core so that we

1 can begin training and retirement of legacy  
2 e-Systems in FY19.

3           The patent center, we're continuing to  
4 build up eCommerce functionality so that it can  
5 replace EFS Web and increasing the number of  
6 different types of XML documents that it can  
7 receive. So, in February, we will be -- just to  
8 go over the background, in July we released an  
9 alpha version for internal analysis and then in  
10 September we released the refined version of Text  
11 -- the ability to receive Text that was in the  
12 alpha actually into the legacy product EFS Web.

13           So, that is live and then in November we  
14 have taken the internal alpha functionality and  
15 the additional features that we've added and  
16 released them to an external audience for testing  
17 -- a limited external audience for testing. And  
18 next month, we'll be adding four new document  
19 types -- actually, eight; four document types and  
20 four -- the four corresponding follow-up document  
21 types. And then in March, we're looking to expand  
22 the external prerelease testing group and so begin



1 training for that.

2 MR. THURLOW: David, just on a point we  
3 discussed yesterday, but just for everyone's  
4 benefit, we haven't received -- I think Debbie  
5 mentioned it. We haven't received too many DOCX,  
6 I believe they're called, or Text or Word files  
7 for submissions. So, a very small amount; I  
8 forget the numbers that you mentioned.

9 MR. LANDRITH: I believe it's 1,000 or  
10 thereabouts.

11 MS. STEPHENS: Yes, I confirm with the  
12 team yesterday, we've received a thousand-thirty,  
13 so total DOCX.

14 MR. THURLOW: So, one of the things we  
15 can try to help you out with as we go back and  
16 work with our staff especially is maybe just try  
17 to promote that some more, because -- and maybe if  
18 you have information, I think we talked about  
19 sharing some information with us to talk about the  
20 benefits of filing a doc rather than converting in  
21 --

22 SPEAKER: Yeah.

1                   MR. THURLOW:  -- EDS and all that.  And  
2                   I don't see any reasons not to do it that way,  
3                   especially, well, if it's tough, we'll fit a  
4                   patent office and reduces areas and all those  
5                   things.

6                   MS. STEPHENS:  Yeah, we're currently in  
7                   our draft embedding process for those types of  
8                   talking points and we'll be certain to share them  
9                   with our PPAC members.

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

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

1 MS. STEPHENS: Yeah. I think it's an  
2 interesting concept. We probably need to chat  
3 with our legal team. Again, you're submitting two  
4 different, perhaps, documents and that might be a  
5 concern; I'm not sure we have fully vetted that  
6 part of the process. So, sounds like technically  
7 it's feasible, but we would probably want to take  
8 that as an action back to our team internally and,  
9 you know, figure that one out.

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

17 MS. STEPHENS: Right, and --

18 SPEAKER: Yeah.

19 MS. STEPHENS: -- that -- and certainly,  
20 we would prefer the Text and that helps us out  
21 quite a bit. Just would be concerned about  
22 receiving two potentially different and which one

1 is the one that we should be using during  
2 prosecution and what are those safeguards for not  
3 only the filer, but for the USPTO in terms of  
4 patent prosecution. So, I'll definitely take that  
5 as an action item and get back with the team.

6 MS. CAMACKO: And perhaps you could  
7 consider putting the burden on the practitioner  
8 who's filing it to certify that they're the same  
9 and that the PTO is to use the Word version.

10 MS. STEPHENS: Yes, definitely. Thank  
11 you.

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

1 system that will also allow more granular status  
2 tracking and adapting the dashboard to accommodate  
3 that and continue to improve artifact quality.

4 The CPC management tools are the tools  
5 that are used in-house by our classifiers. Last  
6 year, at about this time, we released a tool, a  
7 prototype tool, for sinking the EPO's  
8 classification schema and our own schema in The  
9 Cloud and that's a significant step forward  
10 because there is a possibility that other IP5  
11 partners may join CPC and that would clear the way  
12 for it, as opposed to what we had before, which  
13 was a direct link between our own systems and the  
14 EPO systems. So, starting in June, we'll begin  
15 migrating to that Cloud-based system, the  
16 synchronizing infrastructure. And then we'll also  
17 begin to further integrate it with other PDE  
18 tools.

19 So, we're beginning to wrap up the  
20 current phase of Global Dossier. The focus has  
21 been on making sure that we're able to provide a  
22 complete complement of data, capturing the data

1 in-house where we need to, to augment the services  
2 that go out to our IP5 partners. We've also then  
3 been moving functionality from Global Dossier back  
4 into the document application viewer. So, the  
5 document application viewer released Global  
6 Dossier functionality in a kind of 1.0 setup  
7 before Global Dossier was available to the public.  
8 Global Dossier built on that and enhanced it quite  
9 a bit and so now we're in the process of making  
10 sure there's a kind of -- those -- well, that  
11 those enhancements are available to the examiners  
12 directly within the document application viewer.

13 MS. JENKINS: Can I -- for Global  
14 Dossier?

15 MR. LANDRITH: Mm-hmm.

16 MS. JENKINS: I actually use it pretty  
17 regularly and I think it's a great tool. I'm  
18 amazed and I know Andy was up last week in New  
19 York and I'm just amazed at how many people don't  
20 know about it. I think it was a great project for  
21 the office to do and I -- it's nice that you keep  
22 building on it. One thing I would love, though,

1 is to find it a little easier.

2 (Laughter) I have such a hard time

3 (laughs) finding Global Dossier.

4 So, you know, and I use a lot --

5 the quick links over on the right

6 side of the page. Can we not just

7 get a quick link for the Global

8 Dossier there, too, that would --

9 right? Go write in it. That'd be

10 great. Oh, good. A second. I

11 heard a second from Mark Powell.

12 (Laughter) Thank you. (Laughs) And

13 then I can say, "When I was chair,

14 they put the Global Dossier link

15 up." (Laughter)

16 MR. LANDRITH: So, in terms of a road

17 map for legacy retirement, of course, you

18 successfully retired eDan, that's been a year now.

19 In FY18 or perhaps early 19, we're looking to

20 retire MADRAS. We're also on track to retire OACS

21 and then in FY19 we're looking to retire East and

22 West, as well as the lingering classification data

1 system which is currently used to classify the  
2 portion of U.S. patents that are not part of the  
3 shared CPC. And then we'll also be looking to  
4 increase the number of milestones that we can put  
5 on this list. And now it's time for questions.

6 MR. POWELL: Just something I have to  
7 add real quick. I just wanted to add real quick,  
8 Dave Landrith talked about a couple of the CPC  
9 tools and there's -- they sound a little mundane,  
10 but, you know, one of the big things we do in CPC  
11 is maintain this game and they'll make revisions  
12 and we do that in cooperation with the EPO. And  
13 having the collaboration tool is utterly important  
14 to speed that along because, you know, some of the  
15 revision projects can take, you know, many extra  
16 months, you know, of email communication and  
17 trying to arrange phone calls and stuff like this.  
18 But this is much more of a Wiki kind of thing  
19 where it goes a whole lot faster. And that may  
20 not have come out, but it's a very important  
21 accomplishment of, in fact, both of the CPC tools  
22 that David discussed.



1                   SPEAKER: Thank you.

2                   MR. WALKER: So, I had a question on  
3                   behalf of the public. I think it's something we  
4                   talked about yesterday, but maybe you could  
5                   address it for the public too and that's around  
6                   PAIR and about the denial of service. So, one  
7                   thing we've heard from the public as we reached  
8                   out to people is issues with PAIR and not being  
9                   able to get in and getting kicked out and response  
10                  times. So, I'm sure the public would like to hear  
11                  kind of what's going on and what you're doing to  
12                  address that issue, et cetera. Anything you say  
13                  on that would be helpful.

14                  MR. CHILES: So, from a technology  
15                  perspective, we heard the comments that were made  
16                  yesterday. We also shared some information about  
17                  potentially some of the things that could be  
18                  showing up for users and that is the fact that  
19                  there is some datamining taking place within, you  
20                  know, Private PAIR. We haven't had the  
21                  opportunity since yesterday to actually have some  
22                  in-house meetings with our business partners, but

1 I think, you know, over wall -- all, our first  
2 look is going to be to try to understand the  
3 behavior. In other words, what is actually  
4 causing the performance issues? And then take it  
5 from there.

6 If it turns out that there is activity  
7 taking place from data miners, we talked about  
8 potential suggestions about throttling. We would  
9 be doing those type of things. We would also  
10 discuss with the business whether there needs to  
11 be an approach that challenges that, that usage.  
12 That -- some of that may be above my pay grade, so  
13 it would have to actually have conversations  
14 potentially with the front office and with anyone  
15 dealing with the public and the interaction there.

16 There was another suggestion, which,  
17 again, we haven't talked to our open partners yet,  
18 but Dave and I discuss from a technical  
19 perspective; there was an interest in Global  
20 Dossier and some of the capability that it has.  
21 We needed to understand and discuss a little bit  
22 more about what the differences are between Global

1 Dossier and Private PAIR relative to whether  
2 there's potential there in terms of changing  
3 Global Dossier to provide some additional  
4 features, since that seems to be a very popular  
5 product. So, all of that is on the table. No  
6 definitive answer yet, but I can say definitively  
7 we've heard what the cry is and it's a priority  
8 for us to make sure that all of our systems, which  
9 include our legacy systems, are operational. But  
10 it's a strategic discussion, I think, that needs  
11 to take place.

12           And for us, really want to understand  
13 what's causing the performance problems. Because  
14 there may be some things that we can mitigate with  
15 transparently to you all if we can identify them.  
16 If not, we take it to the next level.

17           MR. WALKER: That is great. That's very  
18 reassuring because, you know, the way the public  
19 can see this is one of a very, you know,  
20 customer-focused interfaces PAIR and recognizes  
21 big investment being made by the office and IT and  
22 the fee increase having just gone into place and

1       they need that functionality. So, that's great to  
2       hear, you know, your reassuring words on that,  
3       David.

4                   MR. CHILES: Okay. All right. Thank  
5       you.

6                   MR. WALKER: I do have one other  
7       question, if I can just jump in. Maybe for Pam,  
8       just in terms of (laughs) the tools that David  
9       talked about, like the new search tool and the  
10      rollout and the office action software, where --  
11      in terms of the examining core, which -- is there  
12      any higher priority there or is -- like, for  
13      example, the search tool versus the -- opt with  
14      the OACS replacement? Are these all the same  
15      priority? I -- just curious from examining core  
16      perspective on these IT initiatives.

