

UNITED STATES PATENT AND TRADEMARK OFFICE

PATENT PUBLIC ADVISORY COMMITTEE MEETING

QUARTERLY MEETING

Alexandria, Virginia

Thursday, May 3, 2018

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P R O C E E D I N G S

(9:04 a.m.)

MS. JENKINS: Good morning. It is our May PPAC meeting. Again, I think I always say this. I don't know how quickly the time goes. It just seems like we were just here in February. However, I think I like this weather better than the February weather that we had. If you wait a minute it will change.

I am not going to give much of any kind of opening comments. What I'd like to do is introduce the director and then we'll do our standard, introduce everyone around the table after he's done.

It is my pleasure to welcome, because we missed you -- you had not been confirmed yet and sworn in, so we missed you, but you made the TPAC meeting, which was the following week. So, we'll catch up. We're very excited that you have finally joined the office and that you are here at our meeting, and we welcome you. So with that --

MR. IANCU: Thank you. Thank you, Marylee, and thanks everybody. Good morning.

Good to see everyone. It's really a pleasure to be here.

And before I begin, let me acknowledge the USPTO's continuing collaborative relationship with PPAC and with all of you. Your insights and guidance are truly helpful and important to us, and I really hope that we can maintain the dialogue on a going forward basis. I think it's very, very productive.

And I want to thank all of you, especially the board members, for your hard work, dedication to the patent system and to the office, and in particular, to Marylee for leading the PPAC. In the few weeks, I guess, or couple of months that I've gotten to know you, it's been a truly great start to our relationship. You're very devoted. You have a great leader who is devoted to the system and to the office and very thoughtful and insightful into what we do here at the office.

So, I thought I would begin by a few high-level comments about the priorities and goals for the office. And a bunch of the

high-level issues I have mentioned publicly and, for example, last month I spoke at the U.S. Chamber of Commerce at the Patent Policy Conference, and while there I outlined a few priorities for the office, and let me go through some of those, and we've already made quite a bit of progress on a number of them. But, let me go through them and I'll let you know where we are on some of these things.

In no particular order, but I want to begin with a high-level policy point, which is that I believe we need to, as an office, as the leading intellectual property office in the country, and frankly, I believe in the world, and as the voice of the patent system, I think we have to engage in a new narrative that defines our patent system by the brilliance of our inventors, by the excitement of innovation, and the incredible benefits they all bring to our economy, to our history, and to our country in general. I firmly believe that a successful system -- and we all want our patent system to be successful -- a successful system must be defined by its

goals, aspirations and successes. Obviously, errors in any system and errors in the patent system need to be corrected. No abuse should be tolerated. However, the focus for discussion, the focus for IP policy, should be on the positive, and there are so many positives to emphasize.

Second, we must strive towards predictable, reliable, and high-quality IP rights. This means, among other things, that we must ensure that we issue appropriately scoped patent claims from the get-go. In other words, we start by focusing on the front end, because that's where our work begins, to some extent. And since our examiners are first in line, we must ensure they have the tools they need for a thorough search and examination. Our examiners already do a fabulous job, and it is frankly not easy, given the state of the law and all the information that needs to be processed and analyzed. And to further improve the original examination, I think that the next step needs to be to increase the examiner's ability to

find the best prior art during examination. At times, as all of us who practice, or practiced in the field know, there is a gap between the prior art that's surfaced during the initial examination and the prior art found during litigation. There are many reasons for this. I believe the main culprits are the ever-accelerating publication and accessibility explosions. These are issues that obviously face every patent office around the world. Indeed, I actually believe we are ahead of most others on this front. But, if we could continue to narrow that gap, the gap between prior art found during examination and that found during litigation or post-grant proceedings, then the accuracy of the patent grant, and therefore the reliability of the patent grant, would increase.

Moving forward in our process, our post-grant proceedings must be balanced and fair to both patent owners and challengers alike. So, we are now examining how and when we institute the proceedings, the standards we employ during the proceedings, any possible

amendment process, and how we conduct the overall proceedings.

The goal with whatever action we take is to increase predictability of appropriately scoped claims. To that end, we are reviewing the various aspects of the proceedings, as I mentioned, to ensure, and this is the key that we strike the appropriate balance.

Third, on patentable subject matter, Section 101. A favorite of many, many of us in this room and around the country who practice in this field. We must try to better define and clarify the analysis that our examiners are expected to do, especially in light of recent Supreme Court cases. An example of our efforts in this regard is the April 19th memorandum on Changes in Examination Procedure Pertaining to Subject Matter Eligibility, which we issued in part in view of the recent Federal Circuit case, *Berkheimer v. HP*, although I should say that the memo is applicable even independent of that particular case.

In the memo we specified to examiners how to support and document their determinations of what is conventional. Plus, we explained that the analysis for conventionality is the same as the analysis under Section 112 as to whether an element is so well known that it need not be described in detail in the patent specification. Our examiners are used to, and have experience with, Section 112 analyses. So, hopefully this will help simplify and clarify the approach to this aspect of the Mayo/Alice test.

We may have further guidance on other issues pertaining to Section 101 in the months to come. Drew and Bob and Andy and the rest of the patents team, as well as the larger USPTO team, were instrumental in getting that memo and the guidance out quickly, and I would like to thank them all for their efforts and thoughts.

All right. So now on to some details of the operations, although I think others following me will provide more

information. As I mentioned, our examiners do a fabulous job, and I would like to highlight a few impressive statistics regarding our examining corps. As of March 31, we have 8,223 patent examiners. Fiscal years 2018, examiner hiring will be slightly higher than the attrition level. Approximately 390 new examiner hires are planned for fiscal year 2018. Examiner attrition rate as of Q1 of fiscal year 2018 is 3.9 percent, which is at near historically low levels. The experience of our Patent Examining Corps continues to be tremendous. The average experience is 10.7 years. Two examiners have over 50 years of experience. Unbelievable. Ten examiners have 40 to 50 years of experience. 130 examiners have 30 to 40 years of experience. Just remarkable all around.

In terms of filings, new serialized filings are up 2.9 percent versus this time last year.

So, overall and in conclusion, this administration is focused on creating sustained economic growth, and innovation and

IP protection are key goals in support of that mission. What we do here at the USPTO is critically important. By addressing the various issues I mentioned earlier, from subject matter legibility to a carefully balanced post-grant process, to ensuring that our examiners have the tools they need for a thorough search and examination. We can ensure that our patent system provides the predictability and stability needed.

I want to emphasize that balance is key and we firmly have in mind the various interests of our numerous and diverse stakeholders. Finding the right balance on all of these issues requires work and a holistic, collaborative approach. Together we are all part of a remarkable patent system, and I firmly believe that we have a unique opportunity to ensure it meets its full constitutional mandate to promote innovation and grow our economy.

I look forward to working with all of you, all the members of PPAC, all of our stakeholders, and the members of our broader

IP community in support of this great endeavor.

Thank you again for your support and for all of your collaborative efforts. Thank you.

MS. JENKINS: Thank you. Would you take a question if I have any from the members?

MR. IANCU: Even more than one.

MS. JENKINS: Even more than a question. Mark. Thank you.

MR. POWELL: Yes. I consult with a lot of agencies at the federal and state level. I wish you all would put out the statistics on how many persons of your examining corps have master's degrees, doctorates, JDs, MDs, whatever. It is a most impressive list. People need to be aware of that. I guess between this agency and NIST, there are no others like it in terms of education experience.

MR. IANCU: Yes. Thank you. It's a remarkable set of examiners that we have. Collectively the knowledge here is tremendous.

Thank you.

SPEAKER: I get very excited. Most of my 20-year career has been in patent prosecution work (inaudible), working with people that are brilliant, bringing innovation to commercialization and so on. I mentioned yesterday during one of our meetings there was a 60 Minute special a few weeks ago on the MIT media lab, and it was absolutely fascinating. And in a short period of time, I was just wondering, I love the idea of celebrating innovation. Maybe you can give us some examples. I know you've traveled the country and met with lots of people, and I just get excited over the concept.

MR. IANCU: Yes. Thank you. We have so many amazing inventor stories in this country. It is truly inspiring. And as a country, we do so much to celebrate all sorts of aspects of our public life from movies, to music, to literature. I think that we can do more to celebrate the amazing contributions of our innovation ecosystem and inspire the next generations to emulate these tremendous

figures in our history, both past and present, and encourage further innovation in that way. And this week we are inducting in the National Inventors Hall of Fame a bunch of unbelievably new inductees. Just speaking to them as I did last night, it is so inspirational, and also exciting and interesting the stuff that people do if we could only communicate more effectively, I think the broader public would benefit tremendously. Thank you, Peter.

MS. JENKINS: Anyone else on the committee? Any other questions while we have him here? He's actually going to be leaving shortly, though he may come back. (Laughter)

I want to share that we were on a panel together at the ABA-IP meeting the other week at Crystal City, and it was a women's panel. And I want to share what an inspirational and heartening speech you gave about, not only women here working at the USPTO, but also the many inventors, the many women inventors, and I thought it was very well received by the audience. So, you've been doing a lot of speaking. I know you

haven't been here all that long. Is there anything that's surprised you about the agency, or not surprised you about the agency, that you could share?

MR. IANCU: Sure. First of all, thank you for those comments. I very much appreciate it. It is really important that we have a broad outreach effort into the various communities that participate in our innovation ecosystem.

In terms of surprises, not really. I am, on the other hand, tremendously impressed. I'm impressed with the leadership of the office. I'm impressed with the folks I work with on a daily basis; the commissioners, the people on our executive committee. And I'm impressed with the various examiners and managers that I have managed to meet over the past two or three months. It is a remarkable agency, as was mentioned a few minutes ago, and I really wish more people would know about it. The amount of technical and intellectual property knowledge here is absolutely tremendous. So, it's been a real

inspirational few months. It feels more than just a couple months, though, I don't know. (Laughter) Has it been? I don't know. It feels like it.

MS. JENKINS: That's one thing as Chair that I've really focused on, is that this office does so many great things, and I share all the comments from the committee and what you've expressed. And PPAC -- one of my goals as Chair is to get the message out because I think these meetings are so helpful for stakeholders and you learn so much, and whatever we can do as a committee to help the office get the message out and help you get the message out, please, we're here for you, so to speak.

MR. IANCU: I appreciate that. And to your point and Peter's point, obviously the main thing we do here is we examine patents and issue patents and we register trademarks. That's obviously the vast, vast majority of our efforts here. But, we are also the leading agency on innovation in the United States, so we want to engage in a broad effort

to support and encourage and inspire more innovation. The more we do of that, I think the better it is for the country. Our relationship with PPAC, I think, is critically important to that extent. You are a face to the public and an interface with the public, and I think that's helpful from that point of view. Of course, also very helpful on the operations of the day-to-day operations of the office.

SPEAKER: Just real quick, I'll say on the 101 front, I think the PTO has done a really good job. Last year they had -- we're trying to get the message out and changing things. They had two round table events, laid the foundation, and I would encourage you to either have more round tables or webcasts. Bob Bahr does a terrific job, and his team and Drew and many people. But, those events were well received. Everyone understands the challenges, but bringing people together, I think those round tables and getting the public involved in such a critical issue are really recommended strongly.

MR. IANCU: Thank you.

MS. JENKINS: Thank you. I know Jennifer, she's our taskmaster, so got to keep on time.

With that we're going to do our next step, which is, we go around the table and introduce everyone. So, if we could start with Pam.

MS. SCHWARTZ: Pam Schwartz with POPA and PPAC.

MR. GOODSON: Mark Goodson, PPAC.

MR. SEARS: Jeff Sears, PPAC.

MS. CAMACHO: Jennifer Camacho, PPAC.

MR. LANG: Dan Lang, PPAC.

MR. THURLOW: Peter Thurlow, PPAC.

MR. WALKER: Mike Walker, PPAC.

MS. JENKINS: Marylee Jenkins, PPAC.

MR. HIRSHFELD: Drew Hershfeld, PTO.

MR. FAILE: Andrew Faile, PTO.

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

MR. POWELL: Mark Powell, PTO.

MR. BAHR: Bob Bahr, PTO.

MS. JENKINS: Great. We now know who is sitting at the table.

I also want to share that one of the things that people have been watching PPAC over the past year-and-a-half, we've really tried to change the way that we do the agenda. We've looked to get more input from the committee and more input from stakeholders and we are listening, and so we try to incorporate those suggestions into our agenda. The office has been great to work with us to try to get an agenda that hopefully people are interested in and want to hear more about. So, some of the topics that are new for this meeting; plant patents. Give a shout-out to Mike for that. Obviously, you're going to hear discussion about SAS for PTAB. And, we also are looking to, based on the director's comments, we included a segment on searching. But, we are listening. So, if you do have suggestions.

I also will remind everyone that we are taking questions during the meeting. It will be through email, so you can submit

questions to our PPAC email address, ppac@uspto.gov, and we will do our best to try to get those questions answered during the meeting.

So with that, I think I have Robert Clarke. He is going to be presenting on the manual. So, Robert, take it away.

MR. CLARKE: Okay. I guess if we slide to the next group of slides. I'm Rob Clarke. I've served as the editor of the MPEP for about the last six years. I've been asked to give a very brief overview of the most recent revision to the MPEP.

The most recent revision was in January of 2018. There are merit changes to 15 chapters. The summary of the changes ran a little over 50 pages and included a section-by-section discussion of the changes. As I said, very brief period and my boss is talking after me, so we're not going all of the changes.

MS. JENKINS: Rob, sorry. Can you get closer to your microphone?

MR. CLARKE: Oh, sure.

MS. JENKINS: Thank you.

MR. CLARKE: One of the (inaudible) changes that was included in the update was kind of a soup-to-nuts approach to Markush practice. There are a number of sections that were added or revised.

2117 was added to provide guidance on what a Markush claim is. It's merely a way or reciting a list of alternatives from a closed group, and the alternatives are referred to as a Markush group or a Markush grouping.

706.03(y) was added to provide guidance on making over a merits rejection for improper Markush grouping. That rejection should not be made where the members of the Markush group have a common use and are members of a physical, chemical or art recognized class. That section does have a number of examples of proper and improper Markush groupings.

In 803, the change there was merely to say that where an examiner issues a written Election of Species requirement, which is

common where there is Markush grouping, that they should not include the rejection for improper Markush grouping with the written election.

The other two sections, 2111.03 deals with construction presumptions, and 2173.05 deals with definiteness issues where you have a Markush grouping.

The next large topic is the Dynamic Drinkware impact on applying prior art under former 35.U.S.C.§102(e). What Dynamic Drinkware created was a new requirement where you're applying prior art under that former provision as of a prior file relied-upon provisional applications filing date. It does require that at least one claim in the applied patent find adequate written support in the prior provisional application. There were no changes to the preexisting requirements that there be at least one inventor in common, or that the subject matter being relied upon in making the rejection exist in both the applied patent and the relied-upon application.

Some things that have come up in

implementation of this are whether or not there was any change in guidance under current 102(a)2. No change in that guidance.

And the other question was, is there a relationship required between the claim that is supported in the relied-upon patent and the subject matter being used in making the rejection. There is no relationship requirement. They can be directed to different subject matter.

Subsequent to the August revision date of the manual, the courts expanded *Dynamic Drinkware*, so where you apply an international application publication or a PG-Pub under the former 35.U.S.C.§102(e). That new requirement would also be required for using that type of prior art. Again, no change to whether a similar reference would be subject to that requirement under 102(a)2.

Double patenting. This one is an interesting one where you have a provisional non-statutory double patenting rejection that is appealed to the board. As you all probably know, the board has issued a precedential

opinion that they need not reach a provisional non-statutory double patenting rejection if it's appealed to the board. This guidance is where the sole rejection of a claim is the non-reached provisional non-statutory double patenting rejection when it comes back down to the examiner after the appeal that the rejection should be withdrawn.

The next two slides are exemplary of a number of cases that were added in 2100. If you go to the summary of the changes, you'll notice that a large number of cases have been added to 2100, and these are just two.

The Cubist case is interesting in that the applicant had actually misidentified one of the amino acids in an antibiotic. It actually reversed the stereoisomer. But, the disclosure also included the method of obtaining the antibiotic and some characteristics, and if you use that method to create the antibiotic, you got 100 percent of the proper stereoisomer. So the question was, did the applicant have written description and possession of that invention, and the court

said yes. It's an example that you don't need pre hoc verba support for claims.

The next case, the Yeda case, is similar, but it's directed to written description where you have a parent and a child application and intervening prior art. And the parent application did not have the full sequence of a protein, and the child, of course, had the full sequence of the part of the protein that was relevant. The parent application did teach how to isolate the protein and additional characteristics of the protein, so the question was, was the claim entitled to the benefit of the relied-upon parents' filing dates as a written description question, and the court said that it was. So, it's a nice additional example of, you don't need pre hoc verba support in order to be entitled to the benefit of a relied-upon prior application.

As I said, my boss instructed me to go quickly, so that's (laughter) the end of my prepared remarks, but I'm happy to take questions. It is interesting going before

your boss.

SPEAKER: Rob, great job. Those quick questions on the written description requirement, that's much different. I think practitioners would say in Europe, it's much stricter ad compared to the U.S., so those are good cases to know.

MR. CLARKE: Correct.

SPEAKER: And then just a silly question. Do they still print the MPEP? (Laughter) Because when I started practicing 20 years ago, that was one helluva book.

MR. CLARKE: Right. We do make paper copies available --

SPEAKER: Not that I want one.

MR. CLARKE: -- within the patents organization. It does take some time. The electronic publication is faster, obviously. And it's quite thick.

SPEAKER: My more serious question is, if I'm an examiner, what do I go to? Do I go to the MPEP? Do I go to the memos? We had an issue with 101 shortly after the memo came out on Berkheimer, I believe. And the

examiner said we didn't get the training on that and they're waiting for certain sections of the MPEP to be updated, and so on. So, I guess as an examiner, there's so much information, where do they go?

MR. CLARKE: Right. So, one of the changes we've made recently in the manual is, each section in the manual includes a date, and that's the date that we believe the section is current. So, as of this date, we believe this is reliable. Obviously, there are memos that come out from Bob's shop, -- well, my shop -- that revise the existing section. So, if the memos have come out and they said, this is effective immediately and the manual will be updated in due course, the memo would control.

SPEAKER: And that's what we said too, but there's a training requirement and stuff. From a practical standpoint, that's what happens.

MR. CLARKE: Thanks. I'll make a note of that.

(Laughter)

MS. JENKINS: Bob, are you going to start?

MR. CLARKE: Unless you have anymore questions.

SPEAKER: I just wanted to add one point to Peter's topic. On Berkheimer, we did come out with a memo simultaneously with starting to train examiners. It's absolutely true that examiners got the memo and then were trained sometime after and are being trained now as we speak. There's always that lag, and we run into the situation, do we go and train 8,000 people first before we come out with a memo, and we've done that sometimes in the past. This time we chose to just come out with the memo when it was ready so that everybody can see it. We thought it was mostly understandable by examiners, so we decided to come out with a memo and then start the training. I know Bob might get into some of that training, but we do run into the problem that the minute the memo comes out, it's in effect in use and examiners haven't had the next step of training other than

reading the memo.

MS. JENKINS: Just to put everyone on the same page and why I'm running around a little bit, we're having some technical difficulties. We're being transcribed. Yeah. (Laughter) But we don't have the livestream. So, we may have to do a little finagling in the meeting because none of the director's comments were heard by the outside audience. So just bear with me during this meeting. Okay? With that -- It's just here. It's just within the cone of silence.

(Laughter)

MR. BAHR: Except it's being transcribed. (Laughter) Thanks, Rob.

I want to discuss the subject matter eligibility, including the changes in the MPEP. As Rob mentioned, the MPEP is revised up to a particular date, and I think the revision date for most of the MPEP now is August of 2017.

MR. CLARKE: Correct.

MR. BAHR: What I'm going to talk about in the MPEP is current, but up to August

of 2017. And the MPEP process is a data which Rob and, frankly my area is finished with it, and then we hand it off to get the various approvals. The MPEP actually has to be approved, not only within the office, but by the Department of Commerce and by OMB before we can publish it. There is sometimes a delay between when we are done, the end date, and when we get approval to publish, which did not occur until late in January. So, there is a bit of a lag.

SPEAKER: I think people will be shocked to know that the MPEP has to be approved by the Department of Commerce and the OMB before it gets published. Just maybe government procedures and so on, but that's kind of shocking.

MR. BAHR: That's the current government procedure. That wasn't true when I started in this job, but for the last few years, we actually have to send it to the Office of Management and Budget for their approval. I'm not sure what they think about it when they look at it, (laughter) but like

Rob said, it's about a foot high at this point.

With respect to subject matter eligibility guidance, as was mentioned, I have issued a number of memos and we published several Federal Register notices on it. One of the things that was liked about that is that we get information out fairly quickly. One of the things that was disliked about that is it put the information in a bunch of disparate areas. So in 2017 we put all of it, like I said, up through August, into the MPEP. So now, as you can see in this little funnel, that all of that information has now been incorporated into MPEP Chapter 2100. That's the good news. The bad news is, it's only current up to August of 2017.

With respect to just going through the MPEP, the subject matter eligibility is in 2106. It has the two criteria for subject matter eligibility. One, the USPTO step 1 that would be directed to a statutory category of invention, and the step 2, or the Mayo/Alice framework that basically they made

sure that the invention is not a judicial exception to patent eligibility.

Sorry, I'm doing the speaker instead of the clicker. I'm just going to breeze through these slides because they will be posted online, and I'm sure it's things you already know. The flow chart for eligibility analysis has been changed a little bit. The Mayo/Alice two-step framework hasn't changed, but we organized it a little differently. We put in what we call three pathways to eligibility. The first pathway is the streamline analysis for claims that so clearly directed to a patent-eligible invention that we feel that examiners should not spend their time going through the two-step analysis. These would be eligible at what we call pathway A. First is with the examiner determines that the claim is not "directed to a judicial exception", the claim can be considered eligible at pathway B. And finally, even if you go through those steps, if the claim has something that would amount to "significantly more" or, what the Supreme

Court calls an inventive concept, then the claim can be eligible at pathway C, the third step there. So, it has the pathways A, B, and C to eligibility.

The statutory category has been mentioned. Those are discussed in MPEP 2106.03.

With respect to claims being directed to a judicial exception, that's in 2106.04. Those are basically the judicial exceptions, and this section of the MPEP (inaudible) detailed information on the judicial exceptions.

The next step, pathway C, or our step 2B, is in 2106.05. That's the provision for if you have a claim directed to a judicial exception, that resolves the question of whether or not it's directed to significantly more than a judicial exception itself, and 2106.05 has more detailed information on that.

Finally, the streamline analysis is in 2106.06. That's the one for claims that are self-evidently directed to eligible inventions, and this also discusses claims

that are unambiguously directed to improvements in technology or in computer functionality.

Next, we also have a section on formulating eligibility rejections. So once an examiner makes a decision and if the examiner comes to the conclusion that the subject matter is patent ineligible, then this section of the MPEP 2106.07 discusses how to make a proper subject matter eligibility rejection.

That was the MPEP in a nutshell. Next, for other information we make available to examiners is, we have something called a Quick Reference Sheet, and these are all of the cases where they discuss that something is considered an abstract idea. They have them grouped by categories to somewhat help examiners find the most relevant cases quickly.

We also have an aspect of this Quick Reference Sheet having the decisions that hold claims to be patent-eligible, and this later chart we have been updating pretty much every

month to put in the most recent decisions.

Though we have these included, I think we plan to update it to include the more recent Vanda decision concerning diagnostic methods and methods of treatment.

Next we have a case (inaudible) chart that has all of the decisions on subject matter eligibility. This just shows one decision. It has basically what the decision, whether or not it's precedential or non-precedential decision with an opinion, and the case name and various information about where the application was classified and grouped.

Sometimes decisions are what we call split decisions where some claims are held eligible and some are ineligible, and this also points out what claims were held and which ones were held ineligible for those cases.

SPEAKER: Bob, for the quick reference guide, I've used it and sent it to clients and they find it helpful.

MR. BAHR: Which?

SPEAKER: The quick reference guide.

MR. BAHR: Okay.

SPEAKER: The other two I haven't seen too much, so as you update them on a monthly basis, maybe you could send it to PPAC. We could distribute it and so on, because it's helpful information.

MR. BAHR: Sure. This one is just a spreadsheet. It's like, I think, an 8- or 10-page spreadsheet of cases. But if you want, I can do that.

SPEAKER: Yes. It's helpful.

MR. BAHR: Okay.

SPEAKER: Thanks.

MR. BAHR: If I can take a quick side journey from subject matter eligibility. We have issued a few memos since the MPEP close date of August 2017. This decision Amgen v. Sanofi, this was a particularly frustrating decision, not because of what it held, but because it came out in October of '17. We looked at it and I said, we haven't even issued the MPEP and it's already out of date because of the lengthy review process.

So, we actually understood that we would have to issue a memo and actually this one was a special case because it resulted in two memos. The first was, this case basically said that the newly characterized antigen test should not be used for determining written description under 112(a), so we issued a memo on that back in February of 2018, and I think Rob discussed this decision with respect to the Dynamic Drinkware situation where there has to be support for at least one claim and a U.S. patent or U.S. published application for that patent or published application to have prior art effect under Pre-AIA 102(e) as of the filing date of the earlier provisional application. So, this decision actually resulted in two memos, and that later memo was published on April 5th. These are all available on our website.

Back to subject matter eligibility. There was also a memo that discussed the case law developments between August of 2010 and January of 2018 primarily concerning the decisions in *Finjan* and *Core Wireless*. This

was just informational because these reinforced the position that improvements in software-based innovations can make non abstract improvements in computer technology and be considered patent-eligible at the first step of the Mayo/Alice analysis, basically our step 2A. So, this memo came out -- actually I'm not exactly sure when -- but, this memo was basically to sort of catch up. Now, at the time we were doing this memo, there was another decision that came out. Berkheimer. This was directed with a different aspect of subject matter eligibility, so it was put into a separate memo. This decision basically pertained to the enquiry of whether or not an element or a group of elements represents well-understood, routine, conventional activities. And in this case, the federal circuit found that this question in that particular case raised a disputed factual issue. In many cases, the patentee either admits through in their specification or during the pretrial, the depositions, determining process, that something is

well-known. In this case, the patentee was arguing over whether particular limitations were disputed factual issues or, they raised the issue of whether or not particular limitations were actually well-known. And so the federal circuit held that that's a disputed issue of material fact and that precludes a summary judgment of ineligibility for all of the claims, so it sent the case back to the district court. We looked at that decision and decided that we need to revise our training instructions in light of this decision. So basically we went from saying that an examiner should conclude that an element or combination is well-understood, routine, conventional only when the examiner can readily conclude that the element is widely prevalent or in common use, and I think it's based upon the examiner's knowledge in that art. So really under preexisting guidance, examiners should be using this well-understood, routine, conventional, only when the examiner is pretty certain that the elements are in fact well known. After

Berkheimer it appears that there is a requirement that this be a supported position, so we have issued a memo that states that when you make this conclusion or finding, that something is well-understood, routine, conventional. It has to be a supported factual determination. The memorandum also clarifies that the standard for considering something to be well known is whether or not you would have to describe it in detail in the specification for that element to be supported under 112(a).

And also I point out that the MPEP will be updated to incorporate this change soon. (Laughter)

Basically, the memo states that the support has to be one of four things, namely an expressed statement in the specification, or during the prosecution history by the applicant that indicates that an element is well-understood, routine, conventional.

It has to be in one of the court decisions discussed in a particular section of the MPEP where certain elements have been in

essence judicially noticed as well-understood, routine, conventional.

The third one is somewhat new in that you can rely upon a publication that would demonstrate that an element, or combination of elements, is well-understood, routine, conventional.

Finally, there is an official notice option. Previously official notice was used in prior art rejections to establish that something was known or well known. Since it's somewhat the same thing as being established that something is well-known, we felt that when it's appropriate to use official notice it would be appropriate here to say something is well-known, routine, conventional, if the examiner knew that to be the case. We wanted to emphasize that the examiner really has to be certain that something is well-understood, routine, conventional before official notice can be used.

SPEAKER: Bob, just on this case use as an example. How would an examiner get trained on this? Do they get sent this

information? I think Andre said there's 8223 examiners, maybe half of which are on the hotel program.

MR. BAHR: Sure. What's going on is we issued the memo, I think it was April 19th. I've done seven web chats so far to bring it to the attention of examiners. I'm going to do an eighth this afternoon.

SPEAKER: Right.

MR. BAHR: So, we did a set of web chats to very quickly bring the information to the attention of examiners, but we were also in the process of developing more comprehensive training, which I believe is slated to be delivered starting at the end of May.

SPEAKER: And you're giving a public web chat next week?

MR. BAHR: Next week. I'm going to do a public web chat.

SPEAKER: Just on this?

MR. BAHR: Just on Berkheimer, but obviously if somebody has other questions, they're free to ask them.

SPEAKER: Good stuff.

MR. BAHR: Thanks. The other aspect of the Berkheimer memo is that if in response to an office action if the applicant challenges the position that the additional elements are well-understood, routine, conventional, the memo points out as with any situation where an applicant argues a position, the examiner should reevaluate their position and specifically respect to official notice if the applicant challenges it and states that the element the applicant does not believe it to well- understood, routine, conventional. Then the examiner would have to provide one of the first three options or provide an affidavit or declaration, which is the same as current official notice practice where if it's timely (inaudible) and the applicant would have to find something to backup his or her position.

That kind of concludes my talk, except I want to point out that the first two things I discussed, what's in the MPEP can be kind of be viewed as the past. Berkheimer

memo is sort of the present, but as the undersecretary pointed out, we are reevaluating subject matter eligibility to see if we can bring more clarity to this area and more predictability. So basically, there may be things coming in the future.

MS. JENKINS: Great. Thanks, Bob.

MR. LANG: Can I ask something?

MS. JENKINS: Yes, sure. Sorry.

MR. LANG: You mentioned before the MPEP being about this high and I remember it being more like this high when I started to practice. Can you comment on the greater complexity and length over the years and whether there is any effort to eventually streamline?

MR. BAHR: Sure. I'll go over complexity and length first. I would say there's two factors that have contributed to that. First, the section that this is all included in, Chapter 2100 on patentability. That did not exist when I was an examiner. When I was an examiner, the MPEP was about three to four inches tall. There was no

section on patentability. There were no sections on patent term adjustment. There are many things now that did not exist 30 years ago. So that's in part why it's getting longer, and the patentability section is quite thick. So, if you wanted to go back to the good old days, we'd have to take that (inaudible) MPEP, which I don't think would be a good idea.

The second thing is streamlining. There is a tension between making things streamlined and making things comprehensive so we have all the information in one place. Sometimes there's suggestions about having a streamlined version of it, but the problem that that always entails is you would be removing information which is usable, so that's in part why those efforts, at the end of the day, really haven't gotten us very far.

MS. JENKINS: One additional point too is that the MPEP now currently essentially covers two sets of laws, the Pre-AIA and the Post-AIA, and so at some point in time we'll be able to streamline it. (inaudible) phase

out on that.

SPEAKER: (inaudible) take some things out like (inaudible)

MR. BAHR: Yes. Some things have been taken out like (inaudible) of statutory invention registrations. I would imagine that some day they will take out the --

MR. CLARKE: (inaudible)

MR. BAHR: Oh, I'm sorry. Rob was saying we've also been able to take out injured parties from the exams.

MR. CLARKE: No. Soon. Soon.

MR. BAHR: Oh. Soon. Yeah. Because there are still pending inter partes reexams, it will probably be quite a while before we can take out the first to invent provisions because we still have many cases from Pre-AIA. Pre first-inventor-to-file or first-to-invent that we are examining, and it will be some time before all of those cases are out of the system. But, yes, there are some things that will go away that we could take out eventually.

SPEAKER: Rob, one last question.

It may be better for the next group on operations, but just because of your experience. I've been getting a lot of questions about blockchain technology and AI and future technologies and how they're being handled. I'm not really sure how you could respond to that, and when we go out to events, there's so much discussion around the issue of AI and blockchain, and I see a lot of one-on-one issues there, but how do you train the examiners on a new technology? Do you have discussions on the new applications coming in because blockchain is so new I could tell you that we're getting inundated with blockchain requests. So, any feedback would be appreciated.

MR. BAHR: Sure. I'll defer to (inaudible). There's a couple aspects of training. There's one training them on the technology so they're aware with the most familiar technologies. And we have programs that do bring examiners up to speed on the latest technologies. As far as the subject matter eligibility aspects is that we are

considering these issues when we discuss with the undersecretary what positions we should take on that, and we are very cognizant of the need not to cut off areas of technology through overly broad application of the decisions in Mayo and Alice.

MS. JENKINS: Okay.

MR. THURLOW: I would just add that things like AI are not new. I was the supervisor of the AI (inaudible) in the mid-'90s. It's just now becoming very, very buzz wordish and popular and actually evolving to the point where it's useful. So I would say that all of our 101 memoranda and everything applies the same now as it would in the future and for other technologies.

MR. BAHR: What we'll do in the core, Pete, so when you have a new developing technology within a work group or within a TC, generally there's a request from the TC, oh, this is developing. This is a new technology developing. Let's say there's a 101 issue that we want to kind of further investigate. That will come up as a request to us for

training on that particular technology. A lot of times that training request will come up with examples, like here's the different kind of claims that we're seeing that are a little bit different than before. We'll get with Valencia's shop, Equality Shop, and we'll look at a way to get some training back to them. Particularly they'd like a lot of workshop style training. It's one thing we'll go back and we'll emphasize the two-step test obviously, but a lot of the training comes through examples and just talking through the different cases and trying to develop along the lines of the two-step test. So it's kind of a back-and-forth between a request, us getting some training to them, and the TCs getting together workshop style, looking at examples and trying to figure out where to draw lines.

SPEAKER: As we celebrate innovation, as we do those things, you may want to bring some of those folks in, the experts in that area, so you can marry the two together because it's just a really hot area.

SPEAKER: Okay. That's a great comment. Thanks, Pete. We'll do that. And we do have our PETTP program where we do bring in experts on technology to come in and speak to examiners.

MS. JENKINS: Okay. We're going to move along. So, just FYI, the bubble has been removed, so we're now live streaming.

Out to the live stream audience, if you experience difficulties again, if you could email us and tell us, that would be very helpful. And we'll try to monitor that to make sure that we're still live streaming.

With that, I think we are going to move to -- and thank you on that presentation for the MPEP and Section 101. And I do share Dan's comments about the size of the MPEP and how I don't want to even have that as a book anymore, (laughter) to even consider trying to carry it around.

MR. BAHR: You know, we do make electronically available.

MS. JENKINS: Yeah, we do, don't we?

MR. BAHR: That's what I use.

(Laughter)

MS. JENKINS: Yes. Oh, yeah. Right back at you. So, for operations, Andy, who -- are you going to lead for operation? Why not? Okay, great. Thank you. Andy Faile.

MR. FAILE: Okay. Thank you, Marylee. Good morning. We have a couple different presentations from our update for this morning. One is on our customer partnership meetings, give you guys a sense of where they're going and when some meetings that we've had, and we've got a lot of activity in this area, so I really appreciate everyone that's come to a customer partnership meeting and given input to our groups on what you guys want to hear as far as from the TCs perspective looking at all kind of examination issues that occur in the TCs.

The second part is, I'm going to say, a demonstration or kind of a very high-level look into the patent examiner job. We call this a day in the life of a patent examiner. There's an emphasis on what they do

in searching. Obviously, in the time constraints we have it would be impossible to communicate exactly what an examiner is doing on a day-to-day basis, even a portion of it. But what we'll try to do is have the team walk through some of the things that examiners are doing on a day- to-day basis, looking at the tool sets that they use. There's a number of different tools they use in their examination every day. We'll walk through that. We'll walk through that. We'll have an emphasis on the searching.

A couple notes about that presentation. If we could try to hold questions to the extent possible until the end. There's a lot of material for them to get through. That would be helpful.

And then, number two, in your handouts there's a lot of slides. A lot of the middle of those slides are screen shots. Since part of what the team is going to discuss is actually a live demo and searching, we put some screen shots in the material so you'll have a takeaway from that, since most

of that will be live. So, we won't necessarily walk through all the slides in the slide set, but they're there for your reference later on.

So, let me start with Jack Harvey, Assistant Deputy Commissioner, TCs 26 and 36, to do the customer partnership part. All right, Jack.

MR. HARVEY: Thank you. I'm just here to introduce Tammy Goddard. So, Tammy has been working. She was on detail with the assistant deputy commissioner's group for a few months, and part of the things that she brought back with her was to work on the customer partnership meetings. So she took the lead and brought a few other managers together to put together what you're going to see today.

We've been doing customer partnership meetings for many, many years, and we want to encourage it and become more of a standard operating procedure for our customers and the employees here at the office. So this is what Tammy's been working on. So I'll turn

it over to Tammy. Go ahead.

MS. GODDARD: Thanks, Jack. So good morning everyone.

So one of the ways that the agency engages with our stakeholders through our customer partnership meetings, also known as CPM. So I'm here today to talk briefly about what it is, its benefits and our future plans.

The main purpose of these meetings is to strengthen the relationship between the agency and our stakeholders by devoting at least a day to discuss various examination policies, procedures, showing mutual concerns, engendering ideas and feedback through direct interactions with the technology centers.

The form of variation TC to TC, but generally it consists of some combination of presentations from both sides. Small groups (inaudible) in a sharing session and Q&A panel. Each TC generally hosts at least one meeting per year and as many as four each year, either in collaboration with another TC, an outside group, or on their own.

The earlier meeting of CPMs is dated

back as early as 1999, and there were up to 10 meetings in 2017. At each meeting and year after year, the format of it continues to evolve based upon the customer feedback to make it more effective and more available for our customers.

Some topics include legal and technical discussions, such as 101 is a huge topic right now, as well as 112(f) or motivational statements. We also go over updates on various initiatives, such as Clarity of the Record Pilot Program, Interview, After Final Practice. We also show you a glimpse of our culture as well, such as how examiners are trained or how our TC is organized.

So far as of today, we held six meetings thus far, and we plan to have six more by the end of this year. As details become more finalized, all the information can be readily available on our website.

In addition to finding out more information on future events and past events, when you visit our website you can also sign

up to participate either as a speaker or an attendee as well as leave feedback and suggestions for topics and formats.

So with that, I'm happy to answer any questions or for more information you can visit our website or email us at patentpartnerships@uspto.gov. Thank you.

SPEAKER: The meetings are really good. And we would encourage more of them. I've only attended a few. I want to attend more. That good. The motivation statements, real quick, are interesting because we find examiners don't buy into that during prosecution, not really a way to getting a patent, that they haven't provided the motivations and combined the references. Interestingly, when you file a PTAB petition, if you don't have that statement, they'll reject the petition. So, there's a little inconsistency, in our opinion, from how the motivation statement or motivation issue with 103 is used, so if that topic can continue to being part of the meetings, that would be good.

And then just real quick, I haven't attended a meeting in a while. Did you mix up the panel discussions between folks from the public and then folks from the patent office?

MS. GOODARD: Yes. Each format varies. Yesterday we held a CPM meeting with TC, hosted by TC 3600 and 3700, and consisted of various panel members. Some were joint from internal and external and some were all external, some were all internal. So, it varies based upon the feedback we're getting.

SPEAKER: Okay. And the training issue always comes up too, so to the extent you could put that out on (inaudible) training, (inaudible). Thanks.

SPEAKER: I'd just like to add, in the past, as Tammy mentioned, we've had partnership meetings. We've had them in certain technologies. What we've tried to do is really expand that so virtually any technology area can come in and have a partnership meeting during the course of a year. As Tammy said, there's about 12 coming up this year that somebody can come in and

talk about the issues specific to that particular technology. The teams have done a great job doing this. I also just find another intangible benefit of the partnership meetings is just, who am I working with on a day-to-day basis, and so this past year a lot of our partnership meetings started off with introductions and, here's the staff from PTO, here's where you go if you have a problem, if you have an issue. So, I think these were huge.

SPEAKER: Web casts, right? They used to be.

SPEAKER: They are web cast. Yes. I'm going to go back to the previous 101 discussion just because Bob and I are actually exchanging emails about your question before about some of the documents. Those are actually available all on our website. The Quick Reference Sheet, the Claim Chart, so what Bob went through are available.

SPEAKER: My point was, is the update on a monthly basis so they could send it to PPAC?

SPEAKER: Absolutely.

MR. HARVEY: Moving on. A little further down the table we have a laptop that we're using, so we have Jessica Manno, who is a supervisor in 2800 along with Kevin Parendo, who is going to be giving the demonstration. I'll turn it over to you.

MS. MANNO: Good morning. As Jack mentioned, my name is Jessica Manno. I'm a supervisor patent examiner in Art Unit 2828, which is part of the Semiconductor workgroup in Technology Center 2800. I was asked to help organize and facilitate this presentation. Also here with me today is a primary patent examiner, Kevin Parendo, also from Technology Center 2800. He will be doing a live search demonstration. I'll start with a brief overview of a day in the life of a patent examiner, and then hand off the presentation to Kevin.

The information in these slides was generated with the assistance of several patent examiners from electrical and chemical technology centers. So, how does an

application arrive on an examiner's desk?
Incoming patent applications are given a classification based on the subject matter of the application, and this classification is used to assign the application to the appropriate technology center.

There are nine different technology centers, in which over 8,000 patent examiners are assigned. The technology centers are divided into broad categories that examine chemical, electrical, and mechanical arts as well as plans and designs.

Search techniques vary across the different technology centers, and we will just show you today a sampling of some of these techniques.

So, what does a patent examiner do after the application lands on their desk? They start by reading the contents of the application to get an understanding of the claimed invention. Then they determine whether the application is adequate to define the boundaries of the claimed invention, and they also determine the scope of the claimed

invention.

Next, they search the associated existing technology to find any relevant prior art, from which they eventually determine the patentability of the claimed invention, and in turn provide a response to the applicant regarding the patentability determination. The following are a list of electronic tools an examiner uses during the examination process. The first is the Docket Application Viewer, also known as DAV, which the examiner uses to view their docket and patent applications. This tool is used to assist with viewing the application contents in determining the meets and bounds of the claimed invention. This is similar to Public PAIR. Examiner also uses search tools, specifically East or West, or other electronic databases to search for relevant prior art. In addition, the examiner uses either the Office Action Correspondence Subsystem, OACS, or Official Correspondence, OC, to write up outgoing correspondence called office actions with the applicant their representative. Note

that the office is currently in a transition period from OACS to OC, which is why both tools are currently being used. For purposes of this demonstration, we will primarily focus on some of the search tools.

How are search strategies developed? The first step to develop a search strategy is to understand the claim it mentioned and the metes and bounds of the claims. In addition, the examiner may consult with other examiners, review any cited prior art, such as information disclosure statements or third- party submissions, and any associated patent family documents to aid in determining their search strategy.

But why do examiners search? What are some of these reasons? They search -- the search can facilitate claim interpretation, determine the state of the art ambition to finding relevant and prior art, and then eventually making the patentability determination.

So where do examiners search? They search in U.S. And international patent

literature databases, they do electronic searching in -- for publications or websites, and pretty much they search anywhere they might find the information they need with the evidence of the data publication or availability. Keep in mind, this is not a non-exhaustive list and it is not a one-size-fits-all for every application.

So I am going to now pass the presentation off to Kevin.

MR. THURLOW: Hey, Jessica. Could you refer -- could you go back two slides?

MS. MANNO: Yep.

MR. THURLOW: One more, three.

MS. MANNO: Oh, sorry.

MR. THURLOW: So the challenge we have for applicants is the claim interpretation, we understand, determine the scope of the invention. Many folks in the public don't believe the examiners sometimes understand the aspects of the invention initially and sometimes it takes two or three, say at least two go around before they understand sometimes I get references later in

examination that we would wish that we got on the first of the section. So my question is, would you -- what do you think about a pilot program? We talked about it yesterday. If applicants along with the submission voluntarily submitted potential search terms for you to help figure out the search terms. Because if you don't understand a technology, well then, it's difficult to do a search.

MS. MANNO: I'll let Andy.

(Laughter)

MR. FAILE: I'll take that one, Pete. Yeah. So any information we can get to the examiners to help in doing searches, I think, is a valuable thing to do. We probably want to talk more through what kind of terms will we get and then certainly evaluating whether that's helpful or not, I think, was a good thing to do. But any information that we can get into the application from any source, whether it's looking at the relationship of the instant application of any foreign counterparts and they've been searched by EPO, JPO, et cetera, and grabbing that art and

looking at that.

We have a project now that Bob in -- Bob Bahr and Mark Powell are working on to try to put that together, if you guys have heard from previous PPAC meetings. But anything where a flow of information can come into the case and the examiner can use that to construct search queries, to plan field of search, et cetera, I think, would be great. We just have to sit down and talk about if we wanted to pilot something like that, what would the parameters be, what are we actually trying to learn, and kind of go from there. It's a good suggestion.

MR. THURLOW: My overall --

SPEAKER: So it is a few -- the office has done a lot. I've been on PPAC six years and obviously I ask way too many questions, but the point is, is the office, Valencia, everyone --

SPEAKER: Yeah.

SPEAKER: -- and Drew has spent a lot of work on patent quality. But if you get a crappy search -- excuse the language -- a

crappy search, then examination's not going to be that great.

MS. MARTIN-WALLACE: So, Pete, just to follow-up. What a great suggestion. It's an area that we've been looking into. In fact, the deputies and Drew have had some discussions about our whole pre-search process we have. Currently, we have our diagnostic interview pilot that -- that's going on and hopefully very soon we will be able to give you an update on that. And we're looking into -- we presented to you a couple of PPACs ago, sessions ago, our application readiness and results of the survey and one of the things that came out of that as a result was looking into search terms being provided as part of the filed application and the necessity of that to help assist examiners. So those are -- it's a great idea. It's something we've been thinking of and something we're looking into right now.