17                   MS. SCHWARTZ: Okay. I don't see a  
18      difference in importance to the examiner's -- for  
19      the action creation tool and the search tool. You  
20      might spend more time using the search tool, but  
21      they are both absolutely necessary portions of  
22      coming up with an examination. So, from that

1 perspective, we need them both. My understanding  
2 is that OC, they had started to implement that and  
3 it was going along all right until it ran into  
4 some difficulties, which they're fixing now. So,  
5 that should be ready to go. We have ongoing  
6 concerns about the search tool and whether it's  
7 going to be usable in the way we use our current  
8 tools and whether it's going to work as  
9 efficiently as our current tools do. But that's  
10 -- the -- it's not as far along in the process.

11 MR. LANG: On the challenges with the  
12 official correspondence viewer, can you talk  
13 about, you know, perhaps, you know, valuable  
14 lessons learned or, you know, guidance that you  
15 get out of that going forward for the rollout of  
16 other tools?

17 MR. CHILES: I'll also let them respond  
18 if you all have comments. So, you know, remember,  
19 I'm kind of new to the role. So, one of the  
20 things that I'm emphasizing in this stint, if you  
21 will, is to ensure that we're establishing a solid  
22 relationship with our business partner and in that

1 light, transparency. So, one of the things that  
2 I've learned that I think can apply to any of the  
3 development efforts that we have moving forward is  
4 to actually engage the customer in strategic  
5 decisions regarding the technology that they  
6 depend upon. So, I'll give you an example.

7           With respect to OC, there obviously was  
8 an impact to examining examination productivity.  
9 Never been an examiner, but they are on production  
10 and the way that the tool was working, I think you  
11 had to start it off as action 1, 2, versus the  
12 other and it was disruptive. The business, as  
13 much as we are aggressive on a technology side --  
14 we love our technology, we love to push  
15 technology, we love to be proud about it -- there  
16 was an underlying infrastructure issue. It was  
17 separate from the application itself, but if  
18 you're a customer using it, you don't know the  
19 difference. All you know is, "I try to do  
20 something and it doesn't work." So, the business  
21 expressed a concern for the sake of their core  
22 that we might make a strategic decision to kind of

1 allow the use of the legacy tool for those that  
2 were only using the new tool until we could sort  
3 the problem out.

4           The other part of it is, it's a  
5 commitment between us not to rush it back, right?  
6 Because we're technologists, we love to push new  
7 technology, but they run a business. So,  
8 sometimes they're offsetting. So, the balance is  
9 what's best for the agency. So, the other thing  
10 we learned is, that opinion matters and it counts  
11 and when it comes to the strategy, as Dave alluded  
12 to, we're going to get these hardware and  
13 infrastructure issues straightened first, verify,  
14 and then the next step is to open it up and then  
15 from there the business can decide how aggressive  
16 they want to open it up. But the primary concern  
17 is not to disrupt the ability for examiners to do  
18 their job. So, I think there's potential attitude  
19 adjustments that we can make on some of the other  
20 products, Search being one of them.

21           Rick and I had a discussion and we're  
22 looking at -- I believe they're doing some

1 assessments to determine some value add features,  
2 what do examiners really want, and to see what  
3 direction we take that in. And one of the lessons  
4 learned is, we ask people not to use the tool, but  
5 examiners that liked it still use it. So, it's  
6 worth the risk for them to use it, so that  
7 matters. Whether they like it or not, whether it  
8 meets their needs, whether it has the right, you  
9 know, attributes, whether they look at it as a  
10 valuable tool. So, from a development  
11 perspective, we don't look at what we build  
12 through our eyes; we need to look at it through  
13 the eyes of the customer, and that's that  
14 partnership that I'm working to help build so that  
15 there's a two-way communication to actually drive  
16 those type of decisions.

17           So, I would love to say that I learned  
18 something new about technology and all of this,  
19 but what I really learned was about relationships,  
20 respect, and an appropriate way to work forward in  
21 order to get to the goals that we have in a way  
22 where everywhere benefits, and to have the



1 discussions to determine that benefit as opposed  
2 to making assumptions. So, I would say it's kind  
3 of a soft learn, but it's an important one, from  
4 my perspective. I don't know if you all have --  
5 no, okay.

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

8 (Laughs)

9 MR. HIRSHFELD: I'll also --

10 MR. CHILES: You're welcome.

11 MR. HIRSHFELD: -- add to that because,  
12 you know, David and I have been having  
13 conversations just like this and I think you have  
14 absolutely done a wonderful job to try to create a  
15 path that says, "How are we going to get tools in  
16 front of examiners that don't fail?" And I'm not  
17 naïve; these IT systems are hard, they're  
18 confusing. There's going to be bumps as we go,  
19 but I -- there's a real commitment on all sides  
20 involved here to make sure we minimize that as  
21 much as possible. And that could, you know, who  
22 knows what that will entail in terms of whether

1       it's extra testing, slower rollouts? I don't  
2       know, probably all of the above. But that  
3       commitment to making sure that when we get in  
4       front of a examiner, we know we've done everything  
5       we could to really minimize the chance that  
6       something's going to fail. Because when it does  
7       fail, it's, you know, there is a bottom line  
8       number to it.

9                But equally as important, there's just  
10       the lack of confidence in the IT tools that the  
11       examiners have. And that is troubling because we  
12       want examiners to be confident in the tools that  
13       come out to them so they'll use the new tools and  
14       start to help us get on a better platform. And I  
15       will say, those lessons I've seen also learned, as  
16       David alluded to, in our Search, which is -- as  
17       Pam said, is a little farther behind the official  
18       correspondence. We are taking a lot of steps to  
19       really make sure that the Search is good,  
20       accurate, ready, you know, stable as it can  
21       possibly be, but also trying to say, "What is  
22       going to get examiners? What features are going

1 to get examiners to want to transition as soon as  
2 they can to this?" You know, sort of -- what I've  
3 been calling this is, if you build it, they will  
4 come approach.

5           And I -- and I'm not so sure we had that  
6 with the OC. It was really like, "Here's this  
7 similar, very similar tool. Please use it because  
8 it's more stable and then if it fails, you lost  
9 your credibility." I think with the Search, if we  
10 roll that out and say, you know, "Here's a better  
11 tool, more -- much improved tool," they will be  
12 all together. So, I think there's a lot of  
13 lessons learned and I think David is certainly  
14 helping to put us on the right path here.

15           MR. CHILES: Thank you.

16           MS. JENKINS: Drew, appreciate those  
17 comments. I just want to touch on a couple  
18 things. One, there's a lot of stakeholder  
19 interest in Search. How it's done and what kind  
20 of searching do examiners do and have access --  
21 what's the data that they have access to? So, if  
22 we could make a note for the main meeting, I don't

1 know who would spearhead that presentation. It  
2 could be a joint presentation between IT and Andy  
3 and quality and (laughs) whatever works. But on a  
4 more serious note is, I appreciate the attention  
5 and directness that you are giving to your  
6 business relationships within the office. But I  
7 can tell you the anxiety on the outside when our  
8 filing system goes down -- I often reiterate, when  
9 the fire happened in December, I was shocked at  
10 the number of youngsters who had never mailed a  
11 response, didn't know how to --

12 MR. CHILES: And what's going on right  
13 now, actually, will be that that business unit --  
14 the heads of that business unit, primarily the  
15 head of OHR and the deputy director, will be  
16 meeting with each of our office directors  
17 independently as a result of other discussions to  
18 find out what their needs are and then to  
19 creatively look at what our alternatives are. And  
20 some of the things that they have talked about are  
21 definitely recruitment bonuses and others. The  
22 thing that we have to understand on our side is

1       what their constraints are and it's why we've  
2       invoked the conversation. There are some new  
3       rules and regulations concerning classification  
4       and that presents challenges, so what we're trying  
5       to do is just face those challenges and figure out  
6       the alternatives that we have to move forward.

7                 So, it is a priority for us to hire  
8       qualified folks, to retain them, and to figure out  
9       and determine how we compete with the private  
10      sector. But what -- from what we've seen, it's a  
11      numbers game. So, from our perspective, you know,  
12      marketing, the advantages of working here would be  
13      important from an attraction perspective, as well  
14      as doing some recruiting. The idea or concept  
15      there is that there are folks who are talented who  
16      have other things on their mind besides making a  
17      lot of money or making more money. There's  
18      quality of life in some of the other things.

19                The bottom line is here, some of the  
20      activity we have on the technology, I think,  
21      rivals what you might do on a startup without some  
22      of the risks. And those are the things that we

1 have to recognize and sell in order to attract  
2 interested parties. So, the bright side of that  
3 is, OHR understands the dilemma. They also  
4 understand what their restrictions are, but  
5 they're willing to work with us by having direct  
6 conversations with our staff to figure out what  
7 they need and to get answers for that.

8 In addition to that, we -- we're doing  
9 an assessment. It's a third-party assessment, but  
10 it's designed to help us understand what the  
11 balance is in terms of contractor versus employee.  
12 So, one of the other options is, we increase our  
13 employee pool, bring expertise in-house so that we  
14 can retain that expertise, because as it turns  
15 out, IT, our goal is get our IT modernized,  
16 operational, and maintainable, but we also have to  
17 still continue to maintain it. So, here's what we  
18 don't want to do: do all of that work, let it sit  
19 for another 10 years, and be back in the same  
20 bowl. That requires personnel that are on board  
21 and also learning. So, all of those challenges  
22 are things that we're actively working on.

1                   So, it's, you know. I know you used to  
2 work here as the O -- head of OGC, but your  
3 question is spot on to the activities that are  
4 taking place right now. So, I appreciate that  
5 question.