MR. WALKER: I have another question along those lines. So hearkening back to what the Director said about narrowing the gap

between what does the prior art that's uncovered in the -- by the examiners and what is found in litigation and maybe PTAB trial, the AIA trials. I mean, are you going to look at -- I guess, one question is around non-patent literature and what the scope of the examiners search or not because when I looked at the list up there, obviously a lot of it is patent literature-related cases. But it would seem to me to narrow the gap, you have to understand what is the gap? Is it non-patent literature or is it patents that are being missed? Is there going to be some study, because to narrow the gap you have to kind of understand what the gap is.

MS. MARTIN-WALLACE: You guys, you -- (laughs) we need to have you in our meetings because these are all the things that we've been discussing in how to move forward with on what we need to search and study more of. I mean, we've -- we have great ideas that we've researched and where before maybe not necessarily at the right time something that Andy and his team were looking at quite a bit

is crowdsourcing and we're revisiting that, if that's something which would help with especially non-patent literature for us.

And yes, you're right. It's just a world of -- and Director Iancu said that during his beginning talk, it's just a world of non-patent literature out there. And we're finding a little bit of all of the above, when examiner in doing their search and then having the amount of time to not only explore patents, but non-patent literature and also the references that are coming in, and exploring that and the relevance, what we do with our post-grant outcomes, which is something Jack Harvey -- that program that he put together and is working really well, that explores references that are coming in.

So we are doing all of the above right now and trying to identify where to begin. So, love all of your ideas; keep them coming, please. It's helping us to not only look into and consider new ideas but helps us validate what we are doing and what we're planning. And hopefully, in the near future

we'll be able to give you more information about what we're doing.

MR. WALKER: Okay, just a side comment. One of my long-time colleagues -- this is a tough job, this non-patent literature. And one of my colleagues said his favorite publication was the Mongolian Journal of Ornithology, so (laughter) good luck finding articles published like that that might relate to an intern. (Laughter)

MR. FAILE: So, Mike, it's a great point. So in -- exactly as Valencia said, in starting this out, if you're looking at from the point of view there's a gap between some arts that's found post-prosecution and in art that's found during the prosecution, one of the things, I think, is very important is to study not only what type of art was found, but how did they actually find it? Is there something there that can be learned and imported back to the front of the process that we can make sure we've looked at that at the front of the process? So one of the things, I

think, would be very worthwhile would be to do some type of study of the gap, the references found later in and of themselves to see at least what type of references are found, are they MPL, are they U.S. Patents, foreign patents, et cetera, got to get a sense of what that is, the universe of those.

And then more importantly to me is, how was this found, should it have been found during prosecution upfront, and then how the art was uncovered. And if any of those learnings we can import back to the front of the system, I think, that's going to actually strengthen everything. So that's a piece of what we're looking at, as -- in terms of kind of a study and trying to figure out and learn from the backend of the process.

SPEAKER: Can I say something?
Valencia mentioned the application readiness and I think that that's really important because the studies that the Agency did showed how important the examiner's-filed examination readiest -- readiness is to the process. And when you get an application that you can

clearly understand when you do your first search, that's so important to the quality of the art that you find. If it -- if you go through that process that Peter was talking about and it takes two or three for the examiner to understand what's there, you've lost that opportunity for them to do that initial search in the time that they have with that information. So it's really important to send in a clear application that the examiner who works in the art can understand when they're doing that initial search that they do.

MR. LANG: So I definitely agree with the Director that the gap between art found and prosecution art found later on (inaudible) a critical issue facing the system and non-patent literature is an important place to focus. It's great that we're really aligning on that and devoting a lot of effort. We've been talking, I think, about MPL, though, for many years now. I mean, do you have metrics about how often it is being relied upon, found, considered, used as a

basis for rejection now as compared to, let's say, five years ago?

MS. MARTIN-WALLACE: So we keep data on everything, so I'm sure we do have between our STIC, our Scientific and Information Center, as well as what we can collect ourselves we can find that. And I will put a task for myself to make sure that we get that information to you.

MR. LANG: I think it'll be an important thing to track, going forward.

MR. THURLOW: And just last quick point, application readiness. We all want to -- as practicing attorneys, we all want 10 and 20 hours to read the application, make sure the claim's a correct scope. I think half the applications submitted to the Patent Office are based on applications that claim form priority to Japanese or other international companies, so we just don't have that time to make every application. (Track Ones) are the best indication of application ready that we've discussed in the past, but to the extent they're not, it's not that we don't

want to, it's just the nature of the business. There's now budgets to support and all that.

MS. MARTIN-WALLACE: I know you're going to have to (inaudible) just to respond to that. I agree with you completely and that's one of the things that we're struggling with, as well, with the examiners. Part of the application readiness, though, is to identify in the same manner we did with the clarity of the record, probably what aspects have the most impact to the appropriate prosecution, moving forward. So that's what we're trying to address and identify, is making sure that our efforts and the efforts getting the application together are the right efforts to create impact. But yeah, you're right. It -- it's for -- it could take you forever and you're still going to find something during that prosecution that you need to change.

MR. LANG: I actually don't think that the office should hesitate to require that applications be in a state of readiness, that they can be searched readily. It'll go

to the quality of the search, but it's also going to improve the quality of the issued patent and the ability of the patent to provide notice to the public.

MR. POWELL: Yeah, and it's in many areas, as well. Long considered, should an applicant be required to respond to a negative opinion in an international search report when he goes to the national regional phase? I mean, because otherwise it's just a wasted office action and so on. So there's many, many aspects to that.

SPEAKER: Okay.

MR. FAILE: Okay. So I believe we have a problem with connection with the demo, but we've prepared for such eventuality.

(Laughter) So Kevin has -- will walk us through kind of on a screenshot basis what the tool looks like. So apologies to the demo; we can't do the live demo part as we envisioned. But, Kevin, if you could go ahead and start with walking through the slides, that would be great. Thank you.

MR. PARENDO: Absolutely. Thank

you. All right. So our demonstration was intended to show off the functionality of East and to show how an examiner performs a complete and quality search.

The application process begins by looking at the application in our docket-viewer program. The tool lists all the applications that are assigned to an examiner, regardless of its stage of prosecution. If one clicks on one of these applications, the application opens in the application viewer. You see on the left-hand side the contents of the file-wrapper, including the claim's specification drawings, office actions, IDS, et cetera. If you click on one of those documents, it opens, as you can see on the right-hand side. You see an image view of the documents and we have optimal character recognition tools that can pull out text for various uses.

So the application that we wanted to demonstrate involves a light bulb, as you can see in figure 3 on the left-hand side. And it has light-emitting diodes and a base 100

kind of halfway up. The LED units are shown on the right in figures 6 and 9. You have a plurality of light-emitting diodes mounted to a base with reflectors between them. There's a glass plate above the LEDs and on the top of the glass plate we have multiple wave length conversion elements. A light-emitting diode gives off one color of light, like, let's say blue. If it goes straight through, that's fine. If it strikes a phosphor, the phosphor will reemit a different color, such as red or green. And in the end, what you get is a white light.

The applicant's claims match this description pretty well. We have a plurality of LEDs on a LED mounting board, a first transmissive plate above it having a first wavelength-converting material. There's a base reflector structure over a contact area between the LEDs.

My search would begin by looking at the applicant's submitted prior art off of an IDS. If this began as a 371 application, I would look at the international search report

and written opinion. I would look at the domestic and foreign- related applications to see their application history and see if there's anything useful there. I'd personally search the patent literature in East; other examiners here can use West. And we can do non-patent literature searches and chemical structure searches.

So (laughs) walking through the application, I would start by doing the signee search and inventor search to look for double-patenting issues. Here I show the assignee is Xicato, the operator is A-S and there are 124 filings of USPG pubs or patents from that assignee. On the next slide, I show the inventor search, so I put in all the inventor names. I use the operator near two to make the first name within two words of the last name. And there about a-hundred-and -- 375 of those documents. I can combine those hits together, so I combine the results of L2 and L3 by using the Boolean operator org and then I further limit that by claim terms.

Now, we have other Boolean operators. You can see that the terms involve near eight, our operator that requires the words to be within eight words of each other in the documents. We also have with operator, which means it would have to be in the same sentence, and the same operator, which requires the terms to be in the same paragraph. And we have a wildcard operator, dollar sign. And if it's dollar sign four, it would mean up to four characters. So the word emit in the middle there, dollar sign four would capture emit, emitted, emitting, for -- so forth.

Okay. Here is what the browser window looks like if you were to click on one of the -- to click on one of the search results for, let's say, the double-patenting. On the left, you would see the image of the document. And on the right, you can see a list of all of the applications that the search found. You can switch the view on the right to either be the full text of the document or it can be in the key words and

context, which is shown here, wherein only the paragraphs where you found the search term appear are shown and they're highlighted and colored so you don't have to look through the entire document to find your search terms where they appear. You can text searches, of course, because it's asking, you can figure out what the elements are in the drawings. As I try to show here. Okay.

Next, we -- I would -- what I showed here is the search of all of the documents off of the IDS, but there were 19 of these and we can import this search string in straight from the docket viewer and we would look through all of those documents to see if any of those are relevant prior art. Next, we would start text searching. What I have done here is shown a text search that is very, very similar to the claim language. It was similar and indeed it returns the same four documents as in this entire family's history. All we would have to do from there is broaden that search out by using less restrictive operators and using more synonyms.

And if we do that, we can in this case find about 500 documents. And 500 documents in this case is a pretty good number to search through. I think people have asked the question, what -- which lines did the examiner actually search through? In this case, since I'm mostly looking at drawings and some of the key words in context, 500 documents, I would definitely search through all of those.

Another way to construct a text search is to make a query for the concept overall. And what I've done is, you can see on the right-hand side where you would type in the text, is create a very comprehensive search for all the ways that you could see multiple light-emitting diodes or a plurality of LEDs or first and second LEDs. And I've attached that to be within 10 words of the various synonyms that I know for the mount, such as a base or a substrate. And you get about a-hundred- thousand documents out there that have all of those features to them. I -- you -- it's hard to see again, of course,

because of the slides. But databases that we're searching in here are the U.S. patents and PD pubs, a foreign patent retrieval system, JPO, EPO, and Derwent abstracts and IBM's not -- it's not technology database, but (laughter) --

MR. FAILE: Technical discloseables.

MR. PARENDO: Yes, thank you. Okay. Now, you can create similar concepts, strings for other concepts, such as the glass plate having the wavelength-conversion materials thereon and we find about 30,000 documents there, or to the reflectors that have to be between the light-emitting diodes to channel the light upward and outward. And there are about 30,000 documents there. Now, if you were to combine all those three concepts together -- they're requiring the documents to have all three of those -- we find about 325 documents.

They're all fairly highly relevant and so I show here one of the references that was found. And you can see on -- in the patent drawing the multiple LEDs that are

mounted on a plate, there are sectors between them, there's a glass plate above them, but the phosphorescent material is coated right on the LED; it's the arc that's right on the LED. Whereas it was supposed to be on -- in the claims, it has to be on that top- last plate.

If we keep searching through that -- those 375 documents, we find this document. And on the 15th figure, at the bottom you can see we have again the same LEDs, the same orientation we just had in the other document, but we have the phosphorescent material that changes the wavelength on the top- last plate. It's on the underside of the top-last plate, so this is highly pertinent prior art for the claim dimension of claim one, but it doesn't get at the disclosed invention because in there the wavelength-converting material's supposed to be on the top of that glass plate and in some embodiments it was in a checkerboard pattern, whereas the top it's -- has little holes and it's mostly uniform.

So we would essentially iterate this

process and keep trying different synonyms and different operators and keep going through searches to find more prior art that's better than the documents I've found so far to get at the dependent claims or the more -- the fully -- a better picture of the disclosed invention, as well.

We can do a -- what's called a forward search and for any document we find that looks similar, we can search forward in our database to find documents and patents that have cited that document, so they may be similar.

Now, another tool that we have in East is to make use of the CPC, our Collaborative Patent Classification system. We switched over to this in 2015. It's a language-neutral tool. So we've already been talking about having to find the right synonyms for the search terms. Now, the CPC is a language-neutral tool, meaning that in any specific subgroup, you classify the documents in there if it meets the criteria, regardless of the words that the applicant

uses or the examiner's preferred terms or that the reference may describe that as. In this case, 33/504 is for an LED with plural wavelength-conversion elements in it.

The classifier will help put all documents in there, regardless of if the term -- if the applicant called it a wavelength-conversion element or a phosphorescent material or a florescent material or a color-changing medium. So therefore, if you search in there that provides the examiner and the applicant more certainty that this search should find relevant prior art.

We can collect the CPC subgroups from the initial classification before it come -- before the examiner even picks up the application or from related applications, we have some search tools for that. And one tool is collaboration with other examiners. Now, you can -- what we do is we collect all the possible CPC subgroups that are related to concepts that are close to the claimed or disclosed invention, such as a light source

having a space between the LED and the wavelength- conversion element or an LED having a reflector therein or a macroscopic light source having both an LED and a reflector.

Search through those in various combinations and what you can find is, here's a similar document to the ones we disclaim -- discussed before and it also find this document here where you see the top view of light-emitting diode and you have two wavelength-conversion materials that are in concentric circles. And in this view, you see the top view and it's -- approximates that checkerboard pattern that is closer to the disclosed invention. And here's the side view so you can see that it's -- the wavelength-conversion materials are on top of the last plate like it's supposed to be, as well.

So there are additional search tools if an examiner believes that the best prior art would be found outside of patent literature and we've already talked about some

of them. We have not talked about the STIC, the Scientific and Technical Information Center, or the search strategy experts that we have at the office. They are available as resources to examiners to help craft search strategies and to find databases to search in. They can also provide translations of foreign documents if we found a foreign document based on an English abstract.

We also have a couple hypothetical claims here that were not real claims in this application, but they are -- they get features from the specification, so regarding the color -- measurements of the color temperature that comes out of the device and about the wavelength-converting material in YAG. These are things that are sometimes not easily found in East and looking in non-patent literature is better. The examiner who prepared this did an internet search for the phrase that's listed at the top to try and figure out various standards for such a color measurement and found a document and a database that you would not normally think of searching

yourself. This was at the Department of Energy and it come -- and it gives various standards for comparing the output of LED light versus other types of light bulbs like halogens and florescent bulbs.

Now, chemical structures are not always easy to search in East, either. Paragraph 43 of the specification lists the material YAG and its chemical formula. It gives a couple synonyms for it. Now, other times we're given applications where you're shown the chemical structure in pictorial form, as well. And these are types of instances where East cannot really search those documents. An internet search found another synonym for this material called yttrium aluminum garnet.

And so the examiner did a search and found in a database that uses a natural language syntax a search for LED devices containing yttrium aluminum garnet and found about 2,000 references in it. And to reference, an example of one of the references is shown at the bottom. So through this type

of search, an examiner can find out that the -- this material in particular is well-known in LED devices.

So that concludes the demonstration. It's unfortunate that we couldn't give you a live view. But I hope you found it informative. Does anyone have any questions? Mark.

MR. GOODSON: Kevin, it -- I'm curious -- I don't want any aspersions taken, how long have you been doing this, what -- and secondly, how long in real life would this take you?

MR. PARENDO: Okay. Yeah, I meant to mention that. Not being able to do this live threw me off a little bit. So I had got a PhD about 11 years ago and came to the office then. So I have been a primary examiner for about six-and-a-half years.

This is a shortened version of the tool, of the search for this application because it's just -- we were trying to keep it short for presentation purposes. The -- one of my typical searches would probably be about

three times as long, in terms of the number of search strings that I used. And in our art at my GS level, I have about a day to a day-and-a-half to do the first action, let's say, on this application. So, I think, a typical search might take me a full day and then I'll take then another half-a-day to either read it or to write up the office action.

MR. GOODSON: So are you a physicist, EE --

MR. PARENDO: Physicist --

MR. GOODSON: -- material sci -- okay. But you knew about LEDs years ago, I'm sure.

MR. PARENDO: Absolutely.

MR. GOODSON: Okay, okay.

MR. PARENDO: Mm-hmm.

MR. THURLOW: So, Kevin, the -- that was really informative. Every now and then, we have the (inaudible) examiners give presentations. I enjoy them because they're very specific and I wasn't an examiner, many practitioners were examiners, so it was really

helpful. I also -- I was a laughing a little bit because you mentioned at one point 30,000 documents, another time, 30,000 documents and 2,000 references and is so much stuff, it really -- your presentation highlighted how difficult a search is. But I would say that some of the things that we talk about a lot at PPAC is the use of the (global.ca). Do the examiners look at whether a case is in litigation for claim interpretation, whether there is a corresponding PTAB petition or case going on in that family?

But, I guess -- so that's my question, but there's just so much overwhelming information that I think your presentation was very comprehensive of where -- and in public where you're even looking for more when it comes to global.ca PTAB litigation because of the importance of the search and that's the real critical stuff.

MR. PARENDO: Okay. We certainly do look at the foreign and domestic family members. We can look up the prosecutions there. I don't believe we can look up PTAB

(receiving); I just personally don't.

MR. FAILE: So, Jack, do you want to talk a little bit about the post-grant proceedings?

MR. HARVEY: Sure. Yeah, so I presented here -- I don't know if it's the last time or --

SPEAKER: Yeah.

MR. HARVEY: -- one before. And so that's been up and going, so any PTAB activity on the IPR of the business method realm, the examiner that -- one of the slides showed the DAV tool. There is now a live tab and so when an application -- it's one of those; there it is. It's -- anyways, it's one of those. Anytime that there is a related application that the examiner's working on, they have access to the PTAB proceedings after desktop, so they -- so it's -- they don't have to go search for it. But it's -- and it goes to any application that's related to it.

Just this week, and I mentioned this to Valencia, we are making an improvement to that process. So you can't see this, but

there are different colors at the top that the examiners look for. One is if there is an IDS that needs to be considered, it's colored red. And examiners are trained, for lack of a better word, to look for those colors. And so in August, we're doing an improvement to the -- to find those trials -- the proceedings on the DAV tool and we're adding another icon on the very front of the desktop, so if that is lit up the examiner knows that they have one, as opposed to -- there are a couple steps they have to take now to find it.

We do let the examiner know via email that they have one of these, but sometimes there's a time lag between when the application is identified and when the examiner's going to do the office action. It could be months. And so now we're (writing) the colored tab at the top, and so that would be an August appointment. So it's getting better and better and better.

MS. JENKINS: I have a question. Hello. One thing that -- maybe I'm not understanding this correctly, but it seems

like you're looking at a variety of different information, but it seems like you're going to have to search one database and then another database and then another database. Is it comingled at all or it seems a little -- sorry -- antiquated. Sorry.

MR. PARENDO: Well, in terms of the patent databases, we search all of those at once, including -- okay, so I list them all -- you see it, right now we're -- the double-patenting search was only in two of our databases, our U.S. databases of patents and publications. But on this slide here, it shows the DBs and it's -- I know it's hard to read, but at the top it shows about six or seven of them. So this is searching all of the U.S. databases plus the foreign ones I mentioned plus Derwin abstracts. So if you're -- if you mean searching non-patent literature in here, no, we can't do that.

MR. MATAL: Say, Mary, I just add that the new version of the global.ca tool does allow all the foreign searches to be searched through one portal. We try to

discourage the patents organization from thinking of the PTAB as a foreign country, but (laughs) maybe we need to integrate into that same process.

MS. JENKINS: Well, the reason why I'm asking is, obviously, that's the way all of this was done in the olden days, right? Or if you go back to the shoes, that's a whole another discussion. But -- and I'm dating myself. But we're going to keep asking you to do more and more searching and more and more review and so I'm just thinking, how efficiently can you really do that when you have so much data and how can you do it quickly? So I know you're all thinking about that, but I think it's helpful for people to know kind of how long that this takes to do all this different searching, so yeah. That's my point.

MS. SCHWARTZ: Can I say something (laughs) about that, actually? It was a very good demonstration and I thought it was great. But when you are searching and you have a combination of things like abstracts and full

U.S. documents, my search experience was that you really can't throw everything into one pot and search it together because the detail you need to get the best U.S. documents is too much detail for an abstract database. So you are going to be chopping this up into pieces and I think Kevin did an excellent job showing you that he was using different techniques. He just showed you some, but you're going to use multiple different techniques and it's going to have to do with the databases and the different thought process as you're going down to get the data, so it's pretty complicated.

(Laughs)

MS. JENKINS: Yeah. And that's my point, is that I think it's very helpful for the user community to know, as you all hear me say, the other side of the curtain and understand this isn't just pushing one button and getting the exact reference that you need for an office action. So, Dan, do -- it looked like you were going to ask a question.

MR. LANG: Yeah. If the examiner searches patent literature and finds things

that they like to rely on, does that -- is the guidance then to stop or is the guidance to always continue to the MPL and find MPL, as well?

MR. FAILE: So it really depends on the technology. We've been searching more and more MPL as we progress along. Some technologies, MPL is actually very central and maybe one of the best sources for that particular technology. In other technologies, maybe MPL isn't as prevalent in that field. Generally, before the examiner's going to determine, "Okay, this came -- this case is allowable and we're getting ready to move it into the issue stream," they're generally going to do their last search just to make sure they haven't -- they've uncovered every reasonable area they could find in particular invention. Sometimes that might do -- might be a top-off MPL search on the end. In some cases, if they've covered that all through prosecution, they may not actually do that. So there's no real rule, per se, that before you issue you must go hit databases X, Y, and

Z.

Can I add to a comment that Marylee made, which was really good, and that Pam echoed on? So examiners that are working a certain technology, particularly if you're Kevin, you've been working there for some time, they really know when they pick up a case that's very similar to the one that Kevin showed you, they have a pretty good sense of what databases they're going to hit, what their planned field of search is without doing anything. Part of all the texturings that you see here are unique to the BRS engine that feeds East and crawls through the U.S. patent database and this can be very granular and specific.

You saw Kevin show you a bunch of proximity operators near with same that are bringing words together within a certain number of words. You saw that -- it's hard to see, but you saw he used extensive use of synonyms, this thing or that thing or that thing. As he's hitting those databases and pulling things in, he's also doing an

iterative thing where he's learning through the literature, "Oh, this first transmission line, they also call these things this thing." He'll go back to the search, he'll add those synonyms in, and he'll be -- as he's looking at references, he may find through the classification system, "Oh, this particular reference has actually been classes over in this other area," which is kind of an (ancillary) part of what he's looking at. "I'd better go and at least take a look over in that area."

He's going to constantly be using a combination of kind of Boolean word searching, crunching through databases, and making use of the classification system and CPC, which already organizes things according to technology. So he may decide for the codings on the different LED part that he wants to actually go in to CPC, find where those codings are, and then maybe do a word search with LED within that structure. So he's looking for the codings and their applicability to LEDs, for example. So he's

doing a combination of these all the time and then as the examiners gain more proficiency and expertise in their particular technology, they really have a good sense of what things they can go -- where they can go find art, and how to go about finding it.

One of the things that was brought up, which was a really good point that Pam brought up is, they also know what type of database they're hitting, whether it's a full text database, whether it's an abstract database. The syntax they would use for a full text database would probably be more robust, more complicated. If they're just hitting an abstract database where you just have abstracts you're crunching through, they're going to certainly search that from a word perspective at a much higher level, because if they do that granular search they're going to miss everything because the abstract's not going to be that detailed.

So all of these things are going through the examiner's mind when they're doing essentially two things in searching. One is

they're planning their field of search.

"Where is it most likely I'm going to find this invention?" And as Director Iancu said at the beginning of PPAC today, the explosion of technology and the explosion of places to look on the internet becomes almost infinite, at this point. So when they're planning their field of search, they're necessarily saying, "How do I cabin this in to the reasonable areas where this technology should be if it is there?" Again, this is a patent application. It's all new and novel, non-obvious, right? So we're looking -- kind of looking for something that may not be there.

So their planning of the field of search, which Kevin showed you at least an example in his technology, is important job function, number one. The second thing they do is they actually conduct the search and they're actually looking through the material and obviously they need to understand in the spec that need to be technically fluent so when they find something, then they -- they've actually found it and it's relevant to the

issue at hand. That part of it, as they're finding more references, that might actually iteratively inform their planned field of search and they may be expanding that or in some cases contracting that.

All of these things are at mind at just one of the functions the examiner does, which is perform the search. We haven't talked about the assessment of patentability, assessment of disclosure requirements, et cetera, et cetera.

MS. JENKINS: Okay. Thank you so much. This is one of these days that just -- technology is not our friend, (laughs) so -- but you did a great job. Thank you.

MR. FAILE: Yeah. Thank you very much.

MS. JENKINS: Okay. Moving right along, we are doing an international update. And I see Mark Powell and Shira is joining us; welcome. Who's going to -- who's leading?

SPEAKER: She is.

MS. JENKINS: Shira? Yeah, great.

MS. PERLMUTTER: Well, good morning,

everyone. This is on? It's on?

SPEAKER: It's on.

MS. PERLMUTTER: Okay. So a few topics today. We've been asked to describe what's happening at WIPO with their Intergovernmental Committee -- this is a mouthful -- Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore, so I will briefly do that, and then to talk about the current status of some trade-related IP matters. And I will add a brief update on Brexit because there is some late-breaking news. You have seen some slides that have been handed out. I'm actually not going to follow them closely, so I won't be moving the slides on, because I'm going to go into a little bit less detail and then add the Brexit information.

So just to start with WIPO, this committee is sometimes called the IGC, which stands for the Intergovernmental Committee, and it was established about 18 years ago now to discuss the IP aspects of those three

topics, genetic resources, traditional knowledge, and traditional cultural expressions or folklore. So what are those things for WIPO's purposes? Genetic resources are defined by the convention on biological diversity and they cover materials of plant, animal, microbial, or other origin that contain DNA and have value. So an example of that is the bark of a birch tree, for example, is a genetic resource that can be used to produce the active ingredient Aspirin.

And then traditional knowledge, there's no clearly accepted definition, but it's generally understood to be a living body of knowledge that's passed from generation to generation within a community. So again looking at the birch tree, a tribe that has traditionally used the bark of the birch tree to treat inflammation might claim that it's their traditional knowledge and should be protected.

So the IGC, the committee, now has a mandate to reach an agreement on what's being an international legal instrument of some kind

dealing with those three areas. That doesn't necessarily mean if it's an instrument it's not necessarily a binding treaty with legal obligations, but it could be. So what's going on right now is that in relation to genetic resources in particular, the organization, the member states are divided into two groups and one does want a binding treaty. And they want a treaty that says, "Patent owner -- patent applicants must disclose the source or origin of any genetic resources that are used in some manner to make the invention that's the subject matter of the application." And that's unfortunately a very large group of members, so it's developing countries and it includes the EU at this point. Not helpful to us.

A small group of members, which is, of course, the U.S. and also includes Japan and South Korea, has a different approach and what we're proposing is the development of tools such as databases of genetic resources that can establish prior art and avoid having a patent granted inappropriately. So that

wouldn't involve a legal obligation, but it would help with the -- one of the central concerns that developing countries have raised.

So the next meeting is taking place the last week of June and developing countries with the support of the EU are going to be pushing very hard for a recommendation to move to a treaty negotiation, so we did want to invite and welcome stakeholder participation in any form in the meeting because it can often be very useful, in addition to what we were saying as a government to have stakeholders explaining to other governments what their concerns are and why it's a problem. Dom Keating is leading the U.S. Delegation areas -- you changed sides -- and (laughs) he would be happy to provide any more information to anyone who is interested in either going or just finding out more about what's going on.

So let me move to the trade-related IP updates and there are two topics. One is the China Section 301 Investigation and the

other is the recently released Special 301 Report.

So on the Section 301 Investigation, I've reported on this before and, of course, last August, USTR formally initiated an investigation of China under Section 301 of the Trade Act at the President's direction. And then in March -- so since our last meeting -- a statement from the President announced that the investigation had, in fact, found -- concluded that the Chinese government's acts, policies, and practices related to technology transfer, IP, and innovation are unreasonable or discriminatory and burden or restrict U.S. Commerce and four specific areas were identified.

First, through joint venture requirements and restrictions on foreign investment and also through administrative review and licensing processes, China is forcing or pressuring American companies to transfer their technology to Chinese entities. Second, China is imposing substantial restrictions on technology licensing terms,

which deprive U.S. Technology owners' ability to bargain and set market-based terms of their own choice.

Third, China is directing and facilitating systematic investments and acquisitions of U.S. companies and assets that generate large-scale technology transfers to China. And fourth, China is conducting and supporting unauthorized intrusions into computer networks of U.S. companies to gain unauthorized access to intellectual property and trade secrets and confidential business information.

So the question is, what happens next? On April 6, USTR published a Federal Register Notice asking for public comment on a list of Chinese products that could be made subject to tariffs, which would involve 25 percent ad valorem taxes, duties, and these would be imposed on 50 or 6 billion dollars' worth of Chinese imports. And the proposed list includes products from the aerospace, information communication technology, and machinery fields. The President has also

since then instructed USTR to consider whether another \$100 billion would be appropriate, so this is just the beginning, potentially.

A public hearing is going to be held on May 15th and requests to appear were already due at the end of April, on the 23rd, but there is still time to submit written comments. The written comments would be due on May 11th. And then there would also be a subsequent opportunity for rebuttal comments later.

MR. THURLOW: Shira, where was that public hearing on May 15th?

MS. PERLMUTTER: It's --

MR. THURLOW: Where --

MS. PERLMUTTER: -- in Washington.

MR. THURLOW: Okay. At the Department of Commerce?

MS. PERLMUTTER: Do you know the exact location?

SPEAKER: Yeah. ITC Main Hearing Room.

MS. PERLMUTTER: ITC Main Hearing Room.

SPEAKER: Trade Commission Main
Hearing Room on the first floor.

MS. PERLMUTTER: We even know the
floor. First floor. (Laughter)

SPEAKER: Thank you.

MS. PERLMUTTER: So we continue to
provide technical advice and research to USTR
in this matter and Larry Lian, who was just
speaking, has been very actively involved in
this whole process and, again, he can answer
further questions, as well. And then just to
note that this week the President has sent a
very high-level trade mission to China to see
whether there's any agreements that can be
reached and that includes Secretary Ross, it
includes Ambassador Lighthizer, Secretary
Mnuchin, and also the White House Trade
Advisor, Peter Navarro. So we'll see. By the
end of this week, we may have a better idea of
what is likely to happen, going forward.

MR. THURLOW: Did you expect the
report to come out from that meeting or a
summary or something that will be put in paper
as a --

MS. PERLMUTTER: I would imagine there'll be some sort of White House statement or possibly joint statement with China rather than official -- an official report, but hopefully we'll see that soon.

And then on Special 301, USTR released the Annual Special 301 Report last week. As you know, it's a review of the global state of IP protection and enforcement around the world and USPTO and other Agencies provide a lot of input, including through our attachés from their posts on the ground. And this year, there are 12 countries listed on the priority watchlist. It's not surprising that China is one of them and Canada is one of them this year.

So what I thought might be useful is rather than go through them in great detail, to describe three overall themes that relate to patents and pharmaceutical products that are -- that you can see emerging as you look at the overall discussion of all the different countries. One of them has to do with restrictive criteria for patentability.

Second is ineffective regulatory data protection for pharmaceuticals. Third is local requirements that discriminate against foreigners. And fourth is inadequacies in trade secrets protection.

So on the first, what we see is a number of restrictions that prohibit the patenting of certain types of inventions and they tend to be aimed at pharmaceutical and biotechnology-related inventions. And sometimes this involves imposing additional or heightened patentability requirements for those types of inventions. So key examples in this year's report: Argentina, India, and Indonesia. In Argentina, they're barring the patenting of a wide range of pharmaceutical innovations, including new compositions, new forms, new doses, combinations, and active metabolites, as well as certain methods for producing these products. India is preventing the patenting of certain pharmaceutical inventions absent a showing of enhanced efficacy. And Indonesia is preventing the patenting of new forms and new uses of known

substances absent a showing of increased benefit. So all of them are called out in the report.

Second trend has to do with data protection where you have ineffective systems for protecting against unfair commercial use by third parties that are looking to get marketing approval for generic or biosimilar drugs relying on the innovator's safety and efficacy data. And sometimes these involve a lack of effective mechanism for resolving patent disputes prior to the generic or biosimilar entry into the market. So just examples: in some countries, there's no effective regulatory data protection. That includes Argentina, Brazil, Chile, and Columbia, to go in alphabetical order. In Mexico, there is no regulatory data protection for biologics. In India and Turkey, an insufficient period of protection. In China, they potentially limit the protection to drug products that have first been launched in China. And India doesn't provide for patent notification or early resolution of disputes

prior to the generic entry.

The third area has to do with these local requirements, local discriminatory requirements. So just to give some examples, in Indonesia, you have to locally manufacture the imported patented technology within five years of the first import. In Algeria, there's a ban on numerous imported pharmaceutical products and devices in favor of local ones. And then there is countries like Korea and Japan where we have issues about discriminatory pharmaceutical pricing.

And then finally, trade secret protection. This is a big area of focus and a number of countries have outdated or ineffective trade secrets laws. Of course, ever since we passed the digital -- the Defend Trade Secrets Act, we've been in a better position to complain about other countries. In China, we have issues that people have to wait for a significant and possibly potentially irreversible injury before they can seek relief. There is a lot of litigation challenges, very high evidentiary burdens,

very limited discovery, and, of course, the perennial problem of minimal damages, and then problems with requirements to submit trade secrets and confidential information as a condition of market access. In India, we don't have civil and criminal statutory protection for trade secrets. And in Russia, there are inadequate remedies and criminal penalties.

So all of these are called out in the report. We don't really have time to go into more detail. If anyone is interested, we've prepared a summary of the findings in the report that relate to patents and pharmaceutical products, so for anyone who's interested, we can supply that. And I also just did want to note that at the last meeting there was a request to prepare a chart comparing different forms of protection for industrial designs and we've done that, as well, so anyone who is interested, please ask and we'll provide that, too.

So last --

MS. JENKINS: Shira.

MS. PERLMUTTER: -- I just wanted to mention on Brexit --

MS. JENKINS: Shira. Sorry.

MS. PERLMUTTER: Yes. Of course.

MS. JENKINS: Sorry. Is that on the website, too, or is that something specific they have to ask to the group?

MS. PERLMUTTER: No.

MS. JENKINS: The charts?

MS. PERLMUTTER: We can put it on the website, if you would like to have it there.

MS. JENKINS: Yeah, that would be great.

MS. PERLMUTTER: I wasn't sure who was interested.

MS. JENKINS: Yeah.

MS. PERLMUTTER: So you're talking about the summary from the 301 report?

MS. JENKINS: Yeah.

MS. PERLMUTTER: Okay. We will do that.

MS. JENKINS: And hopefully we can find it.

MS. PERLMUTTER: Yes, yes. And the last topic is Brexit, so we have some recent good news. The UK announced last week that it has now deposited its instrument of ratification of the agreement relating to the Unified Patent Court, so there had been some uncertainty about that. And for the unitary patent to enter into force, the agreement has to be ratified by 13 of the 26 participating member states and those have to include France, Germany, and the UK as the countries with the highest number of patents. So France has already ratified. Fourteen other countries had done so before the UK. And so with the UK, we've got the full number we need and it's just a question of getting Germany on board. And at the moment, there is still a constitutional challenge pending in Germany that has to do with their internal process, their domestic process, but hopefully that can be overcome.

What still has to be decided is the effect of the Court's decisions in the UK because, as you may have seen, one of the big

issues in general in the Brexit discussions has been how EU Court's decisions will be binding in the UK and so that issue is still somewhat undecided. The IP minister in the UK, I will just read word-for-word what his announcement said. "The unique nature of the proposed Court means that the UK's future relationship with the Unified Patent Court will be subject to negotiation with European partners as we leave the EU." So it's still going to be a topic of some negotiation, but at least we know now that the UK is in and the details will still be negotiated.

And finally, just to mention as to other EU-wide rights, in March, the European Commission circulated a draft agreement that talked about the continuation of the community industrial design and plant variety protection rights in the UK post-Brexit. And it's been agreed that any community design or plant variety that's been registered or granted before the end of the transition period for Brexit will become a comparable and enforceable right in the UK without

reexamination. And designs that were protected as unregistered designs will continue to be protected in the UK for the same duration and same level of protection as under EU law. And the registration in the UK will be free of charge, using data provided by the EUIPO and the Community Plant Variety Office and the Commission. And the priority dates that were accorded in the EU will be recognized in the UK.

So this all looks quite good at this point and I'm sure it will be very helpful to all of you on your plants. So we'll keep you apprised on all of this as we learn more.

MR. THURLOW: Can I just go back very quickly to the section -- China's Section 301?

MS. PERLMUTTER: Mm-hmm.

MR. THURLOW: The point three or problem three, the systematic investment or acquisition, it's not your role, but do you track in general the investment from, say, China into the U.S. before the Administration's decisions and after? And

then --

MS. PERLMUTTER: Yeah.

MS. THURLOW: I have a part two. I don't want to trick you, but I was actually surprised. I read a Bloomberg report that the amount of investment in the U.S. from China- related companies and biotech and life sciences in the first quarter of this year was the greatest amount ever. We've -- we have China clients; we do across the board M&A stuff and we've seen several projects stalled, waiting to see what happens. But I was really fascinated by the Bloomberg reports that in the first quarter of 2018 it's the highest number. So --

MS. PERLMUTTER: Yeah.

MS. THURLOW: -- any thoughts on that?

MS. PERLMUTTER: Well, the Commerce Department does track that, but, Larry, do you want to address it specifically?

MR. LIAN: Sure. So the total amount of investment, if you look at 2016, actually, not only the sector you mentioned,

it's explosive growth in 2016. But in 2016, actually, that came down quite a bit. We at the USPTO does not track the investment, but there are consulting groups and I'm -- actually, I'm at a loss here. Main Commerce Department may have some tracking, but not as detailed as consulting groups, industry associations. So going back to your question, the -- sorry, what exactly you're asking again, the --

MR. THURLOW: The 2018 Bloomberg report first quarter of 2018, highest amount of investment from China-related companies into the U.S. and the --

MR. LIAN: Right.

MR. THURLOW: -- biotech and life science space, in particular. Not military, industrial ZIPHIUS related, although it may be expanded. So I'll send you the article, to Shira, Mary --

MR. LIAN: But you're not --

MR. THURLOW: -- Mark.

MR. LIAN: -- asking a question, based on that report.

MR. THURLOW: Yeah. I was shocked,
based --

MR. LIAN: Oh.

MR. THURLOW: -- on the
Administration's new policies to see such a
huge investment in the first quarter of this
year.

MR. LIAN: But the --

MR. THURLOW: Yeah.

MR. LIAN: -- overall trend, if I
remember correctly, based on the group that I
mentioned, Blue Track Investment, predicting
2018 further down from 2017 because of two
reasons. Number one, the scaling back of very
liberal policy in China encouraging companies
to invest overseas.

MR. THURLOW: Right.

MR. LIAN: Number two, amended
ZIPHIUS process here in the U.S. So for those
two reasons, experts are predicting further
downturn of the --

MR. THURLOW: Yeah, and that's why
I'm surprised. I'll send the article --

MR. LIAN: Sure.

MR. THURLOW: -- the article and
I'll send the article and we'll figure it out.

MR. LIAN: Sure.

MR. THURLOW: Thank you very much.

MS. JENKINS: Okay, great. Thank
you. And we are transitioning to, what?

SPEAKER: Chris.

MR. POWELL: Hi, I just wanted to
preface Chris -- Chris's comments on CPC. You
know, we talked about CPC and PPAC for a long
and it's still an ongoing project, really,
given that our work is organized around
classification and that sort of thing. But
it -- one key thing that I like about it is
there's actually a very successful bit of
harmonization. We're always talking about
substantive law harmonization and the long
processes that those go on. This is very
technical, but it's meaningful harmonization
which will enable work-sharing and
improvements of quality, some of the things
that your -- day in the life of the examiner
brought forward to you. So in view of time,
I'll turn it over to Chris. Thank you, Chris.

MR. KIM: Thank you, Mark. So yes, as Mark mentioned, internally we use classification for assignment of work and searching by the examiners, but there's also a benefit to the stakeholders externally. So today, I'm going to focus on the benefits to you, the practitioner or the searchers, using CPC.

So why use classification? There was mention about text searching NPLs. Well, for the external stakeholder, your job, the practitioner, is basically to protect intellectual property. And whether you're a large corporation or an independent inventor, you have an idea, you have an intellectual property that you want to protect, and as was mentioned earlier by the examiner or just now with international updates, in today's IP world it's a global economy, global IP world, and IP has no international borders.

The protection you're seeking quite often is international and the searching that we do is quite often international. It's no longer adequate to just search US documents;

we should search all documents throughout the world, throughout the four corners. And of course, as always, the constant pressure is to do things faster, cheaper, and, of course, more efficiently for your clients, as well as internally here as examiners.

So as mentioned earlier, classification -- we use classification to organize information. One benefit of classification is that it is language-neutral or independent. So those synonyms or key words that we use for text searching may not translate to other language, other Asian languages, other Roman languages throughout the world. So the benefit of using symbols or codes to identify technical subject matter is, well, as long as you know what the codes are, you can search across all types of publications -- all published documents, whether they're published in other languages or English language. And the earlier presentation on searching mentioned our internal uses. I'm going to focus on the benefits of CPC for the industry or the public

stakeholders.

So why do we use classification ?As practitioners, while you're preparing or during your prosecution of your patent application, you probably do some preparation work to see what information is out there? And to do that preparation, you need to do prior art searching, state of the art searching, you need to identify documents or your competitors' documents -- what your competitors are doing so that you can prepare your patent application based on the art that was found. Also, there is patent landscaping reports, Technology Watch, some of you may subscribe to, Freedom to Operate reports, many reports or analytical documents that you use as part of your job in terms of protecting IP both during the prosecution phase, as well as the post-prosecution phase.

So patent analytics, as I was referring to, there are many commercial providers that provide patent analytics. And then the companies or practitioners use those analytics to prepare and protect your IP.

So the benefits of CPC, Cooperative Patent Classification, is that two -- there's two benefits. One I'll cover is the coverage or the quantity of CPC, as well as the quality aspect, as Mark mentioned earlier.

So before CPC, we had basically four classification systems in use. We had the U.S. classification system, the USPC, which was about a-hundred-and-fifty years old. And that was primarily a U.S. collection, so if you wanted to search U.S. documents, USPC was a good place to go. The IPC, the International Patent Classification, administered by WIPO, it's a very good international collection. It's the most comprehensive, most number of countries classifying. But at the same time, you have the most variance in terms of quality and how offices classify their documents into the classification system. So if the U.S. is classifying certain technologies in one area of the IPC and another country is classifying the same technology in a different area, it doesn't do the stakeholders much good to have

to go to various places to search, depending on country.

There's also -- As a large or medium patent offices, there's a need to do efficient searching faster, cheaper, more. So we need detailed granularity to save time as part of our searching or to do your analytics. So the European Patent Office and its European member states primarily used ECLA and ECLA was primarily European-focused. The Japanese Patent Office, they used FI/F-terms and again there it's primarily Japanese documents. So you see that it's segmented and that's -- that was a discussion earlier, the segmented searching.

The benefit of CPC in terms of quantity or the coverage is CPC is international. We have among the IP5 Offices four of the major five major IP offices using CPC. That's U.S., the EPO, Korea, and China. And we're also working with the JPO in the IP5 form to harmonize our classification practices, which means to put the technology in the same way, whether it's in their FI

system or in our CPC system.

In addition to the four countries, we have over 20 countries, so total of over 26 countries that classify their documents or will be classifying their documents into CPC. So this is a world map of the coverage of CPC. The green is future offices that will be classifying their documents. Does that mean that we only have 26 countries in CPC? No, actually, we have many more than 26 countries because EPO also covers the other countries.

So in total, we have over 50 million worldwide documents in CPC. It's a one-stop shop for most of the world's documents, as I mentioned, except for the Japanese documents. Although, because of the family -- patent family association, there are quite a bit of Japanese documents in there, over 20 percent; 20 to 25 percent of Japanese documents are included in CPC.

And one point I would like to mention is that the faster, cheaper, more, when you're searching CPC you don't have to look at 50 million documents. CPC is based on

patent families, so through the family association if there's a publication in the U.S., in Europe, and in Asia, by CPC patent family association you only have to look at one family member. So if you're comfortable in the English language you can look at the U.S. or the WO document. If you're comfortable in the Chinese language, you can look in the Chinese language. But that's one of the benefits of CPC, is that you have a large number of documents, individual documents being covered, but it's being covered more efficiently through the patent family association.

So, as was mentioned earlier, it's very difficult to do key word or text searching of Asian language. CPC also has the benefit of having the Chinese and Korean collection classified in CPC. At the end of 2018 Korea would have reclassified their complete back file over 3.5 Korean documents into CPC. China is classifying every year over 1 million of their new filings, their patent utility applications annually. So

China is contributing over 1 million new documents into CPC annually. And you can't see this chart, but you can see the growth rate from 2017 to 2018 in terms of the U.S., the EPO, China, and Korea, they really stand out in terms of the actual number of documents that are being included in CPC.

So, previously, the U.S. system or the European system was, just by their nature, had a western influence or categorization of technology was based on western influence. Having China and Korea also involved in CPC, contributing their documents into CPC, also provides the Asian point of view, or Asian influence. For example, making of alcohol. Typically when we consider making of alcohol we think of beer, wine, other spirits, but in the Asian culture there are other Asian spirits or alcohol that we don't necessarily think of.

So, again, CPC is international, it gives a very international point of view, but at the same time, as was mentioned in the Director's opening remarks, we're trying to

get the best prior art to the examiner and through classification in CPC, but also we're trying to get the best prior art or patent publications in CPC for your analytics. If you have no confidence in the data that you receive in your reports, the quality of the data contributes to the confidence of your reports that you rely on.

So CPC is jointly owned by the EPO and USPTO. We do the maintenance and administration of CPC, but we're also -- So we're trying to maintain CPC as a gold standard. There's a heavy influence on the quality of the classification system, trying to get harmonization among those offices contributing to CPC. So, as was mentioned earlier, in the IPC we have the most countries classifying, but at the same time it's pretty much, -- not the Wild West, but each country interprets the classification system and classifies according to their interpretation. In CPC, as owners of CPC, we're trying to emphasize and enforce high quality so that the users, whether it's public stakeholders or

internal examiners, have high quality confidence that the classification put on by the USPTO or the other offices are classifying that similar technology in the same manner.