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

9                   MR. CHILES: Mm-hmm.

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

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

20                  MS. JENKINS: Anyone else? Any other  
21 questions? Jennifer, yeah.

22                  MS. CAMACKO: I want to reiterate. I,

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

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

21 But essentially, in the probably mid to  
22 middle of 2019 -- I mean, we've got quite a bit of



1 development -- would be when we're finally able  
2 to, I'll say, transition over to patent center  
3 fully. Of course, as we do things in patent  
4 center, we always do them in a -- and I think  
5 David mentioned kind of an alpha beta deployment  
6 schedule, so this will be coming to our external  
7 users in bits and parts and testing and retesting  
8 and making sure that the tool is stable and  
9 functional for our external community, all the  
10 while maintaining EFS Web.

11           So, we really need to maintain that for  
12 all the intended purposes, yet building this newer  
13 version that hopefully has, obviously, the same  
14 functionality, plus takes advantages of the Text  
15 that we can ingest and manipulate and then provide  
16 some additional benefits to the external community  
17 in terms of having those Text submissions  
18 available so there's maybe some versioning.  
19 You're able to cut, copy, and paste from our  
20 office action responses into yours as responses  
21 are returned back to us, those types of things.  
22 And as always, we encourage anyone who would like

1 to participate in that process to reach out to  
2 myself or my team. And we have these outreach  
3 moments where we go out and speak and ask for  
4 input, and we sincerely want that input because we  
5 are building the tool for you and so we definitely  
6 want to hear from you.

7 MS. CAMACKO: Perfect, thank you. You  
8 answered my follow-up question about getting  
9 others involved. I -- I'm understanding that  
10 about a thousand external users now or for the  
11 alpha?

12 MS. STEPHENS: There's about a thousand  
13 submissions for just DOCX --

14 MS. CAMACKO: Oh, I see.

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

16 MS. CAMACKO: Okay. Very good.

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

19 MR. RUSCHKE: So, typically, obviously  
20 we expand, there is an opportunity, let's say we  
21 go from three judges to five judges, which is  
22 typically adding Scott and myself to the panel.

1 MS. JENKINS: Right.

2 MR. RUSCHKE: Again, if it happens at  
3 the end of a proceeding, there's no issue, but  
4 again, if it happens at the interlocutory phase  
5 there is the possibility that, would the expanded  
6 panel then continue on through the entire  
7 proceeding.

8 And I think we've handled that in  
9 different ways, certainly when there's been, so  
10 it's an outcome determine of decision again,  
11 there's no really need to contract it later on.  
12 Typically, I think we have -- I'm not sure if we  
13 actually have -- it would be part of the analysis  
14 that Julie was talking about, seeing how we've  
15 handled that over the years, but again, the  
16 numbers of cases that we are talking about are so  
17 small, it just doesn't occur. Yeah.

18 MS. JENKINS: Yes. I mean, I know what  
19 you're talking about, it's in here, I don't have  
20 to say it.

21 MR. RUSCHKE: Yeah.

22 MS. JENKINS: Okay. And then how is --

1 two more questions -- so then how is the addition  
2 of expanding the panel and then adding you and  
3 Scott to that panel, not somehow impactful on the  
4 resulting decision? So, in other words, you now  
5 have your boss on the panel.

6 MR. RUSCHKE: Sure.

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

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

19 And of course, we also have the  
20 opportunity for the statutory members to also  
21 appear, the Director, the Deputy Director --  
22 excuse me -- the Commissioner for Trademark, so

1       you have those statutory members that could also,  
2       and in past administrations they have also been  
3       there. So that's not a new thing that have Scott  
4       and I are on there, so that there would be some  
5       sort of, I guess, implicit pressure to vote the  
6       way of your boss.

7                But one thing that we've tried to  
8       maintain and stress to the Judge is that, when we  
9       sit on panels, we have a single vote. We all have  
10      a single vote, that's the way it is. I guess I  
11      might analogize to, Chief Justice Roberts has one  
12      vote when he's on the Supreme Court. That's what  
13      we've tried to maintain, and I guess I think the  
14      proof somewhat is in the pudding in that if you,  
15      again, when we look at the rehearing decision, so  
16      we have the underlying vote, the underlying vote  
17      is 3-0.

18               Now, if Scott and I expand and it  
19      becomes 3-2, and you see a dissenting opinion by  
20      one or the two of us, then you kind of know that  
21      we didn't change the underlying result, but we  
22      wanted to emphasize the point, but in the opposite

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

13 As I said, we are taking a strong look  
14 at all of our standard operating procedures,  
15 including this one, and strongly considering that  
16 there might be, for transparency reasons, to let  
17 the parties know when the expansion occurs.

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

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

1 but I'm just going to -- I just want to give you a  
2 little bit of a flavor of some of the cases that  
3 have happened over the last two years.

4           Again, as I mentioned, the General  
5 Plastic case was one where we expanded from 3-0 to  
6 7-0 on rehearing, and that was ultimately made  
7 informative and voted on to be precedential.  
8 Similarly, the Facebook v. Skky case, which was a  
9 recent CBM case on eligibility that was a 3-0 to  
10 5-0, on rehearing. So, counting matters, you  
11 know, watch the votes. If you're concerned about  
12 what the reasoning is, and what happened, 30 to 50  
13 does not change the underlying results; again, and  
14 that one was -- Facebook v. Skky was also made  
15 precedential.

16           We have another case in 323(d) which  
17 went from 3-0 to 5-0 on rehearing, that one  
18 ultimately did not -- that one is actually not  
19 precedential at that point but, again, that  
20 guidance that we wanted to make sure was out  
21 there, and as we'll say later on, we did make  
22 three other 325(d) cases precedential, to help



1 with the jurisprudence of that.

2 I think another interesting cases when,  
3 again, it comes to the point of making sure that  
4 the patent owners and those similarly situated are  
5 all treated the same, is a case called HTC v.  
6 Virginia Innovation Sciences. This was a series  
7 of 10 IPRs, and as opposed to the party suggesting  
8 a rehearing, or an expansion, this actually came  
9 from the judges themselves.

10 So, 10 IPRs, we had a number of panels  
11 overlapping, and what they internally realized was  
12 that in order for consistency, on claim  
13 construction, they suggested to Scott and myself,  
14 that we should expand those panels. Now, this is  
15 actually the single situation where Scott and I  
16 did not add to it.

17 They had actually sort of resolved it  
18 amongst themselves, those decisions all came down  
19 3-2, but again, because there was a difference of  
20 opinion of the judges on how to interpret 112-6,  
21 means-plus function, they internally decided that  
22 we need to -- they needed to expand, and they

1 suggested the solution. So, again, there was no  
2 changing of the underlying result, there is a  
3 dissent, so all voices are heard. But that's, I  
4 think, a very interesting case of appropriate use  
5 of expansion based on the initiative of the judges  
6 themselves.

7           And last, but not least, I think we'll  
8 get to some of these other cases on these issues  
9 of exceptional importance to maintain uniformity  
10 as well underneath the sovereign immunity. I'll  
11 get those in the next section.

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

1 MR. RUSCHKE: Sure.

2 MS. MAR-SPINOLA: And what you might  
3 contemplate doing, such the commission, or  
4 whatever?

5 MR. RUSCHKE: Sure. So, essentially our  
6 precedential designation process is outlined in  
7 our standard operating procedure number two, which  
8 has been resolved over the -- been revised over  
9 the years fairly frequently. Again, that's under  
10 review at present as well.

11 So, again, at present we have four  
12 levels within the Board of decisions: precedential  
13 which is binding on the Board, informative, which  
14 is not binding, and representative, and finally  
15 the regular cases that come in. We are strongly  
16 considering getting rid of the representative  
17 level, simply because those came out sort of like  
18 the early days of AIA, we wanted to representative  
19 cases for the public to see, we have a lot more  
20 experience, we have a lot of cases that we can use  
21 for that situation.

22 Informative decisions, they occur based

1 on my designation and totally in my discretion and  
2 can happen overnight. And again, as we've done  
3 with expansion, the cadence is expansion from  
4 unanimous to unanimous, I designate as  
5 informative, and then we a precedential vote.

6 The precedential vote is what I think  
7 people are most interested in, that is a process  
8 whereby in order for a case to be made  
9 precedential, it has to be voted on by a majority  
10 of the voting judges. So, again, we have 275  
11 judges, all judges have the opportunity to vote on  
12 every single issue, even if they are only working  
13 on ex parte, or they are only working on AIA, all  
14 judges have the opportunity to vote.

15 We have had a very good turn out with  
16 the judges, so well over 200 judges vote on every  
17 single issue that we have. What we've decided to  
18 do, where we've tweaked the process, not  
19 necessarily tweak the SOP, but tweak the process  
20 was the following.

21 We have a Published Cases Committee, it  
22 has always existed, but we've reconstituted it,

1       and we are putting together sort of standard  
2       operating procedures for the Publications  
3       Committee as well, to fit their recommendation  
4       into this process. They are constantly on the  
5       lookout for precedential cases or informative  
6       cases for issues that probably -- need some  
7       resolution via the precedential opinion process.

8                 And that group, which is at 14 to 16  
9       judges right now, it's a fairly large group of  
10      judges, actively do this on a regular basis to  
11      keep a pipeline of cases coming through the  
12      process. They look at the decision, they make a  
13      recommendation to me, as to whether it should be  
14      informative, or precedential, they take an  
15      internal vote, I strongly look and consider what  
16      their comments are, if there's any -- you know, if  
17      it's a 12 to 1, or a 12 to 2, that sort of thing.

18                I'm always curious to know what the two  
19      others thought of it. And that's how, by via the  
20      Published Cases Committee, the input of those  
21      judges, we then move that into either informative  
22      or the precedential opinion process. Now, when we

1 make things precedential, what we do is we let the  
2 judges know that we are interested in making a  
3 case precedential, and we have intensive, I would  
4 say, brown bag sessions with the judges prior to  
5 the vote, to make sure that all of the issues, pro  
6 and con, are vetted.

7           And if possible, again, ideally for us  
8 precedential cases arise through the rehearing  
9 process, when we are not underneath the statutory  
10 deadline to write. It allows us to separate out  
11 issues for a particular vote, and if you've  
12 noticed some number of our precedential cases,  
13 only designate a particular section as  
14 precedential, that's important, again, to make  
15 sure that vote goes smoothly.

16           And then there's a two-week voting  
17 process. The judges vote, and comments are  
18 exchanged. Obviously there's discussion amongst  
19 the judges. Ultimately, then based on that vote,  
20 if there's a majority of the voting members, then  
21 it's still up to me, at that point, to decide  
22 whether I go forward whether the case as

1 precedential or not.

2           Because if some judge had identified  
3 something that everybody else had missed, which is  
4 entirely possible, and that has happened, we will  
5 not move forward, even if there's a majority vote  
6 of the judges. Because after the judges vote, I  
7 have to move that up to the statutory members of  
8 the Board, and if the statutory members of the  
9 Board that I will inform that we have the plans to  
10 make that precedential, and it's their input that  
11 we are looking for as well; so, it's a fairly long  
12 and involved process, but it does involve a  
13 majority vote of the voting judges. Complicated  
14 -- (Laughter)

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

17           MR. RUSCHKE: So, again, we have a  
18 two-week voting process built in. I would say,  
19 once we identify -- you know, one of most  
20 difficult things that we have is to identify  
21 cases, because there are definitely times where  
22 there are cases that arise, close to the one-year

1 final written decision deadline, that are great  
2 candidates for precedential status. But again,  
3 based on the deadline we may or may not be able to  
4 craft it, or the panel may not be able to craft it  
5 in a way that it would pass muster with rest of  
6 the judges.

7           What we've been trying to do is move  
8 that process up, alert the judges to those issues  
9 that we think we would like to have case law on,  
10 and get them to identify those things to us very  
11 early on in the process. But typically, it can  
12 take a month or two for cases to be designated as  
13 precedential easily.

14           Again, the Published Cases Committee has  
15 to do their review, and make their recommendation,  
16 then we do the town hall, or the brown bag with  
17 the judges, the two-week voting period, and then  
18 ultimately we raise it to the statutory members as  
19 well.

20           So, it's a process that takes a while,  
21 but I think what we've done to it, is fine-tune  
22 it, so that the chances of success of moving those



1 cases through precedential process are much higher  
2 than they have been in the past.

3 And again, I would remind everybody that  
4 the designation for precedential status can be  
5 done by any member of the public. So, if you have  
6 a case, and this happened recently, where parties  
7 recommended that one of their cases be made  
8 precedential, and we actively look at those  
9 suggestions from the public.

10 I'll move on to sovereign immunity  
11 again, which sort of, is a little bit of an  
12 overlay with the expanded panel piece. I want to  
13 just show this chart, which sort of summarizes  
14 where we are on the sovereign immunity cases.

15 Now we divide them just for -- I don't  
16 mean to divide them jurisprudentially, or there  
17 are certain overlapping issues, but we have the  
18 state sovereign immunity cases, and then we have  
19 the tribal sovereign immunity cases.

20 So these are the state sovereign  
21 immunity cases that we have here. They are  
22 summarized based on color, the two at the bottom,

1 St. Jude Medical v. California; and Gilead v.  
2 Minnesota, those are still pending, those four  
3 IPRs have been decided on their motions for  
4 sovereign immunity. They work from bottom to top.

5 The green cases in the middle, those  
6 were the ones that we recently issued less than a  
7 month ago, there's a number of IPRs as you can  
8 see, they are all using -- having the patent owner  
9 be the (inaudible) for the University of  
10 Minnesota, but they were different petitioners.

11 Now, again, this is the situation that I  
12 mentioned before where you want the party, the  
13 University of Minnesota, that are similarly  
14 situated, to be treated the same, that is why this  
15 expansion occurred.

16 Now, this wasn't on rehearing, this was  
17 on motion, and at that point we have -- the  
18 expanded panel was expanded to include myself, the  
19 Deputy, and two of the Vice Chief Judges, and the  
20 ultimate result there was a 6 to 1 decision. So,  
21 again, counting is important, but that's a 6 to 1  
22 expanded decision.

1           Those green cases involve not only to  
2 determine where (inaudible) of where the sovereign  
3 immunity applies, but also for the first time,  
4 whether the patent owner can waive their sovereign  
5 immunity, and we determine that the patent owner  
6 would waive their sovereign immunity, when they  
7 had filed an infringement case in the Federal  
8 District Court on those patents.

9           That's the holdings of those cases, and  
10 it has been uniformly applied to make sure that  
11 the University of Minnesota is treated the same,  
12 and that different petitioners would not have  
13 different results against the same patent owner.

14           Now the three on the top I think are  
15 interesting. Those happened much earlier in time  
16 frankly, those were much earlier last year. But  
17 those were the first three cases that we dealt  
18 with, with state sovereign immunity. The issue of  
19 waiver was either not present in the case, or was  
20 not sufficiently waived -- or not sufficiently  
21 raised in the case, so those decisions did not.

22           Those three cases in blue, all were

1 handled by, essentially, three different judge  
2 panels, all nine of those judges determined that  
3 state sovereign immunity did apply and dismissed  
4 essentially the IPR for that patent owner.

5 So, again, this is a building of case  
6 law, and none of those blue cases, by the way,  
7 there was no expansion that happened there, those  
8 cases just came out the way they did, and then  
9 again, to maintain that uniformity on this  
10 important issue, we expanded those cases in green.

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

14 MR. RUSCHKE: Correct.

15 MR. THURLOW: Although with no  
16 corresponding litigation in those cases where they  
17 waived it, or?

18 MR. RUSCHKE: So, if I recall correctly,  
19 there was one case, essentially, there was, but it  
20 came up in the context of, I believe it was a  
21 contract case in state court that was removed to  
22 Federal District Court.

1 MR. THURLOW: Oh, okay.

2 MR. RUSCHKE: So, the patent owner did  
3 not affirmatively bring a case in Federal District  
4 Court of patent infringement.

5 MR. THURLOW: Okay.

6 MR. RUSCHKE: And in that situation I  
7 think we actually -- we came out the same way as  
8 the district court did, saying that sovereign  
9 immunity had applied.

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

13 MR. RUSCHKE: Exactly. And I think that  
14 part of it also temporarily, so again, the first  
15 three cases, handled by three different panels,  
16 came up with the same conclusion. I believe the  
17 University of Minnesota case against Reactive  
18 Surfaces, there's a little bit of a twist there,  
19 in that I think that the IP is owned by both a  
20 state university as well as a private entity.  
21 We've said the state is immune from suit, but we  
22 are moving forward with the private entity. So,

1 again, it's consistent with the (inaudible).

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

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

8 MR. THURLOW: Thank you.

9 MS. JENKINS: David, let me just jump in  
10 for a second?

11 MR. RUSCHKE: Sure.

12 MS. JENKINS: And the user community, we  
13 hear you were trying to figure out how to get your  
14 questions asked. I think some of the questions  
15 that were being asked, are very specific case  
16 questions, so they are going to a case and they  
17 are saying: Why did you do this? So, I'm going to  
18 see -- so how do you feel about a particular  
19 question, you know -- I feel like it's kind of  
20 putting us in a difficult spot because -- and I  
21 think it does you.

22 So, we are trying to address that. So,

1 user community could you please try to give a more  
2 general question so it's helpful for the entire  
3 audience? Not just your specific case, I think  
4 that would be nice.

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

14 MR. KNIGHT: No impromptu rehearings at  
15 the PPAC Meeting. (Laughter)

16 MS. JENKINS: What did you do?

17 MR. WALKER: Marylee, I've been  
18 contemplating over here on this. But I do agree,  
19 I'll say maybe a little more strongly. I don't  
20 think it's appropriate to be asking questions  
21 about specific cases, and why was something  
22 decided, et cetera, at a Patent Public Advisory

1 Committee Meeting, where we are trying to get some  
2 more general themes and issues out here. So, I  
3 would say that that is not appropriate for us to  
4 raise in this forum.

5 But if people, as you say, have general  
6 questions, process, procedure about expanded  
7 panels, that is fine. But I really have no -- I  
8 really disagree strongly with raising very  
9 specific questions, about very specific cases, and  
10 why they were decided. I don't know if this is  
11 the appropriate forum. I hope the Chair agrees  
12 with that stronger statement.

13 MS. JENKINS: Yes.

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



1           And so, again, this issue is of, you  
2           know, extreme importance on so many different  
3           levels, but I do think it's important for those  
4           sorts of voices to be heard out there. Now,  
5           again, as you see the cadence of cases was  
6           applying state sovereign immunity, for the  
7           universities. That dissenting judge in those  
8           green cases said no, sovereign immunity doesn't  
9           apply.

10           We don't know. Ultimately this is going  
11           to be something -- I think it's interesting, you  
12           know, again, when you think about where we've  
13           expanded, we've expanded on some very tough  
14           issues. You know, there's a lot of different  
15           possibilities, state sovereign immunity applies,  
16           state sovereign immunity applies waiver, state  
17           sovereign immunity applies no waiver, state  
18           sovereign immunity doesn't apply.

19           You know, these are not easy issues, and  
20           I mean, the Fed Circuit case law that we wrote in  
21           our 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 issues will  
3 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  
11 same issue, the same party (inaudible) which the  
12 Board has been struggling with since day one, a  
13 very, very tough statutory construction issue.  
14 So, you can understand where those tough issues  
15 arise, we may have to expand, and frankly, and  
16 it's in those limited circumstances where we have  
17 for the most 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.

21 So, we are seeing tribal immunity cases  
22 in both of our major technology areas. Again, I'm

1 not going to go through the slide. I think the  
2 most important piece here, is the last bullet  
3 point. Right now, those motions to -- the tribe  
4 has moved to dismiss the IPRs based on their  
5 tribal sovereign immunity, this is the first time  
6 where we have asked for Amicus briefing.

7 We received 15 Amicus briefs, the  
8 parties have been allowed to respond, it is now  
9 sitting with the panel for decision, and so I  
10 won't say anymore about that case. But we  
11 appreciated all of the Amicus filings. As I  
12 mentioned before, we are hoping to put another SOP  
13 in place, to allow additional Amicus briefings,  
14 and provide some guidance as to when we will be  
15 doing that going forward.

16 And as I mentioned, on the next case,  
17 the Apple v. MEC, I believe that -- very  
18 preliminary. Essentially they have a filing date  
19 in the sovereign immunity -- the tribal sovereign  
20 immunity issue will also be discussed in that  
21 case.

22 Moving on really quickly, I know we are

1 running out of time -- Am I out of time, Marylee?  
2 Or, can I keep going? Okay.