So the summary of what USPTO is doing in CPC, again, CPC is a search tool, it's also a post publication tool for doing various analyses, helping you prepare your patent prosecution, protecting your IP. So two major ways is, one, we're trying to create a global collection, but a high quality global collection. And by that we're trying to make sure that the documents or the patent activity that you see, if it's high activity in, for example, Korea, it's not because Korea is putting it in this area and we missed all the U.S. documents, it's because truly that the U.S. and Korea classified in the same harmonized way, it's just that there's a lot of patenting activity in Korea versus other parts of the world. So we want to ensure confidence in the user in terms of what you're seeing in CPC. So quality is a big focus in CPC, as well as trying to cover as much of the

world's documents so that you see when you're doing your reports that it is actually the true global pending activity.

So that's my quick update on CPC, how the external stakeholders can benefit from CPC.

Questions or comments?

MS. JENKINS: No, we are actually running late. And I may have to fit Director Iancu back into the schedule, so hopefully everyone is understanding.

Chris, thank you so much. Charlie, you want to go? Thank you.

MR. PEARSON: Sure. I'll try and be quick here. Of course, since Director Iancu has come on board he has been very concerned about the quality of the search, trying to lessen the gap between what the office discovers in prior art and what is actually out there. And we, in fact, are working on a project. It's for PCT applications, a collaborative search and examination pilot. It's among the IP5 offices. And the idea is we're going to test the feasibility of

collaborative work between examiners of different offices in the international phase of the PCT. We hope to leverage the various language skills from the other offices to uncover the best prior art.

This is the third state of the pilot. The first two stages just included Korea, the EPO, and the U.S. Now, we've been working -- WIPO is also involved in this. They have developed an electronic collaboration tool based upon their ePTC system. And I think the important thing here to note is that it's due to commence at the beginning of July.

Okay, well, this is a little blurry slide shot here. We've had a series of meetings in the preparatory phase. And, as I said, we're ready to start on July 1 in the operational phase. That should run for three years, and so we can work through a number of cases and then do some evaluation at the end.

And the way this is going to work is a first office, which is going to be the applicant selected international searching

authority, will prepare a provision search report and written opinion. And these provisional reports will be presented to peer examiners in the other four offices. The peer offices may do a full search, may do a focus search. And we have a peer review form that Korea has developed where they will send their comments then back to the first office for evaluation.

Now, this is going to be applicant driven. Applicants must request participation in the program, but number of applications per applicant will be limited. And the idea is that during the course of the operational phase each office will contribute 100 applications to the pilot and then, of course, they want to serve as a peer office on the other 400.

Now, the final work product will be identified as a collaborative effort. All these applications will originally be in English. Other languages may be accepted after the first six months, but work will be done on a -- based upon an English

translation.

Now, from the past pilots, we've determined that sometimes additional citations were included in the final report, sometimes they weren't, but discussions provided confidence to examiners about the results. And, in fact, in 87 percent of the cases the European examiners added citations to the international search report and felt quality was improved in 92 percent of the cases, and in 2/3 of the cases reviewed by the U.S. felt that the quality was greatly improved.

That, in a nutshell, is what I have today. Thank you very much. If you have any questions.

MS. JENKINS: I'll just ask a very quick one. I know with the other collaboratives it's been hard to get users to get involved in the projects. Do you see this being any different or do you think you're going to have the same struggle? I mean I think it makes a lot of sense and I'm surprised more people don't use it, so.

MR. PEARSON: Well, you're right.

In the last pilots we really had to twist some arms to get some cases. We should be going out with a notice in the next few weeks announcing the project. And, you know, the idea is we're expected to come up with 50 cases here at the USPTO in the first year. And my feeling is there's going to be some people out there that recognize the, you know, tremendous benefits you can get from this. You're going to get work by five major offices in the world for just the one search fee paid originally with the application. So I'm keeping my fingers crossed.

MR. POWELL: I'll just toss in real quick in addition to that, you know, this pilot is set to take off in the PCT route plus the Korean in JPO pilots they're doing in the Paris route, and I think we're also talking to Germany and UK. These things tend to start slow and my colleagues from OPIA will remember that when we started PPH in 2006, you could count on your two hands, you know, after some months, and it does take outreach, but it also really takes, you know, finding some

successful users of the program to propagate it for us. And that's what was a breakthrough for PPH, so I want to let you know that.

MS. JENKINS: I concur. Anything else? No? Charlie, thank you; appreciate it.

Okay, we are going to move on to -- who is doing the plant patent update? And I guarantee you, you will have one question from Mr. Walker here. At least one.

MR. HANNON: All right. So I'll just begin in the interest of time then. So I'm Christian Hannon here. I work in the Office of Policy and International Affairs. So I'll get to in my presentation why I'm here talking about plants, but unfortunately the SPE from the art unit from plant patents was not able to join us today, but I extended an invitation to him.

So, without any further ado, what I'm going to run through is just a basic background on plant patent law, then I'll talk about some international stuff as a part of that. I'll also talk about sort of the administration of the plant patent system, and

then I'll end it up with a discussion of some of the proposed legislation that would affect plant patents.

So here we have Section 161 of Title 35. And so basically this is the root of our plant patent system, gives it the legal basis for filing for plant patents. And you'll see a couple of terms in here that I want to call out and bring to your attention. The first, of course is the asexually reproduction of a plant patent. So you can't actually file for a sexually reproduced plant, it would have to be an asexually reproduced. So cutting it, planting a branch or something like that on root stock.

The other thing that I'll call your attention to is that the requirement here is for exclusions on tuber propagated plants. So the policy back in 1930 when the Plant Patent Act was first created, was they wanted to prevent people from patenting foodstuffs. So Irish potatoes you couldn't file a plant patent for, Jerusalem artichoke, things that grow as roots in the ground but you can also

consume them, they're not allowed to be plant patented.

Another requirement that I'll call your attention to here is the requirement for these things to be found in an uncultivated state. So you can kind of think about this in terms of Section 101 in the utility patent context, that this is a prohibition on patenting nature really. So in the plant patent context you couldn't just go out into the wood on a nature hike, find a plant, and say, hey, this is really cool, no one has seen this before, I'm going to send it to the PTO for a plant patent. So that would be barred under that language.

And the last thing that I'll call attention to is the newly found seedlings is actually a modification to the plant patent system in 1954, so that kind of builds in with that uncultivated state requirement, so you can actually go out and find in your own fields your cultivate areas on your farm, let's say, or in your garden, and find some new thing there. That would be plant patent

eligible.

And, finally, I'll just mention the other provision here in 161, is basically saying all the other provisions of Title 35 would apply to the plant patent system, whether or not specifically addressed individually by the Plant Patent Act.

So here's a slide I put together, and please feel free to ask away about anything that you see up here, or any other questions that you may have, but this is really a -- my brain dump of what I see as sort of the major differences between plant patents and utility patents. And so I'll just call out a few of these and if you guys have question about anything else that you see up there, in the interest of time we can maybe address it most efficiently that way.

The first thing that I would call your attention to is that there is no e-filing. So just from a very practical perspective, if you have a client who wants to file for a plant patent you still have to file in paper format. And, so why is that? Well,

it has to do with back when the move from paper files back into the e-filing systems, there was a concern that you couldn't actually accurately reproduce colors of plants. So often times a bloom's distinct colors is one of the commercial attributes that you're seeking protection for, so if you can't actually have any uniformity in how those things are printed, then that was a concern. So we just kept it in paper, so you file your photos, maybe, and that's an accurate true reproduction.

Another thing that I want to call your attention to here is the relaxed description requirement. So that is one of the express changes under the plant patent system from utility patent's context is that because you have things like color that you would need to describe, because you have things like a scent of a bloom that you would need to describe, there's a relaxed written description requirement under the plant patent system so that you're not going to necessarily have the same level of specificity required in

the utility patent context.

Another unique aspect, and I'll show a slide of an example of a plant patent, would be the one claim requirement. So you can only have one single claim to a plant patent -- excuse me, to a plant variety, so that you can't actually claim an apple, let's say, or you couldn't claim just a part of the plant, it has to be to the plant itself. And I'll show you an example, like I said.

The other thing that I'll mention here is this requirement for variety denomination is also a unique requirement under the plant patent system. Variety denomination is actually a result of the United States joining the UPOV international system for plant variety protections. And because of that, that's a requirement provided under UPOV that the U.S. complies with by requiring in our plant patent scheme to actually include this variety denomination.

So if there are no questions specifically I'll just move on, but please feel free to reach out to me if you do have

other questions.

MR. THURLOW: Christian, just -- I don't think I heard the numbers, just take one step back.

MR. HANNON: Sure.

MR. THURLOW: Out of I think 600 applications submitted each year, what's the numbers again on the filing?

MR. HANNON: Sure. So I'll get to that.

MR. THURLOW: Oh, okay.

MR. HANNON: But to basically just give you ideas of filings here -- we can jump around, that's fine. So you'll see here, through 2016, on average it's usually 50 percent domestic, 50 percent foreign, but it averages around like 800 to 1000 applications filed in a particular year. So I think that answers the question though.

MR. THURLOW: Yes, thank you.

MR. HANNON: Sure. And so I'll just move on here too as an example of a plant patent. So this is a patent that you may become familiar with in the future. This is

for an apple tree named WA38. So you'll see the Latin name -- I don't read Latin, I can't read that (laughter) -- varietal denomination WA38. So that varietal denomination is a great important IP concept because you don't want to use a trademark for that because that will automatically become generic. So this is for the cosmic crisp apple that is actually going to be coming to market in 2019 and is supposed to be the most best delicious apple you've never had (laughter). So keep an eye for that in the grocery store.

SPEAKER: The technical description.

MR. HANNON: Yeah, right. And so here you'll see an example claim for this. So this is the actual claim from the WA38 plant patent application. So this was actually, you know, granted. So it's a new and distinct apple tree variety, name WA38 as herein shown and described. And that's the only claim that you get and that covers the entire plant and the products thereof.

MR. THURLOW: That seems pretty broad. That seems pretty broad.

MR. HANNON: So it really goes back to the, you know, incorporation by reference of what's in the written description and the photos.

So, again, in a broader perspective, our plant patent system fits into a larger international hierarchy of what we find most elsewhere in the world as the plant breeders right certificate, which we also have in the United States. That is exclusively the domain of sexually reproduced plant varieties, and so those are administered by the USDA's Plant Variety Protection Office. And so under UPOV, this is a French acronym for the international union for the protection of new varieties of plants, but in UPOV we cover for the U.S. both of those systems. There is also other work that we do, so we're the lead on UPOV, USPTO. We also do work in the International Treaty for Plant Genetic Resources for Food and Agriculture. It's a mouthful, so we call it the IT usually. But under the IT there is a lot of movement to reward farmers for their contributions to society and also provide sort

of a gene bank for the world's plants that we can share through this multilateral system that's created therein.

So now just to give you an overview of what happens here at the PTO in the plant art unit, our unit 1661. So there's a single director that covers a lot of other plant utility patents as well as plant patents, there's supervisory patent examiner, there's a lone gentlemen, JoJoJoe Zhou, and there are seven patent examiners, four of which are hoteling. So that's really -- you know, as far as the niche patents that we have, you know, this is dwarfed by designs, for example, dwarfed by utility of course.

And so we've seen the filings. So issuances, on average around 1000 a year, so. And so, lastly, Bernie is not here, but he had asked me to report on the proposed legislation. So I'll just say that there's a 2018 farm bill that's been introduced back in April, and that actually has some modifications that affect our plant patent system because it broadens the scope of the

Plant Variety Protection Act, which, like I said, covers only sexually propagated varieties, so the idea is to broaden that to include the asexual varieties that are within the plant patent context. And so how does that affect us here at the PTO if that goes through and becomes law? Well, I think in 2015 these issuances I think we were -- it was .3 percent of all patents issued, utility, design, or plant, so plants were .3 percent of our issuances. There's no maintenance fees required under the plant patent system. So it is a de minimus impact likely if the farm bill does go through. I know we're short on time, but I could go and talk to you at great length about all the minutia of the plant patent versus the PVP system, but suffice it to say there are tradeoffs in the protection that you could get, exceptions and limitations is a big one under the PVPA. There are a number of exceptions that would all for sort of experimental uses that *Madey v. Duke* would preclude in the utility patent context or plant patent context. But here, they would be

susceptible to those sorts of exceptions in the PVPA context. Term of protection, it's 20 years from the certificate filing under the PVPA. So there are some concerns that, you know, people in the industry are thinking about and they're kind of driving it honestly. So I don't think it will impact the USPTO much, but it's just something that I'll note for you all.

And with that, if you have questions -- I hope that was concise and fast enough.

MR. WALKER: Yeah, I'll ask a question. Marylee wanted me to ask a question, Christian. So thank you. This may have been the first time in the distinguished history of the Patent Public Advisory Committee that we've had a presentation on plant patents. So thank you very much.

MR. HANNON: Glad to be here at the inaugural --

MR. WALKER: Yeah, you're the first, you broke the ice. (Laughter) But, you know, on UPOV, I guess I have two questions.

MR. HANNON: Sure.

MR. WALKER: One is, so UPOV is administered by the Department of Agriculture. Why won't the patent office take that on? I mean you already handle the international aspect. So, I mean, I looked up the filings fees and the filing fee for a plant variety protection is \$4300. I mean that's good money for the office. You know, you could take that in and increase our revenue. So that's one question.

And, two, there's different UPOV treaties and different levels of protection. And that seems to be an ongoing issue. And I guess the question is any hope for strengthening the UPOV system to bring up to speed other countries who have not implemented the most recent versions of UPOV? So two questions.

MR. HANNON: So I'll address your second question. And so that's a continual battle that we have to sort of get members up. So, just for everyone's background, there's three flavors of the UPOV convention. There's

the initial Act, which no one -- just say, very few people are still a member of that with certain reservations. There's a '78 Act and there's a '91 Act. And so '91 is sort of the cutting edge, up to date version of this international system, so it provides a sort of basic level of protection in every country that's a member. Some countries are still members of '78 because they don't want to implement certain exceptions that are provided for in '91. And so because of that there's a lot of work that we do at UPOV to sort of -- and through USPTO we actually have an MOU where we target certain countries to actually encourage them and show them the value. So like just this summer we'll be hosting a delegation from Latin America to go to -- it's notnow Corteva Agriscience formerly DowDuPont formerly DuPont Pioneer. So we'll take them there and show them the benefits of this. Canada's a recent accession to the UPOV '91 convention, so we'll also take them up to Canada to show them some of the benefits that may accrue by being a member and really

fostering the innovation that could take place under a robust IP system for plant variety protection.

Your first question, that's in my mind. I think it definitely would make a lot of sense to sort of consolidate those types of examinations under our sort of USPTO banner. The practical problems, just to name a few, would be sort of we would have to take them wholesale because the experience and the expertise that they have at PVPO is pretty unique to the crops because I mean asexually versus sexually is, you know, technically very different. So we would want to look at how best to administer that. And I think we would need Mr. Perdue's buy in as well, which politically that could be somewhat of a challenge. But I don't, Shira, if you had any thoughts on that. But it's definitely crossed our minds and it's definitely something that on paper makes a lot of sense.

MR. WALKER: Yeah, there are three. So you have the plant patents, and you have utility patents, and then you have UPOV, plant

variety protection. And it just seems like why not go along the same route, so.

Anyway, thank you, Marylee, for giving me the opportunity in a rushed schedule to ask a question.

MR. HANNON: Thank you all for having me.

MR. THURLOW: Just two quick questions. I'm looking forward to eating that cosmic crisp apple. Hopefully it's interaction with the caramel over it is okay.
(Laughter)

The second thing is, are you aware just in litigation, of any big litigation involving plant patents? Years ago, and Michael knows this much better than me, (inaudible) there was issues with seeds and so on.

MR. HANNON: Sure.

MR. THURLOW: But I say that because there is a couple of Supreme Court cases dealing with damages and that drives a lot of the filings. And it might be important, so just educate me. This is not an area I work

in obviously, so.

MR. HANNON: Sure. So great question. The plant patent context is not incredibly a litigious environment. I don't know. I've thought about this some, I don't know if it's really just people discovering things that have been infringed, somewhat more of a challenge perhaps because they're, you know, somewhat centralized markets that maybe these things may take place in. How do the people get notice of that? So most of the litigation that does take place is through word of mouth, where people go out, they make concerted efforts to go and say, oh, I was at this nursery and I saw your plant. You know, you might want to look into that, it looked a lot like your variety.

Regarding pending litigation that I am aware of, there is actually the WA38, the cosmic crisp apple, sort of coming out the gates. They've been growing these things for a couple of years since I think 2016-2017, and so they actually have asserted their patent against a distributor who helped them sort of

get these initial trees out to the growers. And so they were sued by this distributor. I think it's the regionsregents of the Washington University apple breeding program were sued. They're the owners of the patent. So they countersued under their patent saying they're infringing uses of our patent. So that's one probably high profile case that you'll start to hear about, maybe, depending on how the media addresses plant patents. But there's relatively a few number of cases in the plant patents arena, but there are some good ones and I'm happy to discuss more.

MR. THURLOW: Good. Thank you.

MR. GOODSON: How about patent 6630507, cannabis?

(Laughter)

MR. HANNON: So, great question.

MR. GOODSON: It is litigation.

MR. HANNON: I think I am aware of one issuance in cannabis. I guess it's that particular plant patent number, thanks for addressing that. Interestingly -- you asked, right -- so the PVPO at USDA, they cannot

actually accept applications for seed propagated cannabis plants because it requires a 3000 seed deposit into the NPGRS, which is the National Plant Germplasm Resource Center out in Colorado, which it's Colorado, why can't you deposit marijuana seeds in Colorado? (Laughter) But you can't. It's a federally -- you know, it's federal law, you can't do it. So they will not accept them, but the PTO will.

MR. MATAL: Just to be clear, USPTO is still a drug free workplace? (Laughter)

MS. JENKINS: Okay, thank you. On that note -- thank you, appreciate it.

MR. HANNON: Sure.

MS. JENKINS: Next on the agenda is -- so we're running a little late. We're going to -- surprise -- go into lunch. PPAC is used to that. Do you see? They're not even looking at me. I just want to point that out, note for the record. So we have PTAB and David is approaching. So I should mention that the schedule of discussion for PTAB has changed. We have quite a list on here and

then SAS issued -- obviously oil states and SAS issued the other week, but we're going to focus today -- David is going to focus today in his team on SAS, and I think maybe talk about judicial conference. But that's the focus for today. Are you agreeable? Yes?

MR. RUSCHKE: That's correct.

MS. JENKINS: Okay, great. Thank you.

MR. RUSCHKE: Well, thank you. Why don't we get going? As Marylee said, the agenda has been altered and we thought it was obviously with the timing of the Supreme Court case it's much more important to talk about those cases here. And, again, I won't say much about oil states, that was a 7-2 decision that came down the same day as SAS did. Just commend obviously the holding with finding the AIA trials Constitutional. That decision does not have any impact on the Board, but the SAS decision has a major important operationally and organizationally on the Board.

If you recall, we had gotten questions previously when the arguments for

SAS and oil states were raised, did we have contingency plans. And fortunately did. We had them on both side. But if you recall, it's sort of going in opposite directions, where in oil states we might lose some of our jurisdiction, whereas with SAS, who is potentially going to be adding to our -- not necessarily our jurisdiction -- but adding to our workload. And that's indeed how the decision in SAS came down, 5-4.

Again, I won't go necessarily into the details of the case at all. I do have with me -- I always have my Deputy, Deputy Chief Judge Scott Boalick, but I also brought with me two our Vice Chief Judges, Scott Weidenfeller and Tim Fink. They have been leading the charge on the contingency plans and implementing that over the last week, so I wanted to make sure that they were here. And also sort of just make sure everybody is understanding that this is still an evolving process for us. It's not that we are able to implement something immediately. Our contingency plans did have various phases. So

we did have sort of like a day one contingency plan, things that we had to do immediately. And then also we had some shorter and longer- term contingency plans as well. So we're still in very much of that first phase.

And, again, just the issue in SAS present as whether PTAB is required to issue a final written decision on all claims challenged in the IPR petition as opposed to a subset of a challenged claim, using a claim by claim approach. And so the PTABs had initially, since the beginning of the AIA trial proceedings taken the position that we did not have to move forward on everything that was in the petition, that we actually could only go forward on certain claims and also on certain grounds.

The SAS decision, as it came down, as I said, 5-4, we read that to be that with respect to claims we do have to move forward on all claims. That's our reading of SAS. One of the issues that arose immediately after the decision was does that also mean that we have to move forward on all grounds. What the

Agency has decided, and we did explain this in our policy, our guidance that we issued on Thursday, two days after the opinion issued, was essentially, again, that explained that we are looking at challenges, which we sort of define as being claims plus grounds, and we will be addressing all claims as required by SAS, and the Agency is taking the position that we will also address all grounds moving forward.

So, again, here is something on the website where the guidance is. We were informed that it may be a little difficult to find. Just to let you know, it's available on the main page of the USPTO website. It's also available on the PTAB website itself. So we're trying to give you multiple locations. With respect to the PTAB website, if you go to the trials tab you'll see it here, if you go to the resources tab you'll also see it there as well, and on the far right hand column there's sort of a what's new section, you'll also see it there. So hopefully you can find it easily and readily and take a look at that.

Also, we wanted to get ahead of some of the questions that everybody was raising. And so we held a Chat with the Chief. These are sort of regular meetings that we hold with myself and stakeholders that we do by webinar. And we did that this past Monday. It was actually quite well received. We had close to 900 ports that we're listing, which is about 4 or 5 times the number of ports that we usually have. So obviously it's a hot topic, everybody is interested in it, and we really wanted to make sure that we're getting out ahead as much as we can. This is a continuing conversation and it is evolving. There are certain situations that arise that we're not going to be able to address, certain situations that we are aware of that we're still formulating an answer on. So just want to make sure that everybody is aware of where we are in the process of implementation.

MR. THURLOW: David, that web chat or webinar, I listened to part of it. Is that link -- it was recorded and is available on the PTAB website?

MR. RUSCHKE: It is, it's available.

MR. THURLOW: Okay, that's great.

MR. RUSCHKE: So let's just take quick look at the guidance. When we put the guidance out I think it was quite well received that we got out ahead as quickly as we could. And, again, just to emphasize, there's two things to emphasize, again that we will be moving forward on all claims as required by SAS, but we made the determination that we will also be moving forward on all grounds as well. So that should be made clear here in the guidance. A couple of issues came up that I want to raise. Maybe I'll just read it to, it says as required by the decision, the PTAB will institute as to all claims or none. At this time, if the PTAB institutes a trial the PTAB will institute on all challenges raised in the petition. So that includes grounds. And I do want to emphasize the phrase "at this time". Right now we are working diligently with the resources that we have, we are analyzing all of the cases that have to be reanalyzed under SAS, and we'll

just make sure that if there's a situation where we are not able to handle that, we may have to reevaluate our decision to move forward on all grounds at this point. But right now we seem to be able to be moving forward as per the guidance.