3 Because I don't want to give short  
4 shrift to either the informative or the appeal  
5 statistics, but I will mention the following. On  
6 315(b), obviously this came up in the Wi-Fi One  
7 case, whether our decisions under that are  
8 appealable. We were looking at it recently, and a  
9 set of two decisions that we made informative.  
10 And again, I hope this has been helpful to the  
11 community.

12 When our Published Cases Committee  
13 recommends, they actually try to look at bundling  
14 cases together in a particular areas, so we issued  
15 two. One was in Luv-N-Care v. McGinley, and the  
16 other one was Amneal v. Endo. Both involved the  
17 315(b) one-year bar. Essentially what we are  
18 talking about here, is that if you recall earlier  
19 on in our cases, we weren't actually sure if our  
20 IT was going to be able to handle some issues in  
21 terms of accepting papers, in terms of accepting  
22 the fees, and ensuring that service of process

1       happened.

2                   The three legs that have to happen in  
3       order to meet the 315(b) time bar.  So there were  
4       certain situations when our equipment, or our  
5       facilities, or our ability to do that  
6       appropriately, didn't work.  And we gave some  
7       leeway.  These cases, I think are being a little  
8       bit more, I would call on our sort of maturing  
9       jurisprudence out there, that we are requiring  
10      that you have to complete all three prongs in  
11      order to get that -- to beat a 315(b) statutory  
12      bar date.

13                   So, in the first case here Luv-N-Care,  
14      there was an issue with the fee, the fee didn't go  
15      through.  If you look at our cases, there's a  
16      number of situations where some practitioners have  
17      struggled with this.  For instance, they thought  
18      they had enough money in their deposit account and  
19      they didn't.  They tried to charge it to their  
20      credit card, and they didn't have enough limit in  
21      their credit card to charge it.

22                   So, there's a number of these things,

1       it's an alert to the practitioner: please don't  
2       wait for the last day, and please don't wait until  
3       11:00 o'clock p.m. Eastern Time. We have plenty  
4       of people, paralegal staff, that can answer your  
5       questions, just don't do it at 11:00 p.m. Eastern  
6       Time, we can really help you out and make sure  
7       that you get everything you need in on time.

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

18              MS. MAR-SPINOLA: David, real quick.  
19      I'm not familiar with the Amneal case, and I will  
20      read it, but do you know offhand, with respect to  
21      the service and the second bullet point, is that  
22      because the original complaint was never served?

1 And the second amended complaint was filed, and  
2 that was the first one to be served?

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

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

7 MR. RUSCHKE: So, that was essentially  
8 one bar, but then there were -- I think new claims  
9 that were added, into a proposed second amended --  
10 to an amended complainant, and they were back and  
11 forth. And so if you look at the dates, they were  
12 arguing over whether, when they had the hearing --  
13 when the Judge, essentially, allowed them to file  
14 an amended complaint, did that start the year  
15 running? Or, was it the actual physical filing of  
16 the amended complaint about five days later that  
17 triggered the one you are filing?

18 And believe it or not, it was that  
19 little, short, three to five-day period, that's at  
20 issue. So, read the opinion, and it's that date,  
21 because essentially, also it involved whether  
22 service was accomplished via the filing of the



1 amended complaint, because that was part of the  
2 electronic record, of which the petitioner would  
3 have -- or the defendant would have been -- had  
4 noticed at that point.

5 It's an interesting case, but again,  
6 it's saying: No, no, no, you really do have to  
7 comply with the three prongs, that's what we are  
8 saying.

9 The last but not least here, I did  
10 mention this earlier, the Facebook v. Skky case,  
11 this is a CBM case, and I think it's very  
12 interesting, again, we are trying to designate  
13 certain portions of the opinions as precedential,  
14 to focus the Board and the public as to what's  
15 important.

16 What we did, we thought this was very  
17 important, because we wanted to maintain  
18 uniformity amongst the panel, so this was an  
19 expanded decision, and what we are saying right  
20 now is, when a patent owner disclaims claims prior  
21 to the institution in AIA trials, the Board will  
22 treat those claims as if they never existed when

1       they determine if the patent is CBM-eligible or  
2       not.

3                 Very clear, we want to be very clear  
4       about this, this case is limited to AIA trials,  
5       it's limited to CBMs, and it's limited to  
6       pre-institution. So, when you read the case,  
7       you've got to tie in existing Federal Circuit case  
8       law on disclaimer to CBM statutory eligibility  
9       language. That's the key to this case.

10                So, I want to make sure that everybody  
11       is aware of that. And again, I think it's -- it's  
12       a very important case for us again, because  
13       although CBMs are not as popular as they once  
14       were, and we have a few data points, I'll show  
15       you. They've always been a small proportion of  
16       course. This is, again, an important piece that  
17       we wanted to make sure there was consistency, and  
18       that patent owners who were similarly situated who  
19       would disclaim claims, private institutions were  
20       treated the same.

21                We did have a slide here on Wi-Fi One.  
22       Unless, Julie, you think we need to go -- I think

1 people have read it. We know it was essentially a  
2 majority opinion written by Judge Reyna with a  
3 concurrence by Judge O'Malley. And then Judge  
4 Hughes, I think had a dissent, representing three  
5 or four judges. I think it's obviously very  
6 interesting.

7           It goes to the language of the statute,  
8 final and non-appealable, the patent office I  
9 think -- the Acting Director, I think Joe this  
10 morning mentioned this well. It's an interesting  
11 case, we thought this was decided by Cuozzo in  
12 many ways, but apparently not. And I think it  
13 remains to be seen. The import of this as to how  
14 far the reach of this appealability decision goes.

15           And again, I think there's some  
16 interesting language, and particularly the third  
17 bullet down, where the majority states, that  
18 315(b) is unrelated to the Director's preliminary  
19 patent-ability assessment, or the Director's  
20 discretion not to initiate an IPR.

21           So, underneath that holding, essential  
22 that's why 315(b) is reviewable, then I would

1       assume that that quoted language, anything in that  
2       regime should not be appealable. But that remains  
3       to be seen. I do want to take some time on ex  
4       parte appeal statistics. I only have four or five  
5       slides here. So, bear with me, but I think --

6               MS. JENKINS: You have another -- One  
7       more question.

8               MR. RUSCHKE: Oh, sure. Yes.

9               MS. JENKINS: It's still related to  
10       IPRs. So, the question is basically, like quality  
11       is doing for Examiners, and looking at, you know,  
12       how they review an Office Action, and 112, 102,  
13       and all of that. Is there any similar program  
14       going on with respect to how a judge -- I'm sorry  
15       -- judges review AIA cases and, particularly, you  
16       know, is this judge always finding the claims to  
17       be invalid. So, is there an analysis going on  
18       with the judges themselves, and how they are  
19       rendering decisions. That's the question.

20               MR. RUSCHKE: We internally don't do  
21       that. I don't have any data or any sense of that  
22       whatsoever. And again, part of our paneling

1 process -- again, it's highly technology- based,  
2 right, as much as we'll can, given, we have the  
3 judges we have, but we do try to match as much as  
4 we can, all three judges to the technology that's  
5 presented before them.

6           It doesn't always happen and just can't  
7 be that specific, but for the most part that does  
8 happen, but then within that context, we do a  
9 randomization of those judges. Now, if it's the  
10 same patent, we try to make sure that those panels  
11 are similarly situated, so that we are not going  
12 to have a situation where, if for resource  
13 management that we have the same patent being  
14 looked at by 20 different judges within the  
15 technology space, that doesn't make sense to us.

16           I know sometimes this concern has been  
17 raised, and I think it's because they feel a  
18 certain patents, where the petitioners say, well,  
19 I'm getting the same panel over and over and over  
20 again. And I can understand that, because again,  
21 if it's the same patent or a related patent in the  
22 same family, that could happen, but there is

1 randomness to our paneling, and a lot of that is  
2 driven by workload.

3 We have 30 percent of our cases that  
4 settle, so there's a number of time when we see  
5 the cases coming in, we will assign them based on  
6 workload as well, in a random way, based with  
7 their technology, but then if those cases settle,  
8 we have to realign cases. And that can create a  
9 little bit of uncertainty as to who is going to be  
10 actually on your panel.

11 MS. JENKINS: -- are a lot of third  
12 parties any more that are providing all sorts of  
13 data mining of the PTO, across the board.

14 MR. RUSCHKE: Yes.

15 MS. JENKINS: And so you can look up and  
16 see how your examiner -- you know, does this  
17 examiner reject a lot? And how often does he or  
18 she do this? And so that, I think is a similar  
19 question is: are you doing any internal, I guess,  
20 quality analysis with respect to the judges?

21 MR. RUSCHKE: Well, I guess -- I'm not  
22 sure I would call it a quality analysis. We don't

1 keep track of their, you know, patentable,  
2 unpatentable mixed records. We definitely don't  
3 do that. But on a quality perspective we -- I  
4 think our training, sort of our -- we actually  
5 have formalized, and we've elevated one of our  
6 judges to be a lead judge specifically in charge  
7 of judge training, and we meet every single  
8 Tuesday, for at least an hour, if not two hours,  
9 to do judge training on various aspects.

10 And part of the training is to look at  
11 every single Federal Circuit case, and those that  
12 we need to discuss, we train the judges to make  
13 sure that we are applying Federal Circuit and  
14 Supreme Court precedent appropriately.

15 We also do training based on  
16 essentially, you know, any sort of -- we'll do 101  
17 training, we just did 103 Inherency Training, and  
18 to make sure that the judges are up to speed on  
19 the recent case law out there, that they see the  
20 cases that their co-judges, or that their  
21 colleagues are working on those same issues, to  
22 try to maintain that consistency, but also to make

1       sure that we are getting it right. And I can  
2       verify that, I think there's no judge out there  
3       that ever is trying not to get the correct  
4       (inaudible) irrespective of background they want  
5       to get it right.

6                   MR. BOALICK: I don't know if I could  
7       just chime in, building on what David just said.  
8       Basically, and I know there are services out there  
9       that collect all kinds of data. Of course, that  
10      data easily can get skewed when a judge is on a  
11      series of related cases or cases that this  
12      affects reversal. Ratios may be somewhat  
13      meaningless but the really important thing to  
14      understand for anybody appearing before the Board  
15      is exactly is what David said. The judges on your  
16      panel are going to look at your briefs, they're  
17      going to look at the case, they're going to decide  
18      it on the facts and the law. And the arguments  
19      that you put in your briefs, if you miss some  
20      really convincing arguments, you might get a bad  
21      result on what should have been a winning case.  
22      So, advocacy is important, it always has been. So,



1 I just wanted to make that point that when you're  
2 appearing in front of the Board, the judges are  
3 looking individually at each one of your cases,  
4 your briefs, they are making their decision on  
5 that.

6 MR. RUSCHKE: Good points.

7 MS. JENKINS: Thank you.

8 MR. RUSCHKE: If there is nothing else  
9 on AIA, if I could just spend a few minutes on ex  
10 parte appeals. Again, this is the bulk of our  
11 jurisdiction, the bulk of our workload, the bulk  
12 of our judges. Two-thirds of everything that we  
13 do is involved with ex parte appeals. This is our  
14 present filing rates and you can see it over time  
15 over the last fiscal years. Whereas we did see a  
16 decline from FY12 to essentially FY14, there was a  
17 stabilization two fiscal years ago and then the  
18 last fiscal year, FY17, we seem to be going back  
19 to our additional levels that we had about five or  
20 six years ago. Why is that. We're not sure. One  
21 of the things that we had thought about as, and  
22 again, this goes to as we brought the inventory

1 down, our pendency numbers came down, would we see  
2 an uptick in use of the appeal process as opposed  
3 to resorting to RCE's or abandonment. I don't know  
4 if this is actually reflective of that but it is a  
5 possibility.

6           Again, now we have just through Q1,  
7 we're up to 2700. You do the math, we're going to  
8 be coming pretty close if we're on the same clip  
9 into FY18 for the full year data. So, stay tuned  
10 on that and we'll see if we're going to be coming  
11 back up. I think we probably will. Any  
12 information that you all hear about increased use  
13 of the appeal process is important. We typically  
14 ask stakeholders, what is your ideal pendency that  
15 would cause you to move towards appeals as opposed  
16 to RCEs. Again, part of it is we've heard  
17 complaints that we don't want you to have low  
18 pendency because we like parking our cases with  
19 you sometimes. That's not happening anymore I'm  
20 afraid. But we've also seen some people say, if  
21 you get it down to a year, if you get it down to  
22 six months, then we would start using it more

1 frequently. If you can give us any information on  
2 that we would very much appreciate it.

3 This is a little bit of a different  
4 representation of a slide that we have all the  
5 time.

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

9 MR. RUSCHKE: We do.

10 MR. SEARS: What is it?

11 MR. RUSCHKE: We'll get to that in three  
12 slides but it is 12 months, from the time the  
13 jurisdiction passes from patents to the Board.  
14 It's sort of like our remand goal. It's not when  
15 the decision from the Fed circuit happens, it's  
16 when the mandate transfers jurisdiction back to  
17 us. 12 months is our goal. We would appreciate  
18 feedback on whether 12 months makes sense and does  
19 that make sense for every single technology area.  
20 Again, I think we're making good progress on that  
21 in most areas as well.

22 Again, we like showing this slide

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

1       you might think we would want to have our  
2       inventory go down to zero, that's difficult for us  
3       to maintain from an operational perspective.  
4       We're very happy that this model is actually  
5       following our FY 17 and FY18 Q1 data very closely.  
6       So, that's actually right on target and exactly  
7       what we had expected and projected.

8                 This is the pendency slide, Jeff, and  
9       slightly different than what we had. We had sort  
10      of a bar graph before got some feedback that it  
11      was a little confusing. What we want to make sure  
12      that you see on this is that there is sort of two  
13      different types of pendency's. The one that we can  
14      absolutely measure is the blue on the top which is  
15      our decided appeals. So again, we have a pendency  
16      based on, when that thing gets decided, we look  
17      back and say, how long was it at the Board. Our  
18      appeal pendency is decided pendency appeals and  
19      that's the 12 month deadline. That impact is also  
20      going to be impacted, of course, based on have we  
21      cleared out all of the old cases. I'll get to the  
22      next slide on that one.

1           The red line underneath the blue is  
2           essentially the pending appeals pendency. As you  
3           can see, that is essentially somewhat lower but it  
4           is trending in essentially the exact same  
5           position. Now, I don't have the slide in here  
6           that I typically do but it is on our website, that  
7           breaks this pendency down by technology. If you  
8           recall, the last two PPAC meetings, the data on  
9           the technology slide was showing that in the  
10          electrical arts, the four TCs for electrical, we  
11          were down below 12 months pendency. I was getting  
12          a lot of feedback from electrical practitioners  
13          out there that said, hey wait a sec, I just filed  
14          this appeal and I'm getting my decisions out in  
15          less than a year. I said, yeah well that's kind  
16          of the way it's happening.

17                 We still have work to do when it comes  
18                 to the other technology centers, particularly  
19                 business methods, and we have been focusing the  
20                 Board's energies and attentions to bring those  
21                 pendency's down which are hovering right around 20  
22                 to 24 months, down again to that one year pendency

1 level as much as we possibly can. I will say,  
2 this is my last slide, and it ties into the  
3 previous slide on decided appeals. It is a little  
4 bit of a weird slide but essentially this is  
5 saying, we as a Board, and I reported this, I  
6 think, three PPAC meetings ago. Made an effort to  
7 clear out old cases, get rid of them. And as of  
8 today, I'm happy to say that we have no cases that  
9 were ever filed before FY15. So, we are literally  
10 dealing with FY16 and FY17 cases.

11 We have just instituted at a Board, a  
12 program, that we call our quarterly review period  
13 so that every quarter, the judges will be made  
14 aware of which decisions are on their docket that  
15 are the oldest. As a result of that, focus their  
16 attention on those and make an effort to get those  
17 done by every quarter. So, what you are going to  
18 see is that tail that starts at Q4 of FY16, slowly  
19 be eliminated. So, over the next two or three  
20 quarters, there should be essentially no tail and  
21 if we fix this all together at the same time to  
22 get to one year pendency, we will not be having

1 any of these old cases pending anymore. And you  
2 will be seeing the same fiscal year you file it,  
3 you will be able to get your result out.

4 So, we think these are really moving the  
5 appeal process in the right direction. It's not  
6 easy because of the volume that we have and the  
7 number of judges. I think these programs that  
8 have been reducing pendency, equalizing pendency  
9 amongst all the different technology centers and  
10 particularly eliminating older cases first,  
11 deciding those older cases first, was really going  
12 to go a long way to helping out the community.

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

22 MR. RUSCHKE: I think so and frankly, we





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

14 MS. JENKINS: David, thank you, always  
15 informative.

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

19 MS. JENKINS: Can I note the  
20 subcommittee chair that I requested an hour for  
21 PTAB. Can we note this that we're now an hour and  
22 fifteen.

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

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

19                   MS. JENKINS: Thank you. Dana, it's all  
20 you.

21                   MR. COLARULLI: Thank you. I'm glad to  
22 say that both David and Scott are much more

1 exciting than I am. I think the people that I  
2 deal with actually are very interested in the  
3 progress that David is making so it is a good  
4 record that's he building here.

5 So, I'll give a quick legislative  
6 report. I know you're all excited to hear from  
7 Will as well. The biggest news in my space is  
8 certainly that the Senate is going to move forward  
9 and vote, hopefully they're scheduled to vote, at  
10 5:30 on Monday on the director nominee on Andrew  
11 Iancu. So, we're excited about that. I'll go into  
12 a little bit of Senate procedure here. It's what  
13 is called a bed check vote. It will be the first  
14 vote that the Senate takes. Generally, it is the  
15 vote as members are filing back into town. The  
16 leadership wants to know if they're in their seats  
17 and if they're ready for a committee action the  
18 next morning. So, it is that first vote. As a  
19 point of Senate history, Danny Martee was also the  
20 last bed check vote and the last director  
21 nomination vote was Michelle Lee right after  
22 Danny. She was a unanimous consent. So, normally

1 this position has been not necessarily a roll call  
2 vote but good that it is a bed check vote because  
3 it makes it more likely it will actually happen  
4 and won't get pushed. We're very excited. Just  
5 the director nominee, not others, not a package.

6 MS. CAMACHO: Quick question. How  
7 quickly will the outcome of the vote be made  
8 public or hit the wires? Is it instantaneous?

9 MR. COLARULLI: As soon as you get the  
10 email from me at hopefully 5:31. It is fairly  
11 instant. I think the politico, the technology  
12 report and certainly a number of other peer  
13 articles have been very, very closely watching  
14 this so I expect the news will get out pretty  
15 quickly.

16 The rest of this is the history. The  
17 director nominee did get a number of QFRs,  
18 questions to the record, that responded to,  
19 including some commitments to get back to members  
20 of committee after confirmed. I think the  
21 committee was very interested to move him forward.  
22 He has also created some good relationships

1 already with the leadership. So, we're excited  
2 that that is moving forward.

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

1       least that is what the House is floating, we'll  
2       see if it gets some traction next week and see how  
3       the Senate wants to respond. Remember, they have  
4       to by the end of next week to keep the government  
5       open.

6                   Certainly, that has been the focus and  
7       lots of other discussions. Infrastructure, you  
8       heard that in the State of the Union. The debt  
9       ceiling, interestingly enough, the date on that  
10      one moves back and forth depending on how much  
11      money the federal government is spending, so that  
12      might change as well and we'll just keep an eye on  
13      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  
6 Judiciary, certainly affecting the next Congress.  
7 Chairman Goodlatte and Representative Isa both  
8 announced that they would not be returning or not  
9 be running for reelection. There was some  
10 speculation that Daryl Isa might run in the  
11 district right next door which, I think,  
12 technically would make him a carpet bagger but  
13 we'll see if that happens. And then because of  
14 John Conyers retirement, changes in both the  
15 ranking member of the full committee and the  
16 subcommittee.

17 For the next Congress, it has yet to be  
18 seen who would take the chairman slot and the  
19 subcommittee chairman slot. At least one of the  
20 candidates that had been talked about just week,  
21 also announced that he'd retire. So, things very  
22 much influx, we'll see what happens for the rest



1 of the year.