Also, I want to read a situation with respect to the pending trials. Obviously we have a number of trials that are in process. We have approximately 800-850 pending trials right now, of which we have instituted on partial claims about 20 percent of the time. So that's about 150 cases we have to deal with now with respect to SAS. We are in the process of investigating those petitions that we've moved forward on through trial where we only instituted on partial grounds. We are doing a manual calculation and a manual evaluation of those cases, so hopefully we'll get you some data on those. But there's at least about 150 cases out there that we are evaluating that are in the process right now that need SAS attention, if you will.

And what we've said in the guidance for that is for pending trials in which we've instituted the trial on all of the challenges raised in the petition, the panel will continue with the proceeding in the normal course, unaffected by SAS. By contrast, for pending trials in which a panel has instituted a trial only on some of the challenges, some claims or some grounds raised in the petition, the panel may issue an order supplementing the institution decision to institute on all challenges raised in the petition.

We'll get into the nitty gritty of what that really means and how that plays out. It does affect where you are in the timeline, how we address that issue, but the language that was raised, that we put in the guidance, was specifically put in there to sort of encompass the possibility that although we will be moving forward with all challenges, there may be situations in which the parties themselves may agree not to move forward on certain grounds or certain claims. Again, part of the issue is to make sure that we

provide a lot of briefing and that we also provide a lot of opportunity for the parties to raise some of these issues. And there also might be situations too where a patent owner has disclaimed some claims. We're not planning at this point to sweep those back into the proceeding at that point.

So that's why that language is phrased the way it is. Right now we do have an order in place, and I think we'll get to a little bit of that soon, but ultimately we are trying to be as uniform and consistent with all of the parties as possible. That said, each case is somewhat different and is at a different stage of proceedings in the trial process.

So, again, with respect to implementation of SAS at a very high level, we are instituting on all challenges raised in the petition or not institute at all, as the Supreme Court told us, it's a binary decision, all or none, if you will.

Second bullet point, if a panel has issued a DI instituting on all challenges,

panel will proceed as normal. Again, that case is already SAS complaint. And if a panel has denied a DI on all challenges, there's going to be no additional action. Nothing is required by SAS for us in those situations. But it is these cases, as I said, where we have had essentially only institution on some challenges, and that's the 146 cases. And, as I said, what we are doing primarily is to issue an order instituting on all challenges. We're asking the parties then to meet and confer and to get back with the Board, with the panel, within seven days of that order. And at that point there might be situations where there might be a joint request from the parties, for instances, to terminate as to certain challenges, either certain grounds or certain claims.

So that's the process we're in right now. To let you know, we've moved, I would say, approximately 50-60 orders through the system right now. And that's, again, a lot of moving parts right now depending on how close we are to certain deadlines.

And let me talk a little bit about the deadlines. We'll get into some specifics about that later. We clearly have the authority to extend for good cause into the six month period following a final written decision, not a DI, but a final written decision. We have already used that authority in about two or three cases the first week, and an additional two or three cases this week. That is because we have analyzed those cases that are within one or two days or three days prior to a final written decision and realized that we're not going to be able to change the final written decision in that sort of a period of time to be SAS compliant and address to all claims and all challenges. So we have been authorizing the panels to use the six month extension. Please remember it's up to six months, it's not a given automatic six months. So, again, if we move into the extension, as we did with Aqua Products, we hope that we will not need the full six months, that's just a possibility for us as an outside goal.

Also, some folks I've seen out there in the news has suggested that we will automatically be extending into the six month period if you have a petition that's been granted only in part on either claims or grounds. As we'll see here, that's probably not the situation. We want to be as judicious as possible as to how we use the six month extension. It's going to be obviously more applicable the closer you get to final written decisions, but we have a lot of flexibility during the trial phase to try to address SAS without having to move into extension at the very end.

This is a very important website or email address. Yes, Pete?

MR. THURLLOW: Two quick things. So as Joe knows very well from working on AIA, the good cause we agree with, the language is not exceptional, it's good, so I think you have perfectly reasonable grounds to use that and I would use it as you need to.

The other point is, you read the blogs and you see the information, there's a

general feeling that the institution rates are going to go up because if it's all or nothing, there's likely going to be one claim where you can't I guess -- I don't know if you agree or disagree, but let me give you an example. The fees allow for 20 claims, 3 of which are in dependent form. As you are well aware, the dependent claims normally have to be more narrow. So if you find the petition is effective at least for one of those dependent claims, then is it just fair to say you're going to institute on that petition?

MR. RUSCHKE: Well, what I will say, I'm not sure where our statistics are going to fall, we'll have to see where that goes. But the statistics that we report already include partial institutions as full institutions.

MR. THURLOW: Okay.

MR. RUSCHKE: Okay. So whenever we report our statistics we always say either, particularly on an institution, that even if one claim out of fifty claims goes forward, we count that as an institution. So in some ways our statistics won't change because of SAS

necessarily, because if we institute it on one but not forty-nine before and now we're instituting on all fifty, that's still the same data point.

MR. THURLOW: Right, but as we all agree, the volume of claims and grounds you're going to be looking at are going to increase. And naturally there's a feeling as the volume increases the likelihood of institution may arguably increase.

MR. RUSCHKE: It may, it may.

MR. THURLOW: Yes. Because you're not looking at partial, now you're looking at the full things, o.

MR. RUSCHKE: True, true. I mean to me that's a workload issue and that's something that we have to deal with. And maybe I might mention that right now to get ahead of that issue. Some questions, people have asked the question about are we going to be needing more resources. Certainly under the way we're handling the cases now, there's certainly a potential that we will need more resources. Again, 146 cases, most of these we

anticipate being able to move through over the next year, year and a half. And I think one of the things that we've been thinking about too is let's just see how the workload plays out in the short-term, over the next three to six months, and see, are we getting inundated, et cetera.

Most of you are aware that we had a posting for APJs for the first time in about two and a half years. That was posted earlier this winter/spring term. We received over 300 applications for multiple positions, and those were put up for posting because of attrition and retirements that we hadn't filled over the last two and a half years. We will definitely be hiring for those, those attritions and retirements; that's the plan. Will we need to hire additional ones because of SAS, we just don't know at this point, so I'm really not going to say. But certainly the gut feeling is that the workload will increase, certainly as we address this.

MR. WALKER: Good, David. I'll just make a point. So I did my own calculation on

this. And not counting ex parte appeals, but if you say a quarter of your current cases don't have all the grounds, all the claims, right?

MR. RUSCHKE: Just claims, we don't know about grounds. We're still calculating that.

MR. WALKER: Right. Okay. So just say a quarter. So if you take a quarter of your judges -- I'm sorry 20 percent of your current caseload of 800 cases, so say 130-something you said. So 20 percent of that is about 52 judges. If the workload goes up by 30 percent, even for those cases, we're talking about another 15 judges just to handle (inaudible).

MR. RUSCHKE: Potentially. But, again I --

MR. WALKER: Yeah. So I mean you have to see obviously.

MR. RUSCHKE: We do.

MR. WALKER: But I just did a rough calculation, and you just say with a 30 percent increase just on those cases, you're

going to need more help.

MR. RUSCHKE: I think that's true. And generally we take a look at it. Again, we don't know what -- perhaps if the parties themselves take some of the workload off of us, that's a -- we just don't know how that factors in.

Also, one thing I will say with respect to that 20 percent, Mike, we actually looked at it year over year and there's been a general trend over the last two years. Actually I think our data for this fiscal year is showing virtually all of the pending cases that we've gotten this year we moved either all or nothing, to be essentially almost SAS complaint. So were the panels reacting to the fact that cert was filed on SAS and already sort of prejudging it? But the last two years we have been moving up in terms of all or nothing institution.

Joe?

MR. MATAL: I just wanted -- to Mike's, we've had a lot of internal discussions about where is this going to lead.

You know, there's a view also that this is a riskier world for petitioners now. Even if you bring some weak claims, they're still going to be brought into the proceeding and you're going to get hammered with the estoppel at the end. So that may have the opposite effect, to make people a little more cautious about bringing in weak claims or even filing a petition at all. But we've concluded that we know what we don't know and we'll just have to see how these things evolve.

You know, I'd also add, you know, this has obviously created a huge workload problem for the Board and, you know, we're all disappointed when we lose a case. We want to preserve our authority, but this isn't the end of the world. And, you know, frankly, I don't think I'm giving away a state secret by saying we even had discussions internally of, even if we win this case maybe we should just do this anyway to ensure that the estoppel takes full effect. You know, there are certain virtues of doing it this way. So we'll be okay at PTO.

MR. THURLOW: Jose, just on the point that you studied the cases and you know this area so well, I've heard different opinions on the affect of the estoppel in IPRs and AIA proceedings and what's your view on that?

MR. MATAL: Well, the statute says that you are estopped from raising in a future either PTO proceeding or a civil litigation or IT proceeding anything you raised or could have raised in the proceeding. That's all in subsection e, e is for estoppel. (Laughter) And, you know, if we institute on all claims and all grounds, you're done. I mean you either raised it or you didn't raise it but you could have raised it. You know, the old procedure where you only partially instituted created this gap where we decided to say well, look, if you tried to present it and we've refused to institute it, then you couldn't have raised it and it wasn't actually raised. And so those claims survived the litigation, which, you know, created a bit of an anomaly. You know, the claims that were strong enough,

that you actually got to litigate them, you know, you were estopped on. But claims that you brought that were so weak that it didn't even meet the threshold, you were free to litigate again, that seemed like an odd situation. And this way it really will clear up things for the district court. We'll just create quite a bit more work for the Board, especially in the short-term.

MR. RUSCHKE: Short-term for sure. And, again, I think the Board has almost been acting as if we are in a SAS world for the last year and a half. In fact, as I said, almost all cases from 2018 and I think close to 90 percent of the cases in 2017, those numbers aren't validated, but it's very high numbers have actually been SAS compliant with respect to claims over the last couple of years.

MR. THURLOW: So does it mean that petitioner's always request on all the claims?

MR. RUSCHKE: The petitioner's job is to file the petition --

MR. THURLOW: Well, that's my point,

as just now it's all or nothing. Petitioners quite commonly didn't put all the claims in there. At least it was at minimum the ones in litigation, right?

MR. RUSCHKE: Mm-hmm.

MR. THURLOW: So even though you're SAS complaint, that doesn't mean the petitioner's side, I guess. I'm making sense here?

MR. RUSCHKE: Well, I mean, I guess what I would say is that still it's up to the petitioner. And one of the things that we have actually had some inquiries from some stakeholder groups -- and I again point to this email address up here. We have a number of questions that come in here from either a general perspective or specific to a case. That's your venue for getting an answer. So please, write that down, that's how you contact the Board on all SAS issues. And obviously we're monitoring that on a daily basis, essentially an hourly basis. Every single time that comes in we have a team trying to get those questions as quickly as

possible.

MR. THURLOW: Right.

MS. JENKINS: Let me just --

MR. RUSCHKE: So what I'd like -- sure Marylee.

MS. JENKINS: Sorry. Are you going to touch on -- when are you going to touch on the discussion by the director about looking at the whole PTAB process? Are you going to touch on that later or?

MR. RUSCHKE: I was going to do it at the end. I was going to take us through the actual practical implications based on our timeline. So just to give the public some sense of if you're in -- obviously these are pending cases before us, this is this 800 cases -- what can I expect. And I was going to turn this over to Scott and Tim and Scott W. to see if they can walk through this. It's fairly straightforward, but I want to make sure that we give a little bit of information to the public on that.

MR. BOALIK: Sure. And we'll just take kind of a quick walk through the

timeline. I can see it's split up. The time periods at the very bottom of the timeline are what we're going to lead the discussion by. So starting -- and it's broken largely into what happens before institution and what happens after and then there are a lot of subcategories after institution.

So let's get to before institution and this is really just a repeat of what the Chief has already said, that at this time we're not going to be doing partial institution based on claims or on grounds. Now, after the decision institute, only if there's been a previous partial institution, because again as the Chief said, if there was an institution on all claims, all grounds, we're good, we're proceeding if there was no institution whatsoever, also good. So then we have this middle situation, what if there was a partial institution. And what will happen in your case is that an order is going to issue that will institute on all challenges and then it will order the parties to meet and confer. Among other things there might be

additional action that's needed, depending on what stage of the proceeding we're at. The parties may want to ask for additional briefing, may wish to try to introduce additional evidence, they might even think that there may be a different hearing needed, depending on where we're at. We'll get to that in a moment. But one thing, and we've seen this happen already in several cases, and I expect there will be a lot of cases, where the parties jointly agree that they are going to waive the bringing in of these additional claims or grounds, that they're satisfied where they're at. And we've had a few joint waivers already of bringing those in.

And so that's the general way in which we're going to proceed. Now, we'll sort of go through a couple of, you know, sub timeframes here. So now we're going to step through in detail through the after institution timeline, starting before the patent owner response, so what will we do there. One of the things that probably will need to happen, depending on exactly where

we're at, especially if we're getting close to the time for the patent owner response, may need to adjust that date and push that back to allow the patent owner to address the additional challenges that have been brought in. There may be a need to adjust other dates as well.

Now, if we've already passed the patent owner response but we're before the petitioner's reply, then similarly we might need to move the due date for petitioner's reply, especially if patent owner is going to request to supplement their response and provide either additional evidence or address those additional challenges that were brought in. Of course, if the parties had agreed not to bring in the additional challenges, then there is likely no need to adjust the due dates. And there may be other due date adjustments that will be necessary as a result.

Now, if we're after the petitioner's reply but before the hearing, here's where either party can go ahead and contact the

Board to request a conference call with the panel and discuss whether additional briefing would be needed, whether there's a need for additional evidence on these challenges that have been brought in. Also, the petitioner will be permitted the opportunity to file some responsive briefing and if they want to bring in additional evidence -- you recall that normally there's new evidence allowed -- they need to request authorization for that from the panel on the particulars of that case. And, I feel like I've said this before, other procedural dates might need to be adjusted.

So, after the hearing, so you've already had your hearing and you're just awaiting a final written decision, at this stage, once again either party can request a conference call with the panel to discuss what additional briefing might be needed, what evidence, and whether a supplemental hearing might even be needed to address additional challenges brought into the trial. And, once again, petitioner will have a chance for a responsive briefing and if there's a need for

additional evidence, they're going to have to request authorization for that. This is the most likely place, as the Chief talked about, extensions of the 12 month deadlines, and this is the situation in the past week and a half or so where we have done the extensions. It's always been right here where we're very close to the due date for the final written decision and there's no time to sweep in those challenges and the parties haven't yet waived those additional challenges. So we have gone into the six month extension, again, case by case and up to six months, which means not automatically six months. It's as little of those six months as we can do to still keep things moving forward.

Now, if you're after the final written decision but you've not yet requested a rehearing, either party can request rehearing from the panel to raise SAS issues on the claims or grounds challenge. If you're very close to the rehearing deadline, or if the rehearing deadline has even passed, we can waive that in appropriate instances, or we can

extend the deadline for rehearing. So if your deadline runs tomorrow and you've decided you want to request a rehearing, ask for a deadline extension. If it's passed but you still want to do it, ask for a waiver of the request for rehearing deadline.

Now, if you are already after a request for rehearing but you're before appeal to the federal circuit, because recall as soon as you appeal the federal circuit we're divested of jurisdiction, so if you've appealed to the federal circuit we are unable to do anything, we have no jurisdiction over the case. But if it's not yet been appealed to the federal circuit, once again either party can request a conference call to discuss whether there's additional briefing. We can also either adjust the rehearing deadline or waive it. So, you know, feel free to ask for those things if that's your case. And you've seen this address before, if you practice before it, you're very familiar with it already, but this is the email box where you send your questions.

So are there any particular questions on any of the stages of the proceeding or any of the material up to -- because I think we're about to leave SAS.

MS. JENKINS: No, not yet.

MR. BOALIK: Okay. Well, it will be with us, but we were going to talk about a few other things before our time was up.

(Laughter)

MS. JENKINS: Just a couple of notes. I do want to commend again the responsiveness of the PTAB and the office based on the decision coming out and the memo guidelines. That was just great. And also your chat on Monday, I thought -- well, I was surprised to see it, but I was very pleased for you. But I thought, oh, this is going to be great for the PPAC meeting (laughter), to be fair.

Are you finding that for the 146-150 outstanding that needs to address this issue, are you finding that you're having to nudge them, are they contacting you, is it a blend?

I'm just wondering how the stakeholders are trying to address this on behalf of their clients.

MR. RUSCHKE: We have seen both actually. I don't think there's necessarily a trend one side of the other. I do think there's -- although we are trying to -- certainly on the ones that are close to certain deadlines we'd like the parties to give us answers as quickly as possible. Just as we're still absorbing SAS I think the parties are still absorbing SAS, so we do have to nudge the parties, particularly when the deadlines are approaching because they're -- you know, one of the things that was -- obviously a lot of -- on oil states there were so many amicus briefs with oil states and so few with SAS. So nobody was focusing on the ramifications of it, and now it's front and center. Again, we had some contingency plans in place, which I think gave us a nice leg up, but many of the parties might not have thought about this. And so now they're in a situation where the lawyers are

having to contemplate this. And it's not one of those decisions that's clearly, in my mind at least, favoring petitioners or patent owners. There's a lot of things on both sides and a lot of moving parts. And so the strategies that petition owner and patent owner are going to be using in the SAS world I think remain to be seen right now. So that I think is holding up them a little bit. But, again, our order does require a meet and confer and then a contacting the panel within about a week.

MS. JENKINS: So before we leave SAS, do we have any other questions from the Committee?

MR. THURLOW: Very helpful. Very helpful.

MS. JENKINS: Yeah, thank you.
Okay.

MR. RUSCHKE: Great. Marylee, you wanted to talk a little about -- I don't have a slide for this -- this is just a couple of slides -- why don't we do it at questions -- a little blurry up there. Just some upcoming

events. These are Boardside Chats. These are our regular meetings that we have where we talk about sort of the nuts and bolts of operations at the Board. You can see what we're talking about, motions to exclude and motions to strike, best practices, and motions to seal. Again, the Chats with the Chief, those stay tuned. We do those on a rolling basis, not on a regular basis, when there's important issues like this. I could imagine that maybe another month or so into the SAS process we'll have another Chat with the Chief updating if there's changes and additional information that we have to share. If you're not signed up for the email blasts, please do so at the USPTO website because that's the best way for you to get information as to what's happening at PTAB.

And a quick self-serving plug, our annual judicial conference, which is always held at the end of June right before Fourth of July, that's here in Alexandria, the Director of course will be here. One of the things that's really important that's special about

our judicial conference is, again, intimate conversations with the judges themselves. We are having a lot of the judges here physically on site for that. So that's one of the advantages of attending.

Questions and comments are always there. But let me just address Marylee's questions as well. So, obviously SAS took all of our attention for the last week and a half, but as I said in a number of other fora out there, in preparation for the new Director's arrival we had divided up essentially the entire trial process on AIA amongst the operational Vice Chiefs and assigned them each section. And what they did was they formed working groups to address essentially the trial from top to bottom, what's working, what may not be working, we've heard this criticism, we've heard this possibility. And then we held stakeholder meetings with some of the major stakeholders out there over the last summer and fall and winter and asked specific questions about operational, how would you do this, what is the impact, how is that going to

interplay with other parts of it. And so what we did was when the new Director came on board obviously he had said during his confirmation hearing, as well in his swearing in ceremony and many other speeches, that one of his top priorities is looking very closely at every state of the PTAB. And we meet very regularly with him on all of those issues, literally from top to bottom of the trial proceedings.

That's the stage that we're in right now. It's been February -- I guess it's coming up on three months now with a new Director and there are a lot of initiatives being talked about and considered at this point. One of his priorities that he has stated, of course, is the amendment process. That is something that frankly we have encouraged our stakeholders to spend more time on. The narrative has long been that it's just hard to amend at the PTAB, and we have tried to change that conversation to be why is it hard to amend, and if we can figure out the root cause for that problem, what solution best fits the cause. And so the number of

opportunities to amend, the contingent nature of the motion to amend, there's been off ramp discussions in congress as well as amongst stakeholders. How do they all fit together, what's the best options for us, what can we move forward on. That's been a high priority, as the Director has already mentioned out there.

The other thing I think he's talked about again is the standards between the district courts and the PTAB, and looking at from a predictability and reliability standpoint should those standards be the same, and if so, which ones and which standards can we get together and meld between PTAB and district court proceedings here underneath Agency authority.

MR. THURLOW: The one thing I'd said I think, as discussed yesterday, the cultural issue. I think the judges, 265 or around that now, look at themselves as judges. So I could see what we discussed is somehow interaction with the Central Reexamination Unit, because they're more traditional examiners, SPEs,

seasoned examiners. We spent the morning doing the basics of examination, how to get a good search and update. So I see, personally, we don't know how all these things are going to develop, but some interaction between the PTAB and the Central Reexamination Unit, because the judges look at themselves as judges, and probably correctly so, Central Reexamination Unit has senior level examiners that do more traditional examination. How we work that out with the natural interplay between the applicants and the Board/CRU, interviews or that whole play, that's a whole other issue. But I do see, personally, some interaction with the CRU on that.

MR. RUSCHKE: Well, I think it's some interesting points. Obviously that's been out there in a number of decisions about timing, things like that, should there be a search, should there not be a search, who does the search, when do they do the search, what happens to the search results. But I think the important piece is what the Director has been emphasizing as well, is that this is an

innovation agency and it's our job to make sure that those inventions are appropriately covered by patents that have been searched and that those claims when they go out the door are solid claims, so that those provide that predictability to the public, to the patent owner as well as to other folks in their fields.

And so we totally hear that, as well, that perhaps that's an option for us, but I think it fits into that overall theme, and that's really where we're coming from when we think about what changes we might want to make.

And one thing I might just say from Marylee's standpoint too again, as we look at SAS, all of the previous work that we've done for the last year and then the last three months with the new Director, SAS has some implications for that. Workload, what can and can we not do now potentially, the timeline adjustments, the additional things that we may want to put into the proceedings, how is that going to play with the additional workload of

SAS.

So those are the things we're evaluating literally in real time.

MS. JENKINS: Thank you. I think every presentation that you do for PPAC there's always some nuance, new development, you know, and I commend David and his team for the hard work and efforts that they have been doing. That's a toll on them, but you have to commend the responsiveness and their dedication to the efforts on this. And, you're not -- I'm just going to look up at the ceiling and say for the stakeholders, you're not going to make everybody happy, but this team works really, really hard, so. And the PPAC recognizes that.

I'm also going to give you another pitch in support. Is one thing I've noted during the meetings that we've had, is often at times we sort of assume magically there's an IT support system for you to generate data statistics, whatever that element is that people in the stakeholder community are asking for. And I invariably hear we don't have

that, it's manual. As a Committee, we are very supportive of IT for the office, we think that is a priority. As long as I've been on this Committee it has been a priority for the Committee. And you also, you are part of the office, and I think for this area to get the information stakeholders demand on a regular basis you need to have better support in this area. So I know I can't magically waive a wand, but I just want to be on record to say that you need the support in order to meet the demands from us, so.

MR. RUSCHKE: I appreciate that support. I'm not sure if we're on the agenda for the IT session, but one of the things I will let you know is that we have moved forward on some additional contracts. We had been in a holding pattern for a while and now we are kind of moving forward again, which is a good sign. But there is some start up time, obviously, that we've been delayed.