2 In the meantime, I think certainly the  
3 House Judiciary Committee, we'll starting to see  
4 some activity now bubble up on some IP issues, at  
5 least initially focused on copyright issues.  
6 There seems to be considerable stakeholder support  
7 around, at least a music licensing bill, and a few  
8 others that are generally non-controversial. I  
9 think you'll see move together. The Senate  
10 Judiciary Committee, likewise, has set goals  
11 considering some copyright legislation. So, I  
12 think those would take up at least some of their  
13 time the second session of this Congress.

14 But we've also heard some discussions of  
15 potential patent bills that may be introduced.  
16 Certainly issues, again in David's realm, people  
17 are very, very interested in PTAB. In addition to  
18 the Stronger Act which was introduced in the  
19 Senate at the beginning of the Congress, certainly  
20 the House has held at least one hearing on  
21 sovereign immunity. We might see some other  
22 legislation that is introduced by the end of the

1 Congress. Again, certainly not a front burner  
2 issue but there is discussion of those bills being  
3 discussed and maybe some bills being introduced.

4 I think as you look at the two chairman  
5 I just mentioned who were leaving, certainly  
6 Chairman Goodlatte, one of the things he stated he  
7 wanted to get done before he left was copyright  
8 reform. Certainly, one of the things that  
9 Chairman Isa has looked at is improving the patent  
10 system, so I think you'll see both of those issues  
11 take some more attention at the Committees.

12 I continue to report on the TEAPP  
13 extension. Great progress last year. The three  
14 year extension of our existing program was passed  
15 out of the House. It is now pending in the Senate  
16 in front of the Senate Homeland Security in  
17 Government Affairs Committee. We're waiting for a  
18 markup for that committee. I believe it is  
19 non-controversial. We've been doing quite a bit of  
20 outreach to members on the committee, highlighting  
21 not only the importance of this program but a  
22 number of TEAPP employees who actually happen to

1 be in their states and the importance of  
2 maintaining this ability for the PTO and limiting  
3 any disruption. We're hopeful they'll move  
4 forward before March. We currently have a gap  
5 agreement in place with our unions that is serving  
6 us well. We look forward to actually having the  
7 authority back on the books for us at least for  
8 those three years.

9 Two last things I'll mention. One, just  
10 for folk's interest, there were some IP provisions  
11 in the big tax bill. In the original draft, there  
12 were some provisions that would have addressed  
13 copyrights. There were, in the final bill, just  
14 provisions that address patent rights and would  
15 likely impact certainly companies patent  
16 portfolios subject to a higher tax rate treated as  
17 capital gains now under a lower tax rate. It is  
18 yet to be determined what else is in the bill that  
19 might offset that but at least that is something  
20 that we thought was interesting and certainly will  
21 watch what the impact is on patent owners.

22 The last thing I'll mention is we

1 continue to get a lot of interest and our IP  
2 attaché program, folks on The Hill as they're  
3 looking at ensuring that PTO can continue that  
4 program, maintain that program. So, both folks on  
5 the Senate side and the House side, on  
6 appropriations committee and authorizing  
7 committees, certainly want to make sure the  
8 program is working well. They are aware of the  
9 issue that has been raised by some of our  
10 stakeholders of increasing the rank of the  
11 attaché's, so those are the types of questions  
12 we're getting. We think it is a good conversation  
13 and we would like to continue the program and  
14 continue giving it the resources it needs. That's  
15 all I have, Marylee. Any questions that folks  
16 have I'm happy to answer.

17 MR. GOODSON: Real quick. I live in the  
18 eastern district of Texas. Should our tourism  
19 rate change any?

20 MR. COLARULLI: Well, I think maybe TC  
21 Harland has already caused some changes in your  
22 tourism rate, although I hear the barbecue is

1 still very good.

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

6 MR. COLARULLI: I continue to hear folks  
7 talking about the impact of the TC Hartland case  
8 and watching the cases. I think at least as you  
9 look at the congressional leadership on the House  
10 side, there were very early signs that the  
11 chairman thought that the case did a good job of  
12 addressing the issues that he was at least looking  
13 at. I hear from stakeholders, some interest in  
14 further clarifying the statute. I do think that  
15 it would not be uncontroversial. I think we're  
16 seeing this already with the legislation, we'll  
17 see this with patent legislation. If there are  
18 controversial measures, they're likely not going  
19 to move forward. I don't think anything in the  
20 near future, I wouldn't foreclose changes in the  
21 future after we see more cases working through the  
22 court system.

1           I'll mention just for pure curiosity. I  
2 included one more slide just on federal government  
3 shutdowns back to the 70s. There have been quite  
4 a few. I'll note, I thought it was interesting  
5 when I looked at this chart. Not unlike the  
6 situation we have right now where both houses of  
7 Congress and the President are held to the same  
8 party. The same thing happened in the 70s where  
9 Democrats had all three branches and still there  
10 was a shutdown and quite lengthy shutdowns at that  
11 time. So, purely for historical context, I  
12 thought that was interesting and I would share  
13 that as well. With all hopes, we'll still be  
14 running, we'll still be open as we go into the end  
15 of next week. Thanks.

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

19           MR. COVEY: Good afternoon, I'm Will  
20 Covey, I'm the director for the Office of  
21 Enrollment and Discipline. Today I'm going to  
22 talk to you about a new program we just started, a

1 pilot program we just started back in October. I  
2 want to lay the groundwork to what is going on in  
3 the bar, why we did what we're doing now because  
4 of an issue we've seen.

5 In 2016, the ABA partnered with the  
6 Betty Ford Foundation and did a study of attorneys  
7 throughout the country. These are not IP  
8 practitioners, these are attorneys across the  
9 board but obviously it applies to our bar. They  
10 came up with some pretty startling figures when  
11 this came out. I heard about this at a conference  
12 and I anecdotally have been seeing the issue kind  
13 of come across my desk because I sign every single  
14 complaint against every attorney and agent that we  
15 take a disciplinary case. I can tell you, in  
16 many, many of these cases, there is some issues  
17 with alcohol, drugs, gambling, there is something  
18 else going on that kind of causes the cases to go  
19 abandoned and to steal their client's funds. The  
20 conflict issues that we see, they're not focused  
21 on what they need to be.

22 If you take a look at this data here, it

1 is pretty startling. You can see that 21 to 26  
2 percent of the attorneys that were surveyed in  
3 this 13,000 person population had a drinking  
4 problem. They used a standardized medical  
5 methodology for determining what is a problem  
6 drinker. How many times do you have a drink every  
7 week. How many times do you binge drink on the  
8 weekends, those types of questions. If you looked  
9 at the questions and there are ten questions, it  
10 is pretty startling. If you get to the point  
11 where you're a problem alcoholic, you'd say oh  
12 yeah, that person definitely has an issue. So,  
13 the bar has an issue in general across the United  
14 States and we're seeing it also too. The study  
15 also showed that a significant portion of the bar  
16 has problems with depression and anxiety. So,  
17 those are again, those are issues that are feeding  
18 into problems that we're seeing in (inaudible).  
19 The goal for us is and why it got on our radar is  
20 that it is not very helpful at the end of the day  
21 to have a case filed against a practitioner.  
22 We're going to litigate the case or we'll settle



1       it and we're going to take their license for some  
2       period of time. That really doesn't solve the  
3       problem and help the person get better. It  
4       doesn't help the bar in general. So, this program  
5       that we've started, which 30 states have started  
6       similar type programs, are also starting to  
7       recognize this issue.

8                   I'll tell you another interesting point  
9       with this is the ABA also looked at law students.  
10      They did a study of 3000 law students and the  
11      numbers are much, much higher. So, the issues are  
12      kind of fermenting in the law schools and then  
13      we're going to see those issues down the line  
14      throughout the bar as they go out and they  
15      practice. Yes?

16                   MS. SPINOLA: William, can you, to the  
17      extent you know, how did these numbers or  
18      percentages compare against the general public  
19      numbers?

20                   MR. COVEY: That's a great question. We  
21      had a chance to take a look at that and they are  
22      much higher. So, for example, in the general

1 public, the Hazelden Foundation also did a study  
2 in 2012 and problem that tagged, for example, the  
3 bar was 21 to 36 percent. The general public it  
4 is 10 percent. So, it is significantly higher in  
5 the bar across the country too. We've got an  
6 issue that we need to deal with here.

7           So, what did the PTO do. So, we looked  
8 at what diversion, they're called diversion  
9 programs, diverting them out of the disciplinary  
10 lane, letting them get help and working with them  
11 to not just move forward on a disciplinary case.  
12 So, this is available to anyone, attorney or an  
13 agent who has got some type of physical, mental or  
14 emotional health issue related to drug or alcohol  
15 use and it some how impacted what they did before  
16 the office. Now there are some caveats to that.  
17 It's not carte blanche, we're going to allow  
18 everyone to enter into this program. So, the PTO  
19 program, and this tracks basically what the state  
20 bars are also doing. It can't involve any type of  
21 misappropriation of funds. We have several cases  
22 every year, we have a steady stream of these of

1 attorneys stealing \$100,000, a million dollars  
2 from clients and things. So, those cases are  
3 almost a steady stream of those types of things.  
4 They can't have serious crime involved with what  
5 they've done. We've had cases in the past,  
6 serious assaults, there has been attempted murder  
7 cases we've seen. So, you see crimes that don't  
8 relate directly to the IP practice but obviously  
9 impact the persons ability. Securities fraud is  
10 another one we've seen over the years. Those  
11 types of individuals would not be able to avail  
12 themselves to this type of program.

13 We've already, just since October, we've  
14 had two practitioners take advantage of the  
15 program. One an agent in Texas who had an alcohol  
16 problem and fortunately, the Texas state bar also  
17 worked with us and they were able to get the  
18 person help in the state. We are working with the  
19 state and the person had issues here with the PTO  
20 so then we worked together and crafted a way to  
21 move forward and hopefully this person will get  
22 healthy and get back to being a productive

1 practitioner.

2                   And then we had another attorney in New  
3 Hampshire who had an opioid issue which you're  
4 hearing a lot about in the news. So, lawyers are  
5 not immune to that type of an issue so he was  
6 working with the state bar up there and getting  
7 help too. So, we've approved those two  
8 individuals already taking advantage of this  
9 program and are hopefully moving forward.

10                   One question that came up with the  
11 subcommittee I want to mention too yesterday, was  
12 I was asked is this a diversion program or a  
13 deferral program. We had a lot of discussion  
14 internal to our office. So, the difference is, do  
15 we kind of just hold off which we do in many of  
16 our cases for whatever reason, we decide to toll  
17 the disciplinary case that we're looking at for  
18 whatever reason. It might be a court case that is  
19 pending that we think is important to wait to see  
20 what the district court or the court of appeals  
21 might do so we kind of hold off on these. But  
22 with these types of cases we decided, you know

1        what, it is probably better if we just allow the  
2        person to get better, get the help they need, get  
3        the medical treatment they need and kind of let  
4        them move on without the threat or the Sword of  
5        Damocles hanging over their head that they're  
6        going to face something if they somehow slip or  
7        fall down in their treatment process.

8                        We're going to look at those types of  
9        cases, we're going to not put them under that type  
10       of stress. The one important point is, obviously  
11       there is no PTO funds being expended on this. We  
12       can't do that, we can't spend our dollars on this  
13       so they're going to have to pay for this medical  
14       treatment out of their own pocket.

15                        The last thing I'll mention is there is  
16       something called, The National Organization of Bar  
17       Counsel. This is a group of bar counsel  
18       throughout the United States. Every state is a  
19       member of this and kind of get together and they  
20       kind of discuss issues that are impacting their  
21       bars. We, about five or six years ago, joined this  
22       group because we're the only federal bar

1 basically. We're kind of a little bit of an  
2 anomaly. They really don't understand us but  
3 anytime they get a patent or trademark issue, they  
4 will certainly call us and say, here you take it,  
5 can you help us and figure out what is going on  
6 here.

7           So, we kind of got involved in this five  
8 or six years ago and now the group has started  
9 kind of a wellness committee. We decided, you  
10 know what, we're ready at this point, the PTO, to  
11 kind of play a role in this because we're starting  
12 our own diversion program. It's a pilot program.  
13 We want to learn what the states are doing, how  
14 the programs are working, what is working well and  
15 what is not working well so that we can kind of  
16 modify and tailor our program so that we can best  
17 help those who have an issue before the office.

18           So, we appointed one of the staff  
19 attorneys to this committee, so she is going to  
20 participate in those meetings and things that they  
21 are having basically so PTO can learn and they can  
22 also share. I got a call from the ABA's

1 professional responsibility head. As soon as she  
2 found out the we were moving forward, she was  
3 really thrilled. We've gotten a lot of great press  
4 about the program. I was interviewed by  
5 Bloomberg, a reporter from Bloomberg called me up  
6 immediately. The ABA has kind of tagged onto this  
7 story so we've gotten a lot of great press.

8 Also, I go out and the office sense,  
9 people at the talk at CLE's through the country so  
10 you may have seen me at things like AIPLA or IPO  
11 or ABA type events. We have now incorporated this  
12 information that one, we have this program but  
13 there is also an issue in the bar that we think  
14 the bar needs to be aware of, this alcohol and  
15 this drug issue. We're a little concerned about  
16 what's going on here too.

17 That's basically the presentation so  
18 subject to any questions, yes sir.

19 MR. WALKER: I was going to say,  
20 congratulations for taking this on because I think  
21 we all know people with substance abuse in  
22 different fields and it is a terrible thing. And

1 to have this Damocles hanging over their head at  
2 the same time they're trying to resolve these  
3 personal issues is really unfair. So, it's a very  
4 humane thing to do so kudos to you and the  
5 leadership at the PTO for doing it.

6 MR. COVEY: Thank you.

7 MR. KNIGHT: Yes Will, and I'd like to  
8 echo Mike's comments. Number one, thinking of  
9 this program and overtly proposing it for the  
10 Agency, I think, is a phenomenal initiative for  
11 you and your staff. I agree 100 percent with Mike  
12 that these people cannot get their lives pulled  
13 back together if they can't make a livelihood. A  
14 disciplinary action does not help them nor does it  
15 help the patent system, so thanks for implementing  
16 this.

17 MR. COVEY: Thank you.

18 MS. CAMACHO: It's a great program. I'm  
19 curious as to how it fits into the process. So,  
20 you have a complaint that comes in for misconduct.  
21 Do you investigate and decide that disciplinary  
22 action would be necessary and then you offer the



1 diversion?

2 MR. COVEY: So, the way it works and  
3 this is in general terms here. I think this  
4 question came up at the subcommittee yesterday and  
5 when I go out and speak, people are always  
6 curious, how do you get complaints and how do you  
7 get information. Well, we get lots of feeds of  
8 information into the office. It comes in from  
9 your opposing counsel, former clients, so we're  
10 getting lots of information feeding into us. We  
11 get several hundred contacts to the office in any  
12 given year. We evaluate those and in many cases,  
13 we don't even contact the practitioner in about  
14 half of them because we look at it and say, there  
15 is nothing here, there is nothing for the office  
16 to do. But once we then decide, you know what,  
17 there might be something here we need to take a  
18 look at, then we kind of craft a letter to the  
19 person that says hey, can you please tell us, we  
20 have this information, we'd like to hear what your  
21 side of the story is, can you please tell us. We  
22 have this information and we went into PALM and we

1 say you did X Y and Z and all these cases went  
2 abandoned, what is your side of the story. And  
3 then at that point, they may tell us, well I  
4 forgot this issue. That's the two cases we've  
5 seen so far. So, we contacted them, we initiated  
6 a complaint process against them, we contacted  
7 them and then they told us that they had issues  
8 with substance abuse basically.

9 That kind of sets off an all stop for  
10 us. Especially since this program, we were looking  
11 at putting this program in place. We then shifted  
12 to kind of focusing, well hey would you be  
13 interested in this type of a program. They both  
14 have counsel. They don't have to do it, it is  
15 totally up to them. If they say no, well we have  
16 no choice and we have to move forward on the case,  
17 we have to do something with the case. In this  
18 case, they both were very willing. One of them was  
19 already in treatment at the time too so it was a  
20 perfect match. We were willing to help them and  
21 we entered into an agreement with the practitioner  
22 and we just want them to stay on track. We need

1 to do some type of monitoring to make sure they're  
2 doing something. We're not medical professionals,  
3 so we just want to make sure that they're getting  
4 the help they need and they're moving in the right  
5 direction.

6 This process is already a high pressure  
7 type thing. If you get a call, there's my  
8 contact, I know none of you want to call me.  
9 Nobody wants to ever talk to me. I don't get lots  
10 of calls or Christmas cards or anything like that.  
11 That's the kind of business we are and we take  
12 that very seriously. Going back just generally,  
13 whenever we contact someone, we make sure that it  
14 is really something that we're going to move  
15 forward on. We get hundreds of contacts per year  
16 and we kind of have to sift through them. If you  
17 get a call from us or a letter from us, it is  
18 going to be a heart stopping moment for you.  
19 We're cognizant of that, we're trying to be  
20 sensitive to that issue.

21 MS. JENKINS: So, there is not tie in.  
22 So, in other words, you need to complete the

1 course and then you don't get disbarred and there  
2 is nothing like that.

3 MR. COVEY: No, so we stop the  
4 investigation at that point. There is nothing  
5 further and we then kind of shift to, let's get  
6 the agreement in place, let's encourage them,  
7 let's get whatever documentation. We do ask for  
8 documentation as to what type of program they're  
9 in. It is very minimal and we just want to  
10 understand that they're doing something. We do  
11 ask them to send us periodic updates just to make  
12 sure they're moving forward and doing something  
13 that is positive to correct whatever health issue  
14 they have and are trying to make themselves better  
15 and hopefully not take their license away. That  
16 has been an issue too. We know when we take your  
17 license away, even if it is for six months or a  
18 year, it is a pretty catastrophic event for a  
19 practitioner. There are even instances where we  
20 take someone's for 30 days. We give a lot of  
21 thought to, is this really the right thing to do  
22 and is this the appropriate sanction.

1           I will say this too, of those hundreds  
2 of cases, people do ask us and they always kind of  
3 wonder, we only have about 35, 36 cases per year,  
4 reported cases. Out of a bar that is 35,000  
5 patent attorneys, 11,000 agents and 20,000  
6 trademark attorneys who are practicing in some  
7 shape or form before the office. So, if you do  
8 the math, it's pretty small. The bar is in great  
9 shape. We look at other state bars like  
10 Massachusetts or Michigan which are roughly  
11 comparable to our size and their discipline stats  
12 are like three and four times what ours are. So,  
13 we're in pretty good shape, I think.

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

16           MS. SCHWARTZ: Marylee, can I say one  
17 thing before we finish. I think this is a great  
18 program. I would to see the Agency, I know I've  
19 talked to Drew about it before, but we never got  
20 through doing something for the employees of the  
21 Agency. There are a lot of high stress jobs here  
22 as you know. I think we have hired, when you look

1 at performance, we have higher disciplinary stats  
2 than what Will is talking about here. It would be  
3 great if we could have a similar program that  
4 would -- he was talking about this sort of  
5 Damocles hanging over their head. That is how the  
6 employees are treated in that situation right now.  
7 So, it would really be wonderful to look to see if  
8 we could do something for the employees. That  
9 would put them in a similar situation where they  
10 didn't lose their jobs because of this type of an  
11 issue.

12 MS. SPINOLA: Actually, I would have  
13 asked that question earlier about whether this  
14 program extends to the employees. But my  
15 assumption was, was that you already had a  
16 separate program. So, thank you for bringing that  
17 up. I think it's a valid point, a significant  
18 point. More importantly, I think it's great. In  
19 the private sector I think there's a lot of that  
20 support so I think it's a great thing for the  
21 Patent Office to also support that.

22 MR. GOODSON: Pam and I had the

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

12 MS. JENKINS: Okay I didn't really want  
13 to end on that note but thank you all. I think  
14 this has been a great session. We always are so  
15 appreciative to the input that we get from the  
16 office.

17 The Committee is very excited for the  
18 coming year and we look to new initiatives and new  
19 outreach and engagement with the office and help  
20 everybody to move forward. With that, I'm going to  
21 move to close the meeting. May I have a second,  
22 second. Thank you and we are closed.

1 (Whereupon, at 3:08 p.m., the  
2 PROCEEDINGS were adjourned.)

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