One of the things that we were going to have on the agenda that we were hoping to get out there was transparency of data. And

this goes to exactly what you're saying, Marylee, is in an idea world we would be able to take all of our data and divide that up in an incredibly granular way, differentiating by trial type, by technology, by claim, by petition, by patent, and then year over year, not cumulative. That's a huge amount of work to do. Remember, when we had our original data set, a lot of that was claim by claim, and a lot of the feedback that we got, including through PPAC, was that's not really representative of the full picture, so we sort of moved to a per patent and in particular a per petition where we could do that automatically. We're hearing again that folks would still like to see that claim by claim data. So we have that data, we're just going to try to package it now and get that out to you all in our monthly reports. And, again, with the ultimate goal of giving you every single permutation that you'd like, but right now we are trying to get back to some of that data that we were doing before we changed to responsive stakeholder comments. Some

stakeholders would still like us to show the other data, so that's what we plan on doing.

MS. JENKINS: Okay, thank you. Any other comments?

MR. LANG: Yeah, I'll just echo Marylee's comments. Among the stakeholders that I talk to, you have an enormous amount of respect and support for what you've done in carrying on an effective process. And we know that the changes are coming and I think there are improvements that can be made, but, you know, we hope that the effectiveness of the process which was developed over time will be retained.

MR. RUSCHKE: Right. Thanks.

MS. ROSS-SPINOZA: Marylee, this is Julie Ross- Spinoza. Can you hear me?

MS. JENKINS: I hear a voice.
Julie.

MS. ROSS-SPINOZA: Sorry. Hi, everybody. I've actually been listening since the beginning and I think is a very valuable section. So thank you.

I also want to echo what Marylee and

Dan just said. PTAB has grown and there have been growing pains, but these are to be expected. And I do not view, and I don't think anybody should use that as a defeat for the PTAB. I consider a refinement, if not more than that.

But, anyway, I thank you for everybody's hard work.

MR. RUSCHKE: Thanks, Julie.

MS. JENKINS: Thanks, Julie. Good to hear you. I didn't know that Julie could communicate with us. That's great.

(Laughter) That technology is working.

MS. ROSS-SPINOZA: I'll go back on mute. Thank you.

MS. JENKINS: Thanks, Julie. Okay. So we're going to break for lunch. Thank you, everyone. And we would like to start back at like 1:05, okay. Thank you.

(Recess)

MS. JENNINGS: Tony's here, we can start. It's a done deal. So we're already late again. So sorry. Chris, you're going to talk about communication for us right, thank

you so much. Chris Shipp.

MR. SHIPP: Okay we welcome back from lunch everybody. I'm just going to give a brief presentation on how to stay in touch with the USPTO and the best ways to receive communications that are pertinent to what you want to know about whether that's everything that we're putting out. Some of it is self-selected or really not too much at all but just very specific. It will be a brief presentation, like I said, and I assure you after lunch, this will be nowhere near as complex as PTAB discussion about SAS implementation, I promise you that.

So the best way to stay in touch with the USPTO is by going to the USPTO subscription center. It is kind of like Goldilocks and the Three Bears. We're trying to give you something, not too hot, not too cold, just right. We don't want to give you too much info that you're saying, now you're spamming us. We don't want to give you too little info, we want to make it just right for you. And to that end, we have 12 different

topics that you can choose from whether you just want information on one of them. Say all you want to know about Patent Trial and Appeal Board, you don't want to hear about anything. You can sign up for just that one. If you want to know about everything that we have going on, you can sign up for all twelve. This is through our self-service subscription list system. As you can see up there, before you can select any of them you just need to enter your email and then you will be taken to the screen where you can choose how many of the 12 you would like to utilize.

It's a simple self-service project. You can sign up at the bottom of every page on the USPTO. So go to any page at uspto.gov and at the bottom, you will be able to see where you can click to subscribe to updates. And then also through that page, you can go to subscriber preferences. If you've decided that you want more information, you aren't seeing quite as much as you would like, you want to know about some more topics, you can go in there, add topics, you can remove topics

whenever you want, 24/7. There are different ways that you can receive the notifications. You can either have them sent to you right as they come out or if you have a lot of them, you can select through subscriber preferences and choose to receive them daily or weekly.

I'll give you a little bit on the monthly review here. We have several different types of communiques. Like I said, from the 12 different options and here is an example of last months. This is our monthly review and this is an overall broad view of what we've had going on at the PTO lately. It can be everything from just announcing the new exhibitors at the Trademark Expo to talking about the new patent cover design, so just a very broad view. This comes out every month, 12 a year, you know what you're getting and this is just a sample of last months.

On kind of a back end note, we're really focused, the Director wants us to be speaking with one Agency, one voice. So whether these are coming a lot of communications, whether it is patents or

trademarks or PTAB, before it gets sent out, any of these notifications, all 12, they all come through OCCO so we're doing a quality review to make sure everything is consistent with the front office and everything is formatted properly.

This is just an example of something more specific. Say you're a patent practitioner, you're not really interested in hearing some of the other things we've got going on at the office. You aren't interested in copyrights, you aren't interested in trademarks, you just want to know what is going on that pertains to you as a practitioner. This is more specific. This is done on an ad hoc basis unlike the monthly review which is at a set time every month. This is our most popular and frequently used list with just around 35,000 subscribers. As you can see, we average about one communique every 2.5 days. Some weeks you might have three, sometimes you might go a couple of weeks without any but we're trying to make sure that it is pertinent information and it

is what you're signing up for that's valuable to you.

And so here you see some of our overall subscriptions, what people are interested in, how some of that is broken down. Like I said, the patent alerts has nearly 35,000 subscribers. Also popular are press releases and just the FYI at the USPTO. Average about three lists. So you can tell that people are really using this to tailor it to what they need. That's who we have it set up. It's much easier for you to select what you want to know. But if you did select everything and say you want to know everything that we've got going on here whether it's about copy rights, whether it's about PTAB, you want to see it all, you want to hear about Inventors Eye, our total alerts were 234 last year. So we are sending, on average, less than one email a day. We're really trying to avoid being like somebody like Groupon who sends you seven emails a day and spams your inbox. We want to make sure that when people are receiving information from us, no matter

what it is, that it is timely, it's relevant. So when they see the USPTO in their inbox, they're going to want to read it and they know it's something that could be relevant to them.

As I discussed earlier, the easiest way to do this, it's very simple. You just go to any page on uspto.gov, you can click there, you can sign up for updates and we'll make sure that you can select and tailor it to your needs so you know what we have going on. In addition to that, that's just for the messages that we're putting out. We also really focus on communications. We're in the news a lot right now this time of year so we're working on op-eds from the Director that are coming out and we have many different other ways that we're communicating. This is the way to receive the electronic versions of what we're putting out across our business units and throughout the USPTO.

MS. JENKINS: Thanks Chris. It is interesting because when you talk to stakeholders, I'm always surprised how they don't know about this, so that was the reason

why I asked to have you speak. The variety of information that goes out through your office, I think, is so helpful to the user community. A plug for us, PPAC, we get one of these too for subscriptions so we appreciate that. I know there is another device and maybe Mark can help me. It's another mechanism to get user feedback that I know you've used in the international group to get input on like maybe now the Prior Art Initiative but it's not this. What am I thinking of?

MR. POWELL: My shop has at least one or two or three of the, like for example, Global Dossier. Provide feedback at globaldossier@uspto.gov so there are direct email links. We normally, if we have an announcement to make we will send it through Chris's shop and then it will come out usually as a patent alert, something like that.

MS. JENKINS: But if you want to comment about a new, like you ask questions, Jessica does it. We actually just talked about it and, of course, I can't remember the name of what it is that you use.

MR. POWELL: Ideal Scale?

MS. JENKINS: Idea Scale, yeah.

MR. POWELL: So that's probably associated with a particular program like the Prior Art Project. That would be probably a link on the OIPC or my office's web page. I don't think it's tied into Chris's stuff.

MR. SHIPP: No, it's not tied into us. A lot of what you'll see coming out may be from individual business units or from something like OIPC. They are running through our shop for vetting to make sure the formatting is right and to make sure it is consistent but then it ends up coming out through that business unit.

MR. POWELL: Right.

MS. JENKINS: The point is, is there is a lot of different ways to communicate with the office. There are a lot of ways the office is trying to communicate with us to get feedback. That's the Idea Scale.

MR. POWELL: Just was we were talking about with regard to Prior Art, there is so much information to share. I think what

is important about Chris's statement is trying not to overshare because you want people to read what you are putting out. And then things are very topic specific, we try to handle within the groups that have the topic.

MR. THURLOW: I used it too. Like Marylee, I'm shocked that more people don't use it. What were the numbers of people using it?

MR. SHIPP: It's 80,000 total unique subscribers. Honestly, I'm surprised it's not more. We try to make it as easy as possible. That's why it's anywhere you go on any page you go to at uspto.gov you can click at the bottom and sign up for it. Getting the word out about it is important because once people are on, they're getting the information that they care about.

MR. THURLOW: Even for the recent PTAB Chat with the Chief, I got a reminder like 10 minutes before, it's starting in 10 minutes, so that's good. My one question is as we kind of have the directors pushing celebrating innovation and stuff, where would

something like that go? Like tonight, several of us are going to the National Inventor Hall of Fame event. There is a lot of different publications you have. As we kind of celebrate innovation more, where would something like that go?

MR. SHIPP: So what you would get a lot of that information, the USPTO Directors Forum blog, we try and use the Directors Blog to get out information that's talking about that. That's relevant and timely and that's talking about the celebration of American innovation, the directors priorities. If you're looking for what we're focusing on, what his message is, that's really a tool that we use quite frequently to communicate what is on the Director's mind. Sometimes it is more focused on what we have going on internally that people would be interested in and other times it would be more of what he's looking to do externally. So I would encourage people to subscribe to the Directors Forum if you're wanting to know what is on his mind and what is his priority.

MS. JENKINS: What is the immediate mechanism like. Would you use a Twitter feed first?

MR. SHIPP: Yes. So for something that is breaking news, we would be using social media. That is the quickest way that we have to get information out. It takes 140 characters so if something has just been posted, a major new decision by PTAB that we know everybody is interested in, they of course, will post that. It will go out but then we will amplify through social media because that's the best way. That's where a lot of people are looking for information. You'll get that because it is coming through PTAB if you're signed up to see those. So there are different ways that you can see that. We also use our press releases. That's not quite as frequent because sometimes, if you're somebody who is a trademark attorney and you've signed up for press releases, you may not be interested in PTAB's latest case. We use social media, that's a quick hit that we can do because if people aren't too

interested, they can just scroll over. But we try and reach people through a variety of mediums.

MR. WALKER: My only comment was about the webcast. We've been having troubles with the webcast past lunch. It has been completely frozen. You look good frozen though Marylee. It is coming in and out just so people know if they can even hear on the line. Your comments are being recorded even though not by video.

MS. JENKINS: Okay thank Chris, appreciate that.

MR. SHIPP: Thank you.

MS. JENKINS: So segueing into finance. Tony.

MR. SCARDINO: Good afternoon, thank you for having me. As you see from the agenda, today we will go through the three fiscal years that we're currently in the mix for and we'll talk about fee setting authority and then anything else you'd like to learn about.

Since we met last, Congress passed a consolidated appropriations bill for the

entire government. This was the result of a bipartisan two year deal on the budget. USPTO was appropriated at the President's request level, \$3.5 billion. We don't anticipate that we will collect to this level but it is nice to have it just in case. Of course, they did authorize a Patent and Trademark Fee Reserve Fund in case we did collect more than that. But right now we don't anticipate collecting quite that much for this fiscal year. Of that amount, \$1 million is transferred to the OIG for investigations and audits.

Status for 18 so far, fee collections on the patent side are pretty much where we thought they'd be overall, about 1 percent below. By enlarge, we are where we are also with spending. Spending is a little higher than collections at this point but that's usually because we spend more the first half of the year than the second. And fee collections with the new fees that went into place in January, we should have stronger fee collections the second half of the year than we did the first half. So things will kind of

balance out.

This just gives you an idea of exactly where we think we'll be. We started the year with a patent reserve that's going to grow slightly to \$336 million by the end of this year. You may recall that \$300 million is our floor. That's the lowest we like to go with the operating reserve as per policy. Things are going pretty well there. This is the result of a recently conducted mid-year review where we looked at spending versus fee collections coming in so we're in a pretty good place there.

So fiscal year 2019 doesn't start until October 1st. The President submitted a budget on February 12th. As part of this, the budget reflected a ten year extension of fee setting authority. You may recall, fee setting authority expires on September 16, 2018, so we're happy to see that. In terms of hearings, the Secretary of Commerce, Wilbur Ross, he testifies on behalf of USPTO and every other Bureau of Commerce. He testified on March 20th in the House and he's testifying

next week before the Senate Commerce Justice and Sciences subcommittee. We've been helping him get prepared.

Continuing along on 19, the estimates for the patent side is a little more than \$3 billion while a requirement is \$3.119 billion which means we'll dip into the operating reserve for just a bit. Rationale for this budget in 19, high priority on hiring 390 examiners which is just a little bit more than atrichia and that's based on, of course, work load coming in, examination time analysis as well as pendency targets and continuing to meet those. We're also trying to align PTAB capacity with workload projections. I believe you heard talk earlier today with the PTAB folks. Of course, we're not exactly sure what the impact of SAS last week was but we'll certainly be looking at that. Budgetary requirements in 19 do incorporate a pay freeze for 2019.

And finally, we get to the last year of the three, 2020. We are currently in the process, we got guidance from DOC last month

and we're currently in the process of internally developing a budget for 2020. We'll be working with Director Iancu very closely over the summer and then we'll present the budget to the PACS as well as the Department of Commerce in late August for submission to be in early September. I did mention a fee setting authority, of course, expires later this year. There was a bill introduced on March 22nd in the Senate. Senators Koons and Hatch, it's is called the Big Data for IP or officially, Building Innovation Growth through Data for Intellectual Property Act. We call it Big Data for IP Act. In there the most important part, for me the CFO is the extension of ten years for fee setting. Now, of course, there has been no action in Committee and there is nothing that has been introduced in the House yet. We're anxiously optimistic that something will get enacted by September 16th when this authority expires. I know I ran through things pretty quickly but I'm happy to take any questions.

MR. THURLLOW: So we have money and

things are in good shape.

MR. SCARDINO: Yeah I could have said it a lot quicker if I just said that, yes.

MR. THURLOW: That was pretty quick. PPAC has, I've been to two of these on PPAC and then before, a fee setting meeting September hearing.

MR. SCARDINO: Yes. We appreciate the Committee's willingness to have a hearing there. We have been working with Director Iancu as to proposals for possible fee setting. We're not sure if we're going to definitively do that but we would like to have that as a possibility in case fee setting authority does expire on September 16th. We would certainly like to introduce some potential fee increases or decreases or whatever we come to. We're still in the process of examining our fees.

MR. LANG: On that, I would just like to comment that the goals of reliability and certainty in patents that we can rely on are very important. Nobody wants to pay more

money rather than less money. But to the extent that any new fees get collected or tied to those goals are going to show meaningful progress towards them, I think there is going to be support.

MR. SCARDINO: Thank you. That would certainly be our goal just to tie them. We wouldn't ask for money just for the sake of it. We would certainly tie it to certain objectives. Part of that is trying to get more reliability in the system.

MS. JENKINS: Anything else?

MR. THURLOW: Tony, do you study in your role, you look at other patent systems, say China and others?

MR. SCARDINO: Absolutely.

MR. THURLOW: And how they fund applicants filing fees and so on. I shouldn't be specific to China but we hear stories of governments willing to financially support applicants filing fees which raises the numbers, raises the theory of more of an innovative society and so on but maybe not the highest quality submissions and so on. I

don't know how you respond to that but a lot of countries, I think for example, I heard Kuwait even subsidizes application fees.

MR. SCARDINO: So there's a lot to chew on there. I'm not going to make any comments on what other countries do other than to say we know subsidization. We are fully funded. So the only way that we would, as a country, support some kind of subsidization is the stakeholders, you guys, would have to pay for it. Unless Congress changes our whole structure, we used to be partially appropriated funding. As we mentioned, your first comment today was that we're right not fully sustaining everything, we've got an operating reserve, everything is good and we're in a comfortable place. But we have to be mindful, of course, that anything can change. Let's say the structure. If we attempt to change the structure or maintenance fees start to drop, those are all things we get concerned about more than trying to inflate patent applications. We certainly want to encourage innovation but we certainly want reliable and

quality patent applications to come into the system.

MS. JENKINS: We're mindful that the September 16th date is a very important date for the office. We're hopeful that Congress is also mindful and will get through some of the morass it's going through in order to focus on important initiatives and continue to support the USPTO. Whatever we can do to help in that area.

MR. SCARDINO: Thank you, we appreciate that. We like to think we've been good stewards of fee setting authority over the last seven years. This administration has supported a ten year extension and we're hopeful that Congress will too.

MS. JENKINS: Okay. Move on? Tony you got us right back on track. Thank you so much.

MR. SCARDINO: These meetings would be done by lunch time if you'd let me run them.

MS. JENKINS: All right. We have our IT folks ready to roll. They are next on the

agenda.

MR. POWELL: While they're coming up, interesting anecdotes about how offices are funded and how much they charge. So like the UK office, I guess they subsidize their filings in a way by only charging like £150 so like less than \$200 for a filing fee. I'm not completely familiar with how money is appropriated to agencies in the UK. They did grossly underfund their office. While people get a break on filing fees, for example, it is almost primitive paper and not a lot of IT and the ability to hire people and that sort of thing. I think we have a really good system here.

MS. JENKINS: So who is going to start? Dave?

MR. CHILES: Sure. So good afternoon everyone. I'm David Chiles. I'm the acting Chief Information Officer. On my right is Debbie Stephens. She's part of the patent organization and runs OPIM. To my left is Tom Beach, he's the portfolio manager for patents. I'd like for him to actually start

going through the presentation.

MR. BEACH: Thank you very much, David. We'll start with our major examination tools and products. The efforts focusing around the three key pillars of examination suite of tools. That being the docket application view which, of course, is the docket management system and official correspondence which is the authoring tool for examiners to work and complete their work products and examining search. So these are along with CPC and several other projects. These are the main projects of what we call the PE2E investment for which I'm one of the portfolio managers of. Debbie is also part of the investment team as well in terms of how we role this out.

Some of the key milestones for the last quarterly update would focus around the April releases. There are things like MADRAS parity and some functions and there is something called relevant prior arts services. This is really the idea of the beginnings of actively work sharing. Meaning you've got your

domestic priority documents from continuations to divisionals readily available. So those references that are used in those applications are readily available for which the application you're examining. This is a theme you're going to see both domestically and gradually internationally. This notion of work sharing and being able to leverage work products from other offices from the examination of the same cases elsewhere which would certainly filter into the theme of a consistent and predictable product that we create such as IP.

So with that, we can go deeper dive into each of these which will be the next page. I just spoke about some of the official correspondence. There has been a pilot that was started and it has been completed. Then we had a little delay in terms of official correspondence roll out to the entire core. I'll draw your attention to the fact that March had fixed some of our scaling issues. We started out roll out training and Debbie can probably speak a little more about the

training programs that they run because she has a very effective way of rolling out this product. This is unique that both the examiner and their supervisor or primary examiner need to both have the same system. You can't take an OACS document and complete it in OC. So this is one of our more strategic rollouts for which we applaud the folks over in the Office of Patent Information Management to release to the core.

MS. STEPHENS: Thank you. I just wanted to piggyback on what Tom had said on the strategic nature of the rollout. In collaboration with both our unions, as Tom mentioned, it does the new tool, any correspondence that is started in OC needs to do its full lifecycle in OC. That requires the entire patent stakeholder community including from, as he mentioned, the examiner, the SPE, perhaps a patent support staff member also to collaborate and use the tool as the correspondence progresses through submission or dissemination.

So the nature of the training is

more collaborative. We need to have an entire TC because of that collaboration that's needed being trained in concert in order to not impact any of those stakeholder communities during the transition. Thank you.

MR. BEACH: Thanks, Debbie. So we're glad to hear that TC 3600 is fully functioning on OC. That's the first one. The next one I believe is going to be 1600. The continuing rollout and training throughout the rest of the year. We're looking for a timeline, hoping for somewhere around December for everyone to be on the examination side to be using OC. Of course, as Debbie pointed out, there are all these other user communities within the organization that have to come on board too and be trained and make the full life cycle. So we're very excited about that. We're also looking at CRU as well in that division.

The next slide will be search. We have just done some continuous work from the beta to the rollout of getting our stair cased rollout of UCDC users. That's User Center

Design Center from 1000 to 4000 is what we're looking at by March. We're looking to have a fully scalable and quality search tool for which we can look at examiners being able to actually function in real time doing their job even being rated on doing their job with the tool.

This is an area where we looked at a slightly different approach, a very collaborative approach on some of the conversations that used to be the major drivers around parity. Which was this notion of, we're going to build a next generation tool but are we going to build the identical tool or are we going to include enhancements and improvements and innovation. So we've taken the TAC to look at a couple of very exciting components of that to really strategize how adoption rates occur.

Because this, unlike OC, the adoption rate would be, I currently use our eat or west system. I see this other system, what makes me migrate to the new system. The theory is, we want to find a win in terms of

that it is modern, scalable and on the back end, a browser based system. But from the end users perspective, we want a win that maybe there is more foreign collections. Maybe there is the ability to do enhanced features that they were not able to do in the previous system to provide a better quality examination and in particular, search. So the strategy there has presented some delay but it has also presented us with really focusing in a collaborative way as to what are the key components that would really drive a strong search. I think that's certainly a conversation that's being talked about publicly today certainly with our Director and has longstanding been a goal of the patents organization as far as a value add to the system.

Next is Patent Center. This is an exciting area to us. We've got about 15 pilot users that are using the new format of DOCX which allows filing in that format versus the image filing only. You may be aware but for those who are not, the OCRing effect of image

documents because we are constrained to have image document be the authoritative source of a document that it causes a lot of conversions that go on through the pipeline through the office. That certainly can be costly at times.

This is an attempt at really approaching a new format for which applicants can file and we're very excited about the fact that the first filings were done in March and there has been roughly 1600 or so.

MS. STEPHENS: About 1250 DOCX submissions so far.

MR. BEACH: Thank you. And it's great because it is something we can certainly share the progress of and it's something we look to PPAC and to the public to really champion and communicate that this is exciting. It's a new way, it's sort of the next way that you're going to begin engaging the organization in a more mature digital format for which documents can be shared and back and forth while maintaining the accuracy that image would provide.

MS. THURLOW: So Tom, I reviewed

this with some of my colleagues in our association in New York. They actually raised some concerns with it so maybe I can connect you with them in the future. They had concerns with Meta data and other stuff that I'm not too familiar with. I don't know if you've heard things like that or something. These are friends of mine that are more in the software area that had some concerns.

MS. STEPHENS: Sure. We've definitely heard concerns about Meta data ensuring document integrity and our team has researched those issues on concert with the CIO to maintain integrity, ensure without OPLA legal partners as well. To ensure that we're holding on to the original submission in its entirety and using the document text that we need to perform patent prosecution.

MR. THURLLOW: What does the Meta data tell you? I'm not familiar with all of that.

MS. STEPHENS: Well, Meta data, think of it in MS Word how you have properties. It will tell you the last author

or last time the document was printed, edited, perhaps the file size and things of that nature. Those are called properties. Similar to Meta data and I definitely defer to my OCIR partners. I would think that's similar to what you see in a Word document but perhaps a little bit more detailed than that in Meta data.

MR. BEACH: Anything from like bibliographic data from the inventors name to all of those different categories of data. The Meta data is an indicator of what is in that category. Technically speaking, we can certainly carry on and allow for more conversation. The document gets hashed and anytime it's altered in any way, you would know. That is to counterbalance the fear of, well the document might be changed and we're fully aware of any sort of editing change which changed the claims scope. If you were to change even a letter, obviously we take that very, very seriously.

The way the technology works is it has a hashing effect it allows for to prove

any difference from what it was when it was submitted. It is to provide that sort of security in terms of filing but also maybe there is better messaging around how this functions in a way to assuage any concerns like that.

MR. SEARSSEARS: In essence, you've got to check sums.

MR. BEACH: Yes. So some of the other steps that are important to note about Patent Center is the migration from PKI certificates to RBAC, the Rolls Based Access Control. So there is going to certainly be a lot of communication this year, forthcoming, as to how to begin understanding how to reengage the office, understanding PKI certificates. We certainly have taken a lot of time and discourse about understanding the difference between it and an administrator having a single right versus every single person who is going to have access to a particular document have their own account. So we're looking at our RBAC and it is commonly know as My USPTO. So anyone, for those that

are familiar with it for using for your FPNG to pay your fees, you may already have a My USPTO account. We're going to begin the process of migrating away from PKI certificates into this rolls based access via the My USPTO.

One of the things that we're looking at as a communication plan moving forward as we progress with the technology. To ensure that everyone has a smooth transition from what they normally do in terms of filing and uploading documents to what we call patent center and not have any issues that arise. So we're looking at a more to come on that.

Last, we'll go through the CPC collaboration tools. There are mostly just enhancements that are going on with CPC collaboration between offices and the ability for the offices to understand what is the "correct" CPC classification based on the assessment from either offices. Whether it is EPO or the USPTO. So we're continuing to work on understanding the revisions and the abilities and enhance the editing tools that

allow for that to readily happen. If you've been along for the ride with CPC, it's an interesting ride to go from most comprehensive claim to inventive step of a description of the application. So that's totally two different paradigms for which CPC and USPC sort of have to come together on.

This has always required an understanding of where to find documents that were previously classified in the US system versus in the CPC system. This function is really a critical factor mainly for the examination core to understand where and where we document and where we keep and store documents that they normally would know were stored under a different SKEMA.

So this is why we have both this project and the management tools that allow us to be able to better understand that connection of where is it located now. For some classes, documents got scattered and for some classes, they actually became more precise. This merging from CPC to international to USPC has been and will be a

continuous effort. The accuracy of where we are classifying documents is the very beginning of how well we know documents should belong. Conversely, that's a critical element to which search matters. When you're searching, if the document is properly classified, while doing searching you're now going to find it. These all do interrelate under the umbrella of quality in terms of search. If you get the right classification, then you know how to search and go back and find the right documents. It is all part of an interrelated ecosystem around success for our end users.

Last but not least, this was brief. I know we have global dossier but we don't have a global dossier this year but we do have global dossier projects moving forward. I know we get a couple of questions on this. There is work to be done and forthcoming work that is coming.

Legacy system retirement. We're looking at, we've successfully retired eDAN, of course, in 2016. The next steps are to

retire MADRAS and to get into our content management system and document application viewer. That system we're looking to hopefully retire this year. There is the term retire and decommission. I think it's worth defining. Retire means it's just not being accessed by a system. Retirement is more like pulling the server out of the server farm. Decommissioning is where you fully decommission, pull the server off and there is no possible way of accessing it. Retirement is just cutting off access to it but the server and the system still exists.

It is important to know that because for our milestones internally how we measure on our investment in terms of achieving milestones and goals, these definitions play a role in terms of where we meet our metrics. So we're looking for OACS retirement this year as well. As I mentioned earlier by OC and that seems to be moving along relatively smoothly. The FY 19 classification data system or CDS will be fully replaced by CPC as I discussed in the previous slides. We're

looking for an FY 20 delay of EAST retirement to be replaced by PE2E search coming online next year in FY 19. That's what we have today.

MF. SEARSSEARS: Okay with the retirement and decommissioning, every time we take a step forward, we ought to see things like PAIR speed up. I understand the decommissioning. The user interface, what the public sees, is going to continue to get faster.

MR. BEACH: Yes, that's our hope with Patent Center as you interface with the office that your ability to access our data and our information should continue to improve as well. If you're talking public PAIR or private PAIR, the fact that you're able to access our organization through Patent Center is going to vastly improve as well. And then there is sort of the public PAIR aspect, I believe that's what you're asking about.

MR. SEARSSEARS: Yeah and then IFW will be gone as it stands now.

MR. BEACH: Yes, it will be retired

out and assumed by CMS.

MR. SEARSSEARS: Okay.

MS. JENKINS: So just a couple of comments. Thank you for global dossier link as a quick link. That was very exciting. Of course, I think I'm the only one excited about it. I really appreciate it because it is such a great tool and I am always amazed by the number of people who either don't know about it or haven't used it. It is great, it's free, it's easy. So I commend, even for those little simple things, for the stakeholders.

Personally, I have been noting the inconsistency and stability and reliability of the system for us for filing. Just even as of this week, it is just for someone who is becoming paperless and very soon having no files because we're moving our office in June. So everyone is real excited about that. This is becoming more and more vital that the system is stable, you can access the data anytime that you need to and that you can file applications before your priority date or on the priority date. I'm finding and my team is

finding that that is just not the case. As a stakeholder, it is vital for these systems to be reliable.

Again, as I mentioned earlier, this Committee has always been very supportive of IT, of the needs of the Office for IT and the focus to make sure that we have a good, strong, stable and Julie if you're listening, I guess, encrypted and secure system. But today has been a challenge.

MS. MARSSPINDO: Thank you.

MS. JENKINS: You're welcome. Today has been a challenge because one of the things that I do on a regular basis, if you meet and talk to me, is talk about the importance of PPAC and how much you can learn about the office from these meetings. We don't pepper people repeatedly with these meetings. It's once a quarter. But how important it is and how you can be up to date and there are so many interesting and exciting things going on within the office. This feed for this meeting has barely worked. So we missed the first part of the meeting and Director Iancu's

comments were not heard by the outside stakeholders. So that is for me, it doesn't make me happy. I was happy about the global dossier link but not happy about this. So please again, this is how stakeholders get to hear you and hear all the great things you're doing at the Office of IT and it is so vitally important. These little simple things just make a whole difference. Please help us. Thank you.

MS. MARSSPINOLO: I do have a question.

MS. JENKINS: Yes Julie.

MS. MARSSPINOLO: The question is, with the new director on board does IT see or are they optimistic that new systems or budgets for new systems will be implemented more quickly?

MR. MATAL: In the absence of any director I'll just comment. He is very focused on these issues on what we can do to improve search, on what we can do to sustain our IT. We spend a huge amount of money on IT and it is just completely critical to our

functioning. Literally, if the system goes down, we can't work and the \$5 million a day that we pay in salary and benefits goes out the window. Director Iancu has really made it a priority to keep that system running at top capacity.

MS. JENKINS: And if the system goes down, we can't pay you.

MR. THURLOW: I did want to ask the SPE and the primary to the presentation today but I got the sense that their overall use of document application view was positive as they went from screen to screen. I didn't want to put them on the spot because it's their first PPAC meeting. That's just a general comment.

I do want to mention something, Marylee mentioned earlier today. It seems like the PTAB over the years is somewhat kind of a separate organization from the patent office. We don't want that, of course. In our discussions with them, there is a lot of discussion on use of having to do things manually that from the outside, it seems like it would be much easier to use a software

solution. For example, very basic is a patent and PTAB proceeding reissue and/or ex parte. That is something that is really basic to us. I think as we review policy and issues, they could use more of a help on the IT side.

MR. BEACH: Sure. I actually am the portfolio manager for the PTAB as well. There is an investment now to get them off their Legacy system for ACTS by the end of 15 months from now. So there is an aggressive effort to bring them up to what I would say, the current practice for the rest of the organization. We're looking at areas for reuse, the notion of reusing some of the technologies that we've developed for patent side. Perhaps if there is any applicability than we could reuse them for PTAB. They are not forgetting, I meet and hear from them regularly and we have a succinct laid out plan in terms of bringing them up to speed in terms of process and implementation of both interferences, AIA and ex parte. We are firmly focused on that.

They also have the uniqueness that PTAB end 2 end as it's called, if those of you

who have used it on the website, it's accessible externally. So whereas you look at the patent side, you can't readily access PE2E other than from Patent Center. So there is a bit of a different level of engagement on there and we certainly are investigating and planning and working very aggressively to bring them to bear, the needs that they have long felt wanted in IT.

MR. THURLOW: That helps, thank you.

MS. JENKINS: Anything else? No?

Okay thank you.

MR. BEACH: Thank you.

MS. JENKINS: It looks like Dana, you're next at the mic for legislative update.

MR. COLARULLI: I am, good afternoon. You get me both virtually streaming and live. I'm happy to give you an update on what's happening on Capitol Hill. I believe I'll be followed by the Director as well. I know as Marylee said, I was not captured this morning. It was inspiring for all those who were online and I know that he'll repeat that performance and be inspiring

again. Should he walk in, I will stop immediately my report and turn to the director.

A couple of things going on, on Capitol Hill. It has certainly been a bit active for the Director. I'll talk about the Senate Judicial Committee and his testimony coming up. Let me start with budget issues. Certainly, we were enacted our appropriations through the Consolidated Appropriations Act of 2018 in March. Congress also moved forward and acted bipartisan Budget Act which essentially sets the ceilings for the next two fiscal years, for 2018 and 2019. So there is activity certainly on the budget side.

There also has been some activity effecting patent issues and other IP issues that we've certainly been tracking. I'm going to highlight just a few of there here in these next couple of slides. One is an amendment to the Plant Variety Protection Act to increase options for those in that industry. It didn't come through the Judiciary Committee but it certainly affects plant patents, so something

that we follow. I recommend looking at the provision to folks who are interested.

A second more close to home, Senators Hatch and Coons introduced a bill that would extend our fee setting authority for ten years. It also asks us to report on some of the things that David and Tom were just talking about in terms of our investments in IT. In particular, our investments in looking at big data and using that big data to help our process. I think certainly we applaud the Director mentioned in his testimony, introduction of the bill particularly for extending our fee setting authority. As you all know, that fee setting authority expires this year, September 16th. This is the one vehicle that certainly would extend it. We also understand that there is probably a companion bill. Of this bill, that will likely be introduced in the House and there is discussion of potentially other vehicles that would do the same. We're very happy to see this extended in whatever vehicle it moves forward. This bill 2601 with Senators Hatch

and Coon the leaders on this bill but there is more activity on fee setting authority.

Senator Coons also earlier this year introduced his Stronger Patents Act. The House recently introduced a companion to that bill also addressing issues and changing the procedures around PTAB among a number of other changes. So that we're certainly watching as the House takes that bill up to discuss. I think as Senator Coons said during the Directors hearing in the Senate Judiciary Committee, certainly many of the things addressed in that bill and both the Senate and the House bill, the Director could do under his own authority. So we'll see, we'll watch this Act as it moves forward. I know the Director has already taken some actions and has said that there may be more, again, in the context of the provisions in that bill. Lots of attention certainly on those provisions.

On the bottom of that is the Small Business Innovation Protection Act with both Senate and House companions. This is generally a friendly bill, encouraging us to

work with our colleagues at the Small Business Administration and codify that relationship. So that small businesses at SBA is engaging can benefit from some of the same educational information that we provide at all of the locations that SBA has. It is generally favorable and supports a lot of the things that we've already been trying to do with the SBA. We'll see if those bills move forward.

A last bill because it has certainly been topical, the issue of Sovereign Immunity, at PTAB. A bill that would provide that tribal sovereign immunity can't be asserted in reexamination in PTAB post review or at ITC exclusion proceeding. An earlier bill was introduced by Senator McCaskill that would prohibit an Indian tribe from even asserting sovereign immunity as a defense. This was a slightly more targeted bill, again, in the Senate. Neither of these bills have been taken up by the Committee's but certainly they're watching very closely what we're doing here at PTAB. Another bill we just wanted to flag.

So the activity has taken up a lot of the time of my team preparing certainly the testimony and preparing the Director for providing that testimony in front of the Senate Judiciary Committee. A general oversight hearing, the Senate Judiciary Committee actually hadn't held a general oversight hearing for the PTO in some years. So this was the Director's, certainly his first opportunity once confirmed, to be up in front of the Committee members. We expect that the House Judiciary Committee in the relatively short future will ask him to come up and testify in front of the House Judiciary Committee. So again, general oversight and all issues are on the table for him to discuss.

As expected, certainly the Director wanted to talk about some of the uncertainty in 101. He wanted to talk about PTAB and the opinions that many of our stakeholders have expressed about how it's working, if it's working, what changes could be made. But issues about PTO user fees, enterprise

services certainly came up, issues around the policy function of PTO including what we're doing in China. So a number of other issues came up. Generally, a very good interaction I would describe. In particular, a great engagement with a new Senator on the Committee, Senator Harris from California, who is very interested in 101. He asked us to come up in about 90 days and report on what we've done around 101. So an invitation for us to continue congressional briefing. We'll certainly look forward to that. I think right after the hearing, the Director took some action on 101 in issuing guidance on the Berkheimer case. We'll have a number of things that we can certainly go up and brief the congressional staff on. They are particularly interested in both those issues 101 and what we're doing around PTAB.

MR. THURLOW: Dana, can you educate me a little bit. Just as we focus much broader on the innovation ecosystem and celebrating innovation and so on. During the AA, the Venture Capital Association got

involved. My question deals with, is there any discussion up on The Hill or Senate or the House about venture needs. The reason I say it, in New York, it is just the startups around the country have been exploding their significant. I work for a lot of VC groups, private equity groups, private wealth individuals and corporate VC's and others. For the startup base, there is still a huge need for capital. SPIR, there is like 50 different programs the government has but having to get through that maze is somewhat difficult. As you're thinking about all these issues and the more broad innovation ecosystem, I think that's an important issue that is important. What was the history of their role?

MR. COLARULLI: I certainly agree. This is not limited to feedback that we've gotten from The Hill but more broadly. I think the VC community and others have responded very positively to the idea that we need reliable, legally certain patents and the office should be doing everything it can in

its power to ensure that patents that are issued are held up in court. I think that is a particular message that we've heard from the NVCA, the National Venture Capital Association. They've come in and talked to us separately. They've expressed concern about the uncertainty and urged us to do whatever we can. Those concerns were reflected in some of the staff conversations we had and I think came out in the hearing as well.

Peter, you're right. During the AIA, the VC certainly played a prominent role. I think they'll continue with any of these changes. We've been engaging with NVCA in particular.

MR. THURLOW: Just one last question. I sent an article to the international group, just a Bloomberg article, I sent it to you too. Surprised at the amount of investment coming in from China in relation to everything that's going on. So I know China IP problems were one of your bullet points but I'll send you that article too because it could be a good read.

MR. COLARULLI: Great I appreciate it. It's certainly another issue of great interest on Capitol Hill. A couple of other hearings that the House Judiciary Committee held since I last reported. One was on trade secrets. They held that the day before the Director went to testify. Essentially, a review of the Defend Trade Secrets Act that was enacted last year.

In March, a hearing on the transitional programs for Covered Business Methods here at the PTO is set to expire in 2020. This hearing was triggered off a GAO study on the program, how it's working in light of the upcoming deadline. The Committee received testimony on that issue as well.

World IP Day occurred just last week. This is the World Intellectual Property Organization's annual event to raise awareness around IP. For our part, PTO holds events both here at headquarters and up on Capitol Hill to give some visibility to the event. Also with the significant help of AIPLA and in particular, help to support a number of

programs around the country to honor World IP Day. This year, the theme was Powering Change highlighting women in invention. We did a great event up on Capitol Hill. We had three members come and make comments. Great opportunity for us to educate, certainly staff, certainly celebrate IP and the importance of IP versus in a position where normally can you tell us why the system doesn't work the way we want to. This is a great opportunity for us to talk about why the system does work and how it has really benefited highlighting some great inventors. In this case, I was describing generations of inventors. A young woman who just started a company who is relying on her IP to more successful folks in the industry that had to overcome challenges. So a really positive event and, I think, well received by The Hill. With that I'll stop. I'm happy to answer any questions. Our work continues to be very active and we'll have more to report after the Director testifies again up in front of the House.

MS. JENKINS: We mentioned to Tony earlier, the ongoing concern is fee setting and getting that off the table, I guess, more than what it is. So it is somewhat problematic that there's not more enthusiasm from Congress in this area. So obviously your stewardship on how best to handle that and move forward so the Committee can stay advised. As we mentioned before, we do have a hearing date, if necessary, set for September 6th.

MR. COLARULLI: Great. Unfortunately, this is a case where a deadline tends to get people active but this is going to take some work. We're happy that we have now, at least a few vehicles that could move forward fee setting authority. The question is about time. I know the Director and certainly my team has been advocating to take up action as soon as they can so we can have certainty in that authority.

MR. THURLOW: And on that 90 day point for section 101, we're happy to help. That day will come up pretty quickly.

MR. COLARULLI: It will. There is certainly now a natural opportunity for us to update what actions we've taken. I think some of the staff still are trying to get their head around whether this is an issue that should be addressed by legislation or can be addressed by the courts or PTO. I think the Director in his testimony was very clear that there certainly are actions that we can take, although that likely is not enough. We're still interpreting case law so certainly other options, including legislation, need to be considered.

MR. THURLOW: So for the New York IP Bar Association, we've been working on some ideas, it is not solid yet. Once it is, I'll make sure to send it to you. We have Mr. Jeffries come to a section 101 presence forum last year and his basic message was, you guys have got to get together with one thing and it's always difficult with making it technology neutral. So it does present a lot of challenge but as we work on that, we'll let you know.

MR. COLARULLI: I think one thing that is clear, a variety of opinions out there. Peter, as you know, the PTO held two roundtables in recent years. The report reflected the variety of opinions so I think those who support it do need to be of once voice in order to move any type of legislation. It's worth looking at all the options.

MR. HIRSHFELD: From a guidance perspective, different from legislation, I think we're in a different situation now than say we were a few years ago with a growing body of case law. That's exactly what we're doing, going back and saying okay, where is there uniformity, where are there any gaps. What can we do. Nobody has a crystal ball, nobody knows how that will turn out but I think there's a very fruitful path for us to go. I do personally believe we should be looking at all of the options, legislation guidance and to see what we can do entirely.

MR. MATAL: I'll just add that the passage of time since those key decisions

kinds of forces us to get involved. I can tell you that in the Solicitors Office, the original mood of 101 analysis was well which recent federal circuit case most looks like the claimed invention in this case. That worked for a while once you get dozens of these federal circuit cases. Drew has got 8200 examiners who need guidance and very few of them even have law degrees. We just need to decide what we think these cases mean and just to allow people to do their jobs. We can't expect the examiners to wade through dozens of sometimes not entirely consistent federal circuit decisions.

MR. THURLLOW: And I don't think based on the solicitors discussion we had yesterday, I don't think there's any 101 related cases at the Supreme Court. I'm sure there's some at the federal circuit but it just goes to show that what we have is what we have now unless it's changed by legislation. There seems to be with Berkheimer and other cases maybe a glimmer of hope where in the past, it was not as promising, shall I say.

MR. WALKER: With all due respect to the New York IP Law Association, the Chicago Law Association put out a proposal for 101 that came out this week. Then there was the AIPLA and IPO proposals. Has the office had any official reaction to those proposals and any reaction on the Chicago one which seemed pretty straightforward.

MR. COLARULLI: No formal position on the language but we're happy that the conversations are moving forward. I saw the Chicago proposal this week. I think we need to look through it and Drew's folks certainly need to look through it as well. As I said, again I think we're supportive of all those conversations happening and looking at all the options. The idea is not how do you do it but what is the goal. If the end goal is trying to get to more certainty, than certainly the office has a role, the courts have a role and potentially even Congress.

MR. WALKER: I'm just sensing if these broad trade associations coming and centering on a position that maybe there is

some coalescing around these. Maybe that's just dreaming.

MR. COLARULLI: I think we've seen, Mike, as you know, we've seen lots of discussion among some of the groups trying to get closer and closer to language. I've heard certainly AIPLA and IPO doing that. I think it is getting them all on the same page against others that may have different opinions on whether there needs to be change at all. So it's good conversation to continue going as we look at what we can do. I will stop because the Director is now here.

MS. JENKINS: Thank you, Dana. Always a new development, always. So I'm pleased to reintroduce the Director. As you know, I pleaded with him to come back because I really felt like the comments he shared earlier. He does not have to share all of them but I really wanted him to share that with a live audience. I said, why don't you close. So we have closing remarks.

MR. IANCU: All right, well thank you. I hope you all had a very good day and

informative and you found the various programs informative and meaningful. I'm sure that the feedback we are getting from you and the public will be very helpful for us as we go forward.

As I mentioned this morning, for those of you who were in the room to hear that, we are very focused on having a balanced approach to the IP system in general and, in particular, to the patent system. We are certainly looking at a variety of things, as I mentioned this morning, including patentable subject matter, PTAB, the initial examination and, in particular, the search in the initial examination to see how we can close some of the gap between the prior art found originally versus the prior art found during litigation later. And for all of those issues, we want to make sure that we listen to and meet with a whole host of stakeholders with very diverse interests which always do come before this office. And have an approach that makes sense for everybody in industry who comes before us.

And as we do that, hearing from you

from the PPAC board, from members of the public, it is very helpful for us, very instructive and it helps us as we craft patent policy. Already, I have been here almost three months. We have had many, many stakeholder groups meetings and already it has been extremely helpful.

I will close and leave you with one of the other main points that I made this morning. Something about which I feel passionate about. That is we all have a responsibility to go out into the public, in industry and advocate for innovation and for the intellectual properties system. There are amazing stories of creation from the folks who come before us from all aspects of the United States and worldwide economy. They are inspirational stories and the more we can share them with the public, I think that it will encourage further innovation and further growth in our economy. With that, I thank you Marylee for inviting me back. I thank all of you for spending the day with us here at the PTO.

MS. JENKINS: Thank you. I think this session was very informative and certainly showed a very strong direction by you and the office on next steps. I think speaking personally, I hope we can all keep up with you with all the new initiatives and directions that the office is spearheading and moving forward. So with that, I am going to ask, do I have a motion to close the meeting?

MR. WALKER: So moved.

MS. JENKINS: So moved. And do I have a second?

MR. THURLOW: Second.

MS. JENKINS: Great. So we will close this meeting and we will go to executive session. Thank you.

(Whereupon, at 2:27 p.m., the PROCEEDINGS were adjourned.)

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I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

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